Risk Factors Comparison 2023-01-26 to 2022-01-28 Form: 10-K

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The following are what we believe to be the principal risks that could materially affect us and our businesses. Market and Economic Risks Demand for homes we build may be adversely affected by a variety of macroeconomic factors beyond our control. Demand for our homes is dependent on a variety of macroeconomic factors, such as employment levels, interest rates, changes in stock market valuations, consumer confidence, housing demand, availability of financing for home buyers, availability and prices of new homes compared to existing inventory, and demographic trends. These factors , in particular consumer confidence, can be significantly adversely affected by a variety of factors beyond our control. **Currently, potential purchasers of our homes are being affected by inflation and increased interest rates, both of which increase what homebuyers have to pay for new homes.** Negative publicity could **hurt** negatively impact our reputation, which could cause our revenues or results of operations to decline. Our business success is dependent upon the reputation of the Lennar brand and its association with quality and integrity. If we are unable to maintain the position of the Lennar brand, our business may be adversely affected, which could result in lower sales and earnings. Unfavorable media or investor and analyst reports related to our industry, company, brand, marketing, personnel, operations, business performance, or prospects may affect our stock price and the performance of our business, regardless of its accuracy or inaccuracy. Furthermore, **We could be subject to knowingly false statements made for** the speed at which negative publicity is disseminated has increased dramatically **purpose of impairing our reputation. These statements, even if totally untrue, can spread rapidly** through the use of electronic communication, including social media outlets, websites and other digital platforms. Our success in maintaining and enhancing our brand depends on our ability to adapt to this rapidly changing media environment. Adverse publicity or negative commentary from media outlets could damage our reputation and reduce the demand for our homes, which would adversely affect our business. An announced spin off of some of......- core businesses into a new company Our business strategies for our homebuilding and mortgage finance businesses may not increase our value. We cannot assure you that our strategies for our core homebuilding and mortgage finance businesses, and any related initiatives or actions, will be successful. Principal among our current strategies is continuing to reduce our **the** inventory of land we own (i. e., to become a land lighter company) **, and to control a greater portion of the land we expect to use through options or other contractual arrangements** . We cannot provide any assurance that this strategy, or other strategies we will follow, will increase our value. It is possible that the land lighter or other strategies will reduce, rather than increase, the value and profitability of our core businesses. A **continuing** downturn in the homebuilding market could adversely affect our operations. **During fiscal** We saw the homebuilding industry stall from mid- March through April of 2020 **2022** as **, the housing market weakened in response to the Federal Reserve' s aggressive increase in interest rates in an effort to curtail inflation. A number of our markets experienced significant market softening that required us to make substantial price reductions. It is possible that** a **continued downturn could** result **in a further decline in** of the COVID- 19 pandemic. However, after that, demand for new homes **with resulting** grew steadily through the remainder of 2020 and throughout 2021. While the homebuilding industry only paused for a relatively brief period in 2020, a prior economic downturn in 2007- 2010 severely affected for more than two years both the number of homes we could sell and the prices for which we could sell them. That required us to write down **downs in** the carrying value of our land inventory and write off **offs of** costs of land purchase options **we decide not to exercise** . It is possible that another downturn resulting **Supply shortages and inflation could adversely affect our profitability. In an inflationary environment, we may be precluded** from a health pandemic or **raising home prices enough to keep up with** other -- **the** factors **rate of inflation, which** would **could** result **reduce our profit margins. Moreover,** in a **an inflationary environment, our cost of capital, labor and materials can increase and the purchasing power of our cash resources can** decline in **, which can have an adverse impact on our business or financial results. During fiscal 2022, we experienced increased costs of materials and labor caused both by supply shortages and inflation. We were able to maintain satisfactory margins by applying stringent cost controls and by raising prices. However, declining** demand for new homes **as the year progressed is requiring us to reduce, rather than increase, prices. On the other hand, it is beginning to relieve supply shortages. We are taking steps that we expect will enable us to maintain acceptable operating margins despite the inability to raise prices. However it is possible that those steps will not be successful, and that the combination of inflation and reduced demand** for **new homes will** a significant period which would negatively impact our business, results of operations and financial condition. Supply shortages and continuing cost increases could adversely affect our operations. During fiscal 2021, we experienced a significantly stressed supply of both labor and materials, and we expect this to continue well into fiscal 2022. The time it takes to build a home has increased as a result of supply issues, which has led to delayed home deliveries. In addition, the costs of construction materials and other components of homes, lumber in particular, and the costs of labor have been rising. We have been actively managing our sales pace so we do not sell homes until construction is ready to start, in order to avoid the possibility **profitability Further** of costs increasing after we have committed to the prices at which we will sell homes. While we will continue to focus on cost controls, we may not be able to maintain our current level of direct construction costs as a percentage of average sales price. We continue to operate in a labor constrained market and we cannot predict future inflationary pressures or increases in tariffs on imported building materials. Any inability to pass on future increased costs to homebuyers would put downward pressure on our operating margins in 2022 and subsequent years. An increase in mortgage interest rates could reduce potential buyers' ability or desire to obtain financing with which to buy homes. **Housing has been considerably impacted by the more than doubling of** Mortgage **mortgage interest** rates are very low as

