

Risk Factors Comparison 2025-02-26 to 2024-02-20 Form: 10-K

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Discussion of our business and operations included in this Annual Report on Form 10- K should be read together with the risk factors set forth below. They describe various risks and uncertainties we are or may become subject to, many of which are difficult to predict or beyond our control. Although the risks summarized below are organized by heading, and each risk is summarized separately, many of the risks are interrelated. These risks and uncertainties, together with other factors described elsewhere in this report, have the potential to affect our business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner. Risk Factors Summary Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, strategies or prospects. These risks are discussed more fully below and include, but are not limited to, risks related to:

- Operational Risks Related to Our Business:
 - our ability to acquire finished lots and land parcels suitable for residential homebuilding at reasonable prices;
 - labor and raw material shortages and price fluctuations that could delay or increase the cost of home construction **or land development**;
 - the impact of an epidemic or pandemic;
- Industry and Economic Risks:
 - higher mortgage interest rates, and the tightening of mortgage lending standards and mortgage financing requirements;
 - a significant downturn in our housing markets or in the homebuilding industry;
 - the homebuilding industry is highly competitive;
 - new and existing laws and regulations or other governmental actions, including environmental, health and safety laws and regulations;
 - increasing attention to environmental, social and governance matters;
 - the seasonal nature of our business;
- Strategic Risks Related to Our Business:
 - our growth or expansion strategies may not be successful;
- Risks Related to Our Organization and Structure:
 - we depend on key management personnel and other experienced employees;
 - our use of leverage in executing our business strategy;
 - we are a holding company, and we are accordingly dependent upon distributions from our subsidiaries to service our debt and pay dividends, if any, taxes and other expenses;
- General Risks:
 - we may be subject to litigation, arbitration or other claims;
 - information system failures, cyber incidents or breaches in security **by us or third parties upon which we rely**;
 - complex and evolving U. S. laws and regulations regarding privacy and data protection; **and** ◦ access to financing sources may not be available on favorable terms, or at all ; ~~and ◦ the impact of financial industry and capital markets turmoil~~.

The long- term sustainability and growth in our home closings depends in part upon our ability to acquire finished lots and land parcels suitable for residential homebuilding at reasonable prices. The long- term sustainability of our operations as well as future growth depends in large part on the price at which we are able to obtain suitable finished lots and land parcels for development to support our homebuilding operation. Our ability to acquire finished lots and land parcels for new single- family homes and other projects may be adversely affected by changes in the general availability of land parcels, the willingness of land sellers to sell land parcels at reasonable prices, competition for available land parcels, availability of financing to acquire land parcels, zoning, regulations that limit housing density, the ability to obtain building permits, environmental requirements and other market conditions and regulatory requirements. If suitable lots or land at reasonable prices become less available, the number of homes we may be able to build and sell could be reduced, and the cost of land could be increased substantially, which could adversely impact us. As competition for suitable land increases, the cost of undeveloped lots and the cost of developing owned land could also rise and the availability of suitable land at acceptable prices may decline, which could adversely impact us. The availability of suitable land assets could also affect the success of our land acquisition strategy, which may impact our ability to maintain or increase the number of our active communities, as well as to sustain and grow our revenues and margins, and achieve or maintain profitability. Additionally, developing undeveloped land is capital intensive and time consuming and we may develop land based upon forecasts and assumptions that prove to be inaccurate, resulting in projects that are not economically viable. In recent years, it has become more difficult to acquire finished lots in attractive locations and therefore we have been acquiring more undeveloped land that we need to develop as compared to finished lots. This shift in our land procurement has resulted in longer lead time between when we acquire the land and when we can start construction of a home on the land and thus a longer time that these land assets are on our balance sheet. Risks associated with our land and lot inventories could adversely affect our business or financial results. Risks inherent in controlling, purchasing, holding and developing land for new home construction are substantial. The risks inherent in purchasing and developing land parcels increase as consumer demand for housing decreases and the holding period increases. As a result, we may buy and develop land parcels on which homes cannot be profitably built and sold. In certain circumstances, a grant of entitlements or development agreement with respect to a particular parcel of land may include restrictions on the transfer of such entitlements to a buyer of such land, which would negatively impact the price of such entitled land by restricting our ability to sell it for its full entitled value. In addition, inventory carrying costs can be significant and can result in reduced margins or losses in a poorly performing community or market. Developing land and constructing homes takes a considerable amount of time and requires a substantial cash investment. Land development is a key part of our operations and we develop land in most of our markets. The time and investment required for development may adversely impact our business. We have substantial real estate inventories that regularly remain on our balance sheet for significant periods of time prior to their sale, during which time we are exposed to the risk of adverse market developments. Real estate investments are relatively difficult to sell quickly. As a result, our ability to promptly sell one or more properties for reasonable prices in response to changing economic, financial and investment conditions may be limited, and we may be forced to hold non- income producing properties for extended periods of time. Our business model is based on building homes before a sales contract is executed and a customer deposit is received. Because interest and other expenses are capitalized only during the development of land and home construction, we incur

interest subject to capitalization criteria and recognize maintenance expenses on unsold completed homes in inventory. As of December 31, 2023-2024, we had 2, 017-512 completed homes in inventory and 1, 410-358 homes in progress in inventory. In the event there is a continued downturn in home sales in our markets, our inventory of completed homes could increase, leading to additional financing costs and lower margins, which could have a material adverse effect on our financial results and operations. In the event of significant changes in economic or market conditions, we may have to sell homes at significantly lower margins or at a loss, if we are able to sell them at all. Additionally, deteriorating market conditions could cause us to record significant inventory impairment charges. The recording of a significant inventory impairment could negatively affect our reported earnings per share and negatively impact the market perception of our business. Labor and raw material shortages, price fluctuations and supply chain constraints could delay or increase the cost of home construction **or land development**, which could materially and adversely affect us. The residential construction industry experiences labor and raw material shortages from time to time, including shortages in qualified subcontractors and tradespeople and supplies of **materials such as** insulation, drywall, cement, steel and lumber. These labor and raw material shortages can be more severe during periods of strong demand for housing, during periods following natural disasters that have a significant impact on existing residential and commercial structures or as a result of broader economic disruptions, ~~such as the COVID-19 pandemic~~. In addition, pricing for labor and raw materials can be affected by the factors discussed above and various other national, regional, local, economic and political factors, including changes in immigration laws **or their enforcement**, trends in labor migration and tariffs. For example, the federal government ~~has previously imposed~~, **and has recently proposed**, new or increased tariffs or duties on an array of imported materials and goods that are used in connection with the construction and delivery of our homes, including lumber, raising our costs for these items (or products made with them). Such government- imposed tariffs and trade regulations on imported building supplies, and retaliatory measures by other countries, may in the future have significant impacts on the cost to construct our homes and on our customers' budgets, including by causing disruptions or shortages in our supply chain. We **cannot predict what changes to trade policy will be made by the current presidential administration, the U. S. Congress or other governments, including whether existing tariff policies will be maintained or modified or whether the entry into new bilateral or multilateral trade agreements will occur, nor can we predict the effects that any such changes would have on our business.** We have also experienced labor shortages, price fluctuations and increased labor costs, including as a result of inflation or wage increases, particularly over the past ~~two few~~ years, **before stabilizing recently**, due to historic inflation rates in the United States. It is uncertain whether these conditions will continue as is, improve or worsen. ~~Additionally, in