~~compared to most historical periods. However, they could increase~~ in **2022** ~~the future~~ , **and** ~~particularly if~~ the Federal Reserve Board ~~raises~~ **has said it intends to continue to increase** its benchmark **interest** rate **in 2023** . When interest rates increase, the cost of owning a new home increases, which usually reduces the number of potential buyers who can afford, or are willing, to purchase homes we build. A decline in prices of new homes could require us to write down the carrying value of land we own and to write off option costs. We are constantly purchasing land, or entering into arrangements to purchase land, for use in our homebuilding operations. The value of land suitable for residential development fluctuates depending on local and national market conditions and other factors that affect demand for new homes. When demand for homes fell during the 2007- 2010 recession, we were required to take significant write- downs of the carrying value of our land inventory and we elected not to exercise many options to purchase land, which required us to forfeit deposits and write- off pre- acquisition costs. Although we have reduced our exposure to costs of that type, a certain amount of exposure is inherent in our homebuilding business. If market conditions were to deteriorate significantly in the future, we could again be required to make significant write- downs of the carrying value of our land inventory and **incur** costs relating to **decisions not to exercise** land purchase options. Our results of operations and financial condition may be adversely affected by public health issues, ~~including the COVID- 19 pandemic,~~ and resulting governmental actions. The United States has experienced, and may experience in the future, outbreaks of contagious diseases that affect public health and public perception of health risk. The COVID- 19 pandemic caused the shutdown of large portions of our national economy. With the exception of a period in March and April of 2020, the COVID- 19 pandemic and its effects on the economy ~~has~~ **did** not adversely ~~affected~~ -- **affect** our home sales. However, this may not ~~continue to~~ be the case **with any future public health issues** . The extent to which ~~COVID- 19~~ **public health issues** ~~impacts~~ - **impact** our results will depend on future developments, which cannot be predicted ~~, including new information which may emerge concerning the continuing severity of COVID- 19, whether there are additional outbreaks of COVID- 19 or other contagious diseases, and the actions taken to contain them or their impact~~ . If **a** ~~COVID- 19 continues to cause, or another~~ contagious disease causes ~~,~~ significant negative impacts to economic conditions or consumer confidence, our results of operations, financial condition and cash flows could be materially adversely impacted. Operational Risks Homebuilding, mortgage lending and ~~multifamily~~ **home** rentals are very competitive industries, and competitive conditions could adversely affect our business or financial results. Homebuilding. The homebuilding industry is highly competitive. Homebuilders compete not only for homebuyers, but also for desirable land, financing, raw materials, skilled management and labor resources. We compete in each of our markets with numerous national, regional and local homebuilders. We also compete with sellers of existing homes, including foreclosed homes, and with rental housing. These competitive conditions can reduce the number of homes we deliver, negatively impact our selling prices, reduce our profit margins, and cause impairments in the value of our inventory or other assets. Competition can also affect our ability to acquire suitable land, raw materials and skilled labor at acceptable prices or other terms. Financial Services. Our Financial Services residential and commercial lending businesses compete with other residential and commercial mortgage lenders, including national, regional and local banks and other financial institutions. Mortgage lenders who have greater access to low cost funds, superior technologies or different lending criteria than we do may be able to offer more attractive financing to potential customers than we can. Multifamily. Our multifamily rental business competes with other **developers and operators of** multifamily apartment **communities** ~~developers and operators~~ at locations across the U. S. where we have investments in multifamily rental properties. We also compete in securing partners, equity capital and debt financing, and we compete for tenants with the large supply of already existing or newly built rental apartments, as well as with sellers **and renters** of **single family** homes. These competitive conditions could negatively impact the ability of the **funds and** ventures ~~in which~~ we **manage** ~~are participating~~ to find renters for the apartments they are building or the prices for which those apartments can be rented **. Single Family Home Rentals. In each region where our funds offer single family homes for rent, there will be competition for residents with other owners of residential real estate (whether for- rent or for- sale). In addition, in seeking investors to acquire interests in funds we form, we will be competing with a wide variety of investment opportunities, related both to real estate and to a variety of other investment products. Also, in seeking to acquire single family homes that our funds can hold as rental properties, our funds will be competing with other persons who plan to hold them as rental properties as well as persons who might want to purchase those homes to live in them** . We may be subject to costs of warranty and liability claims in excess of the insurance coverage we can purchase. As a homebuilder, we are subject in the ordinary course of our business to warranty and construction defect claims. We are also subject to claims for injuries that occur in the course of construction activities. We record warranty and other reserves for the homes we sell based on historical experience in our markets and our judgment of the qualitative risks associated with the types of homes we build. We have, and many of our subcontractors have, general liability, property, workers' compensation and other business insurance. These insurance policies are intended to protect us against risk of loss from claims, subject to self- insured retentions, deductibles and coverage limits. However, it is possible that this insurance will not be adequate to address all warranty, construction defect and liability claims to which we are subject. Additionally, the cost of insurance has increased significantly in recent years. Also, the coverage offered and the availability of general liability insurance for construction defects ~~are~~ **is** currently limited and policies that can be obtained often include exclusions based upon past losses those insurers suffered as a result of use of defective ~~products~~ **materials** in homes we and many other homebuilders built. As a result, an increasing number of our subcontractors are unable to obtain insurance, and we have in many cases had to waive our customary insurance requirements, which increases our and our insurers' exposure to claims and increases the possibility that our insurance will not be adequate to protect us against all the costs we incur. This increase in cost and limitation in coverage has also increased our self- insured retentions and decreased our total coverage. It is possible in the future that insurance would not be available at commercially reasonable rates, which may cause us to reduce or eliminate general liability insurance. Excessive ~~Health~~ **health** and safety incidents relating to our operations could be costly to us. Land development and construction are inherently dangerous. While safety is a priority on our land development and construction sites, we cannot always control the way work is

performed by subcontractors, including whether they comply with laws and regulations designed to maximize the safety of construction workers. Any failure in health and safety performance may result in penalties for non- compliance with relevant regulatory requirements, may result in our subcontractors having difficulty attracting the workers they need and may result in a negative impact to our reputation. Products supplied to us and work done by subcontractors can expose us to risks that could adversely affect our business. We rely on subcontractors to perform the actual construction of our homes, and in many cases, to select and obtain building materials. Despite our detailed specifications and quality control procedures, in some cases, subcontractors may use improper construction processes or defective materials. Defective products widely used by the homebuilding industry can result in the need to perform extensive repairs to large numbers of homes. The cost of complying with our warranty obligations may be significant if we are unable to recover the cost of repairs from subcontractors, materials suppliers and insurers. We also can suffer damage to our reputation, and may be exposed to possible liability, if subcontractors fail to comply with applicable laws, including laws involving things that are not within our control. When we learn about possibly improper practices by subcontractors, we try to cause the subcontractors to discontinue them. However, we may not always be able to do that, and even when we can, it may not avoid claims against us relating to work the subcontractors already performed. A reduced number of home sales would extend the time it takes us to recover land purchase and property development costs. We incur many costs even before we begin to build homes in a community. Depending on the stage of development a land parcel is in when we acquire it, these may include costs of preparing land, finishing and entitling lots, installing roads, sewers, water systems and other utilities, and taxes and other costs related to ownership of the land on which we plan to build homes. If the rate at which we sell and deliver homes slows, or if we delay the opening of new home communities, we may incur ~~additional~~ **increased** pre- construction costs and it may take longer for us to recover our costs. Increased interest rates ~~would~~ **could** increase the cost of the homes we build. Our business requires us to finance much of the cost of developing our residential communities. One of the ways we do this is with bank borrowings. At November 30, ~~2021~~ **2022** , we had a $ 2. ~~5~~ **6** billion revolving credit facility with a group of banks (the" Credit Facility") **, which had an** ~~maturing in 2024. It has a $ 300 million~~ accordion feature **that** ~~, subject to additional commitments, thus the maximum borrowings~~ could ~~be~~ **increase it to** $ **3** ~~2. 8~~ billion. We also had warehouse borrowing facilities totaling $ 2. ~~3~~ **85** billion to support our **residential and commercial** mortgage lending activities. The interest on borrowings under the Credit Facility is at rates based on prevailing short term rates from time to time. **In 2022, the Federal Reserve steadily raised benchmark interest rates and said it intends to continue doing so in 2023.** At November 30, ~~2021~~ **2022** , we had no borrowings under the Credit Facility. However, if in the future we have a need for significant borrowings under the Credit Facility and interest rates **continue to** increase, that would increase the cost of the homes we build, which either would make those homes more expensive for homebuyers, which is likely to reduce demand, or would lower our operating margins, or both. Increases in the rate of cancellations of home sale agreements could have an adverse effect on our business. Our backlog reflects agreements of sale with our homebuyers for homes that have not yet been delivered. We usually have received a deposit from our home buyer for each home reflected in our backlog, and generally we have the right to retain the deposit if the homebuyer does not complete the purchase. In some cases, however, a homebuyer may cancel the agreement of sale and receive a complete or partial refund of the deposit for reasons such as state and local laws, the homebuyer' s inability to obtain mortgage financing, their inability to sell their current home or our inability to complete and deliver the home within the specified time. **With the weakening of the housing market, we have experienced an increase in cancellation rates.** If there is a **further** downturn in the housing market, or if mortgage financing becomes less available than it currently is, more homebuyers may cancel their agreements of sale with us, which would have an adverse effect on our business and results of operations. Our success to a substantial extent depends on our ability to acquire land that is suitable for residential homebuilding and meets our land investment criteria. There is strong competition among homebuilders for land that is suitable for residential development. The future availability of finished and partially finished developed lots and undeveloped land that meet our internal criteria depends on a number of factors outside our control, including land availability in general, competition with other homebuilders and land buyers for desirable property, inflation in land prices, zoning, allowable housing density, and other regulatory requirements. Should suitable lots or land become less available, the number of homes we could build and sell could be reduced, and the cost of land could be increased, perhaps substantially, which could adversely impact our results of operations. We could be hurt by refusals of owners of land to honor options or contracts to sell the land to us. We have made a strategic decision to increase the portion of our potential land inventory that we control through options or contracts and reduce the portion we own. This substantially reduces our investment in land. However, if landowners who are parties to the options or contracts were to refuse to honor them, we could lose access to land at the time we want to use it in our homebuilding activities. The loss of the services of members of our senior management or a significant number of our operating employees could negatively affect our business. Our success depends to a significant extent upon the performance and active participation of our senior management, many of whom have been with us for 20 or more years. If we were to lose members of our senior management, we might not be able to find appropriate replacements on a timely basis and our operations could be negatively affected. Also, the loss of a significant number of **key** operating employees and our inability to hire qualified replacements could have a material adverse effect on our business. Natural disasters and severe weather conditions could delay deliveries and increase costs of new homes in affected areas, which could harm our sales and results of operations. Many of our homebuilding operations are conducted in areas that are subject to natural disasters, including hurricanes, earthquakes, droughts, floods, wildfires and severe weather. The occurrence of natural disasters or severe weather conditions can delay new home deliveries, increase costs by damaging inventories and lead to shortages of labor and materials in areas affected by the disasters, and can negatively impact the demand for new homes in affected areas. Our insurance may not cover business interruptions or losses resulting from these events and our results of operations could be adversely affected by these events. If our homebuyers are not able to obtain suitable financing, that would reduce demand for our homes and our home sales revenues. Most purchasers of our homes obtain mortgage loans to finance a substantial portion of the purchase price of the homes they purchase.

While the majority of our homebuyers obtain their mortgage financing from our Financial Services segment, others obtain mortgage financing from banks and other independent lenders. Disruptions in the mortgage markets and increased government regulation could adversely affect the ability of potential homebuyers to obtain financing for home purchases, making it difficult for them to purchase our homes. Among other things, changes made by Fannie Mae, Freddie Mac, Ginnie Mae and FHA / VA to sponsored mortgage programs, as well as changes made in recent years by private mortgage insurance companies, have reduced the ability of a number of potential homebuyers to qualify for mortgages. Principal among these are higher income requirements, larger required down payments, increased reserves and higher required credit scores. In addition, there has been uncertainty regarding the future of Fannie Mae, Freddie Mac and Ginnie Mae, including proposals that they reduce or terminate their role as the principal sources of liquidity in the secondary market for mortgage loans. It is not clear how, if Fannie Mae, Freddie Mac and Ginnie Mae were to curtail their secondary market mortgage loan purchases, the liquidity they provide would be replaced. There is a substantial possibility that substituting an alternate source of liquidity would increase mortgage interest rates, which would increase the buyers' effective costs of paying for the homes we sell, and therefore could reduce demand for our homes and adversely affect our results of operations. Our Financial Services segment can be adversely affected by reduced demand for our homes. Approximately ~~97~~ **99** % of the residential mortgage loans made by our Financial Services segment in ~~2021~~ **2022** were made to buyers of homes we built. Therefore, a decrease in the demand for our homes **or an increase in cash used by home buyers** would adversely affect the revenues of this aspect of our business. If our ability to sell mortgages into the secondary market is impaired, that could significantly reduce our ability to sell homes unless we are willing to become a long-term investor in loans we originate. Substantially all of the residential mortgage loans we originate are sold within a short period in the secondary mortgage market on a servicing released, non- recourse basis. If we became unable to sell residential mortgage loans into the secondary mortgage market or directly to Fannie Mae, Freddie Mac and Ginnie Mae, we would have to either curtail our origination of residential mortgage loans, which among other things, could significantly reduce our ability to sell homes, or commit our own funds to long term investments in mortgage loans, which, in addition to requiring us to deploy substantial amounts of our own funds, could delay the time when we recognize revenues from home sales on our statements of operations. We may be liable for certain limited representations and warranties we make in connection with the sale of loans. While substantially all of the residential mortgage loans we originate are sold within a short period in the secondary mortgage market on a servicing released, non- recourse basis, we remain responsible for certain industry standard limited representations and warranties we make in connection with such sales. Mortgage investors sometimes seek to have us buy back mortgage loans or compensate them for losses incurred on mortgage loans that we have sold based on claims that we breached our limited representations and warranties. In addition, when LMF Commercial sells loans to securitization trusts or other purchasers, it gives limited industry standard representations and warranties about the loans, which, if incorrect, may require it to repurchase the loans, replace them with substitute loans or indemnify persons for losses or expenses incurred as a result of breaches of representations and warranties. If we have significant liabilities with respect to such claims, it could have an adverse effect on our results of operations, and possibly our financial condition. Financing Risks Failure to comply with the covenants and conditions imposed by our borrowing facilities could restrict future borrowing or cause our debt to become immediately due and payable. The agreement governing our Credit Facility (the" Credit Agreement") makes it a default if we fail to pay principal or interest when it is due (subject in some instances to grace periods) or to comply with various covenants, including covenants regarding financial ratios. In addition, our Financial Services residential mortgage companies **and our LMF Commercial mortgage lending group** have warehouse facilities to finance their mortgage lending ~~activities and our LMF Commercial lending group has warehouse facilities to finance its mortgage origination activities~~ . If we default under the Credit Agreement or our warehouse facilities, the lenders will have the right to terminate their commitments to lend and to require immediate repayment of all outstanding borrowings. This could reduce our available funds at a time when we are having difficulty generating all the funds we need from our operations, in capital markets or otherwise, and restrict our ability to obtain financing in the future. In addition, if we default under the Credit Agreement or our warehouse facilities, it could cause the amounts outstanding under our senior notes to become immediately due and payable, which would seriously adversely impact our consolidated financial condition. We have a substantial level of indebtedness, which may have an adverse effect on our business or limit our ability to take advantage of business, strategic or financing opportunities. As of November 30, ~~2021~~ **2022** , we had outstanding senior notes which we had sold into the capital markets over a number of years totaling $ ~~4~~ **3** . ~~2~~ **6** billion. The indentures governing our senior notes do not restrict our incurrence of future secured or unsecured debt, and the agreement governing our Credit Facility allows us to incur a substantial amount of future unsecured debt. We reduced our outstanding senior notes during fiscal ~~2021~~ **2022** by $ **575** ~~1. 2 billion~~ **million** , but we still have a significant amount outstanding. Sales of senior debt into the capital markets has, until recently, been a significant source of funding for our operations and acquisitions. Our use of capital markets debt to help support our operations exposes us to a number of risks, including: • ~~we~~ **We** may be more vulnerable to general adverse economic and homebuilding industry conditions; • ~~we~~ **We** may have to pay higher interest rates upon refinancing indebtedness ~~if~~ **as a result of the increase in** interest rates ~~rise~~ , thereby reducing our earnings and cash flows; • ~~we~~ **We** may find it difficult, or may be unable, to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements that would be in our best long- term interests; • ~~we~~ **We** may be required to dedicate a substantial portion of our cash flow from operations to the payment of principal and interest on our debt, reducing the cash flow available to fund operations and investments and reducing the amount we can return to our stockholders; • ~~we~~ **We** may have reduced flexibility in planning for, or reacting to, changes in our businesses or the industries in which they are conducted; • **We** ~~[we~~ may have a competitive disadvantage relative to other companies in our industry **, if any,** that are less leveraged ~~]~~ ; and • ~~we~~ **We** may be required to sell debt or equity securities or sell some of our core assets, possibly on unfavorable terms, in order to meet payment obligations. Our access to capital and our ability to obtain additional financing could be affected ~~by any~~ **if there was a** downgrade of our credit ratings. Our corporate credit rating and ratings of our senior

notes affect, among other things, our ability to access new capital, especially debt, and the costs of that new capital. For a number of years, a substantial portion of our access to capital has been through the issuance of senior notes, of which we have approximately $ ~~4~~ **3** . ~~2~~ **6** billion outstanding, net of debt issuance costs, as of November 30, ~~2021~~ **2022** . Among other things, we have often relied on proceeds of debt issuances to pay the principal of existing senior notes when they mature. Negative changes in the ratings of our senior notes could make it difficult for us to sell senior notes in the future and could result in more stringent covenants and higher interest rates with regard to new senior notes we issue. Our Financial Services segment, including LMF Commercial, has warehouse facilities that mature in fiscal year ~~2022~~ **2023** , and if we could not renew or replace these facilities, we probably would have to reduce our mortgage lending and origination activities. During ~~fiscal year 2022~~ **2023** , we will have to replace or renew a total of $ 2. ~~9~~ **85** billion of warehouse lines used by Financial Services, including LMF Commercial, as they mature. We expect these facilities to be renewed or replaced with other facilities when they mature. If we were unable to renew or replace these facilities on favorable terms or at all when they mature, that could seriously impede the activities of our Financial Services segment, which would have **an** ~~a material adverse~~ impact on our financial results. An inability to obtain performance bonds or post letters of credit could adversely affect our operations. We often are required to provide surety bonds to secure our performance of obligations under construction contracts, development agreements and other arrangements. At November 30, ~~2021~~ **2022** , we had outstanding surety bonds of $ ~~3~~ **4** . ~~6~~ **1** billion including performance surety bonds related to site improvements at various projects (including certain projects of our joint ventures) and financial surety bonds. Although significant development and construction activities have been completed related to these site improvements, these bonds are generally not released until all development and construction activities to which they relate are completed. Our ability to obtain surety bonds primarily depends upon our credit rating, financial condition, past performance and similar factors, the capacity of the surety market and the underwriting practices of surety bond issuers. Our ability to obtain surety bonds also can be impacted by the willingness of insurance companies to issue performance bonds for construction and development activities. If we were unable to obtain surety bonds when required, our operations could be adversely affected. We conduct some of our operations through joint ventures with independent third parties and we can be adversely impacted by our joint venture partners' failures to fulfill their obligations or decisions to act contrary to our wishes. In our Homebuilding and Multifamily segments, we participate in joint ventures in order to help us acquire attractive land positions, to manage our risk profile and to leverage our capital base. In certain circumstances, joint venture participants, including us, are required to provide guarantees of obligations relating to the joint ventures, such as completion and environmental guarantees. If a joint venture partner does not perform its obligations, we may be required to bear more than our proportional share of the cost of fulfilling the joint venture’ s obligations. For example, in connection with our Multifamily business, and its joint ventures, we and the other venture participants have guaranteed obligations to complete construction of multifamily residential buildings at agreed upon costs, which could make us and the other venture participants responsible for cost over- runs. Although all the participants in a venture are normally responsible for sharing the costs of fulfilling obligations of that type, if some of the venture participants are unable or unwilling to meet their share of the obligations, we may be held responsible for some or all of the defaulted payments. In addition, because we do not have a controlling interest in most of the joint ventures in which we participate, we may not be able to cause joint ventures to sell assets, return invested capital or take other actions when such actions might be in our best interest. Several of the joint ventures in which we participate will in the relatively near future be required to repay, refinance, renegotiate or extend their borrowings. If any of those joint ventures are unable to do this, we could be required to provide at least a portion of the funds the joint ventures need to be able to repay the borrowings and to finance the activities for which they were incurred, which could adversely impact our financial position. Regulatory Risks Changes in U. S. trade policies and retaliatory responses from other countries may substantially increase the costs or limit supplies of building materials and products used in our homes. During the past several years, the U. S. government has imposed new, or increased existing, tariffs on an array of imported materials and products that are used in the homes we build, including lumber, steel, aluminum, solar panels and washing machines, which increases the costs of those items. The tariffs that have been imposed or increased have impacted our construction costs and caused disruptions in our supply chains, and new or increased tariffs could result in further cost increases. These cost increases will either require us to increase prices or negatively impact our profit margins. New or increased tariffs could also negatively affect U. S. national or regional economies, which could affect the demand for the homes we build. We may be adversely impacted by legal and regulatory changes. We are subject with regard to almost all of our activities to a variety of federal, state and local laws and regulations. Laws and regulations, and policies under or interpretations of existing laws and regulations, change frequently. Our businesses could be adversely affected by changes in laws, regulations, policies or interpretations or by our inability to comply with them without making significant changes in our businesses. Governmental regulations regarding land use and environmental matters could increase the cost and limit the availability of our development and homebuilding projects and adversely affect our business or financial results. We are subject to extensive and complex laws and regulations that affect land development, homebuilding and apartment development processes, including laws and regulations related to zoning, permitted land uses, levels of density, building design, elevation of properties, water and waste disposal and use of open spaces. These regulations often provide broad discretion to the administering governmental authorities as to the conditions that must be met prior to development or construction being approved, if they are approved at all. We are also subject to determinations by governmental authorities as to the adequacy of water or sewage facilities, roads and other local services with regard to particular residential communities. New housing developments may also be subject to various assessments for schools, parks, streets and other public improvements. In addition, in many markets government authorities have implemented no growth or growth control initiatives. Any of these can limit, delay, or increase the costs of land development or home construction. Government restrictions, standards, or regulations intended to reduce greenhouse gas emissions or potential climate change impacts are likely to result in restrictions on land development in certain areas and may increase energy, transportation, or raw material costs, which could reduce our profit

margins and adversely affect our results of operations. This is a particular concern in the western United States, where some of the most extensive and stringent environmental laws and residential building construction standards in the country have been enacted, and where we have substantial homebuilding and multifamily operations. We are also subject to a variety of local, state and federal laws and regulations concerning protection of the environment. In some of the markets where we operate, we are required by law to pay environmental impact fees, use energy- saving construction materials and give commitments to municipalities to provide infrastructure such as roads and sewage systems. We generally are required to obtain permits, entitlements and approvals from local authorities to commence and carry out residential development or home construction. These permits, entitlements and approvals sometimes are opposed or challenged by local governments, environmental advocacy groups, neighboring property owners or other possibly interested parties, adding delays, costs and risks of non- approval to the process. Violations of environmental laws and regulations can result in injunctions, civil penalties, remediation expenses, and other costs. In addition, some environmental laws impose strict liability, which means that we may be held liable for unlawful environmental conditions on property we own which we did not create. We are also subject to laws and regulations related to workers' health and safety, and there are efforts to subject homebuilders like us to other labor related laws or rules, some of which may make us responsible for things done by our subcontractors over which we have little or no control. In addition, our residential mortgage subsidiary is subject to various state and federal statutes, rules and regulations, including those that relate to lending operations and other areas of mortgage origination and loan servicing. The impact of those statutes, rules and regulations can increase our homebuyers’ costs of financing, and our cost of doing business, as well as restricting our homebuyers’ access to some types of loans. Our obligation to comply with the laws and regulations under which we operate, and our need to ensure that our associates, subcontractors and other agents comply with these laws and regulations, could result in delays in construction and land development, cause us to incur substantial costs and prohibit or restrict land development and homebuilding activity in certain areas in which we operate. Budget reductions by state and local governmental agencies may increase the time it takes to obtain required approvals and therefore may aggravate the delays we encounter. **In 2020 and 2021,** ~~Shutdowns~~ **shutdowns** of government offices in response to the COVID- 19 pandemic **often** ~~have further~~ delayed the time it **took** ~~is taking~~ to obtain required approvals. Government agencies also routinely initiate audits, reviews or investigations of our business practices to ensure compliance with applicable laws and regulations, which can cause us to incur costs or create other disruptions in our businesses that can be significant. We can be injured by improper acts of persons over whom we do not have control. Although we expect all of our associates (i. e., employees), officers and directors to comply at all times with all applicable laws, rules and regulations, there may be instances in which subcontractors or others through whom we do business engage in practices that do not comply with applicable laws, regulations or governmental guidelines. When we learn of practices that do not comply with applicable laws or regulations, including practices relating to homes, buildings or multifamily rental properties we build or finance, we move actively to stop the non- complying practices as soon as possible and we have taken disciplinary action with regard to associates of ours who were aware of non- complying practices and did not take steps to address them, including in some instances terminating their employment. However, regardless of the steps we take after we learn of practices that do not comply with applicable laws or regulations, we can in some instances be subject to fines or other governmental penalties, and our reputation can be injured, due to the practices having taken place. We could be held responsible for obligations of, and labor law violations by, our subcontractors and other contract parties. The homes we sell are built by employees of subcontractors and other contract parties. We do not have the ability to control what these contract parties pay their employees or the work rules they impose on their employees. However, various governmental agencies have sought, and in the future may seek, to hold contract parties like us responsible for violations of wage and hour laws, workers’ compensation and other work- related laws by firms whose employees are performing contracted for services. While the future of joint employer liability remains uncertain, if we were deemed to be a joint employer of our subcontractors’ employees, we could become responsible for collective bargaining obligations of, and labor law violations by, our subcontractors. Governmental rulings that make us responsible for labor practices by our subcontractors could create substantial exposures for us in situations that are not within our control. Risks Related to Ownership of our Stock We have a stockholder who can exercise significant influence over matters that are brought to a vote of our stockholders.Stuart Miller,our Executive Chairman,through family and personal holdings of Class B,and to a lesser extent Class A,common stock,has the power to cast approximately ~~36~~ **35** % of the votes that can be cast by the holders of all our outstanding Class A and Class B common stock combined.This gives Mr.Miller substantial influence regarding the election of our directors and the approval of most other matters that are presented to our stockholders.Mr.Miller' s voting power might discourage someone from making a significant equity investment in us,even if we needed the investment to meet our obligations or to operate our business.Also,because of his voting power,Mr.Miller may be able to cause our stockholders to approve actions that are contrary to many of our other stockholders' desires.The trading price of our Class B common stock has been substantially lower than that of our Class A common stock.The only significant difference between our Class A common stock and our Class B common stock is that the Class B common stock entitles the holders to ten votes per share,while the Class A common stock entitles holders to only one vote per share.However,for many years,the trading price of the Class B common stock on the NYSE has been substantially lower than the NYSE trading price of our Class A common stock.We believe this is because only a relatively small number of shares of Class B common stock are available for trading,which reduces the liquidity of the market for our Class B common stock to a point where many large investors are reluctant to invest in it.The limited liquidity could make it difficult for a holder of even a relatively small number of shares of our Class B common stock to dispose of the stock without materially reducing the trading price of the Class B common stock. Other Risks We have substantial investments in real estate related **funds and** businesses in which we are a minority investor. We have investments in funds and other investment vehicles managed by Rialto Capital Management, a company we sold in November 2018, investments in a number of companies that are applying technology to various aspects of building and marketing homes and real estate related aspects of the financial services industry, and investments in ~~FivePoint~~

Five Point Holdings **, LLC** , a publicly traded company that has ownership interests in, and is managing the development of, three large multi- use master planned communities in California. As a minority investor, we have ~~limited~~ **little or no** influence over decisions made with regard to these funds and businesses. However, we could suffer significant losses of our investments as a result of decisions that are made by the funds and businesses. Our results of operations could be adversely affected if legal claims against us are not resolved in our favor. In the ordinary course of our business, we are subject to legal claims by homebuyers, borrowers against whom we have instituted foreclosure proceedings, persons with whom we have land purchase contracts and a variety of other claimants. We establish reserves against legal claims and we believe that, in general, the outcome of legal claims will not have a material adverse effect on our business or financial condition. However, if the amounts we are required to pay as a result of claims against us substantially exceed the sums anticipated by our reserves, the need to pay those amounts could have an adverse effect on our results of operations for the periods when we are required to make the payments. Information technology failures and data security breaches could harm our business. We rely extensively on information technology (" IT") systems, including Internet sites, data hosting facilities and other hardware and software platforms, some of which are hosted by third parties, to assist in conducting our businesses. Our IT systems, like those of most companies, may be vulnerable to a variety of disruptions, including, but not limited to, those caused by natural disasters, telecommunications failures, hackers, and other security issues. Moreover, our computer systems, like those of most companies, are subject to the possibility of computer viruses or other malicious codes, and to cyber or phishing- attacks. We have installed and continually upgrade an array of protections against cyber intrusions. The risk of cyber intrusion is one of the areas of risk as to which there are regular periodic presentations to our Board. However, cyber intrusion efforts are becoming increasingly sophisticated, and it is possible that the controls we have installed could at some time be breached in a material respect. Further, there has been a ~~surge~~ **significant increase** in ~~widespread cyber- attacks during~~ **work from remote locations since the start of** the COVID- 19 pandemic. ~~The increase in the frequency and scope of cyber- attacks during the pandemic exacerbates data security risks. Our increased~~ **Increased** use of remote work environments and virtual platforms ~~in response to COVID- 19~~ may ~~also~~ increase our risk of cyber- attack or data security breaches. While, to date, we have not had a significant cybersecurity breach or attack that had a material impact on our business or results of operations, if we were to be subject to a material successful cyber intrusion, that could result in remediation or service restoration costs, increased cyber protection costs, lost revenues or loss of customers, litigation or regulatory actions by governmental authorities, increased insurance premiums, reputational damage and damage to our competitiveness, our stock price and our long- term stockholder value. Failure to maintain the security of personally identifiable information could adversely affect us. In connection with our business we collect and retain personally identifiable information (e. g., information regarding our customers, suppliers and employees), and there is an expectation that we will adequately protect that information. The U. S. regulatory environment surrounding information security and privacy is increasingly demanding. A significant theft, loss or fraudulent use of the personally identifiable information we maintain, or of our data, by cyber- criminals or otherwise could adversely impact our reputation and could result in significant costs, fines and litigation. International activities subject us to risks inherent in international operations. **We** ~~While there has been a pause as a result of the coronavirus pandemic, we~~ historically have sold significant numbers of homes in communities in the United States to people who are not residents of the United States, and some large investors in our multifamily development and single- family rental **funds and** ventures are located outside the United States. Dealings with people or institutions located outside the United States create risks related to currencies and to political affairs in various countries. In some instances, the government may review the possible effects of investments by non- U. S. entities on U. S. national security. We must also be careful to comply with U. S. anti- corruption laws. Also, we have to be aware of tax issues involved in doing business outside the United States or with people who are not residents of the United States, both under U. S. tax laws and under the tax laws of the countries in which we do business. We experience variability in our operating results on a quarterly basis. Our homebuilding business is seasonal in nature and generally reflects higher levels of new home order activity in our second fiscal quarter and increased deliveries in the second half of our fiscal year. However, a variety of factors ~~, such as the shutdown of large portions of our national economy in the second quarter of 2020 as a result of the COVID- 19 pandemic,~~ can change seasonal patterns. Our quarterly results of operations may continue to fluctuate in the future as a result of a variety of factors, including, among others, seasonal ~~home buying~~ **homebuying** patterns, the timing of home closings and land sales and weather- related problems. We could suffer significant losses if there are reductions in the market value of our investments in publicly traded companies. We have made investments in companies that are engaged in applying technology to improve the homebuilding industry and real estate related aspects of the financial services industry. Our investments in Opendoor Technologies, Inc. (" Opendoor") **, Sonder Holdings Inc.** , Sunnova, Hippo Holdings, Inc. (" Hippo"), SmartRent, Inc. (" SmartRent") and Blend Labs, Inc. (" Blend") are carried on our books at their fair values, which will change depending on the value of the Company' s share holdings on the last day of each quarter. As a result, the Company' s net earnings could be significantly affected by mark **-** to **-** market gains or losses on the Company' s investments. Changes in global or regional environmental conditions and governmental actions in response to such changes may adversely affect us by increasing the costs of or restricting our planned or future growth activities. There is growing concern from many members of the scientific community and the general public that an increase in global average temperatures due to emissions of greenhouse gases and other human activities have caused, or will cause, significant changes in weather patterns and increase the frequency and severity of natural disasters. Government mandates, standards or regulations intended to reduce greenhouse gas emissions or projected climate change impacts have resulted, and are likely to continue to result, in restrictions on land development in certain areas and increased energy, transportation and raw material costs. We have tried to reduce the effect of the homes we build on the climate by installing solar power systems and other energy saving devices in many of those homes. Nonetheless, governmental requirements directed at reducing effects on climate could cause us to incur expenses that we cannot recover or that will require us to increase the price of homes we sell to the point that it affects demand for those homes. Risks Related to

Ownership of our Stock...... of the Class B common stock. General Risk Factors The risk factors described above are those that we think may be material with regard to an investment in us that are not applicable generally to all business enterprises. However, we are subject to the many risks that affect all or most business enterprises in the United States or internationally, and our business or financial condition could be materially affected by those risks. Item 1B. Unresolved Staff Comments. Not applicable. Information about our Executive Officers The following individuals are our executive officers as of January ~~28~~ **26** , ~~2022~~ **2023** : NamePositionAgeStuart MillerExecutive ~~Chairman64Rick~~ **Chairman65Rick** BeckwittCo- Chief Executive Officer and Co- ~~President62Jonathan~~ **President63Jonathan** M. JaffeCo- Chief Executive Officer and Co- ~~President62Diane~~ **President63Diane** J. BessetteVice President, Chief Financial Officer and ~~Treasurer61Mark~~ **Treasurer62Mark** SustanaVice President, General Counsel and ~~Secretary60David~~ **Secretary61David** M. CollinsVice President and ~~Controller52Jeff~~ **Controller53Jeff** J. McCallExecutive Vice ~~President50~~ **President51** Mr. Miller has served as our Executive Chairman since April 2018. Before that time, Mr. Miller served as our Chief Executive Officer from 1997 to April 2018 and our President from 1997 to April 2011. Before 1997, Mr. Miller held various executive positions with us. Mr. Miller also serves as non- employee Executive Chairman on the Board of Directors of Five Point Holdings, LLC and a member of the Board of Directors of Doma Holdings, Inc. Mr. Beckwitt is one of our Directors, and has served as our Co- Chief Executive Officer and Co- President since November 2020. Before that time, Mr. Beckwitt served as our Chief Executive Officer from April 2018 to November 2020, President from April 2011 to April 2018, and our Executive Vice President from March 2006 to 2011. Mr. Beckwitt also serves on the Board of Directors of Eagle Materials Inc. Mr. Jaffe is one of our Directors, and has served as our Co- Chief Executive Officer and Co- President since November 2020. Before that time, Mr. Jaffe served as our President from April 2018 to November 2020 and our Chief Operating Officer from December 2004 to January 2019. Mr. Jaffe served as Vice President from 1994 to April 2018 and prior to then, Mr. Jaffe served as a Regional President in our Homebuilding operations. Mr. Jaffe also serves on the Board of Directors of Opendoor Technologies, Inc. Ms. Bessette has served as our Chief Financial Officer since April 2018, our Treasurer since February 2008, and as a Vice President since 2000. Ms. Bessette initially joined us in 1995 and served as our Controller from 1997 to 2008. Mr. Sustana has served as Vice President since April 2018, and as our Secretary and General Counsel since 2005. Mr. Collins joined us in 1998 and has served as Vice President since January 2021, and as our Controller since February 2008. Mr. McCall has served as our Executive Vice President since January 2020. Before that, Mr. McCall served as our Senior Vice President from February 2018 to January 2020. From June 2011 to February 2018, Mr. McCall served as Executive Vice President and Chief Financial Officer of CalAtlantic Group, Inc., or a predecessor. Item 2. Properties.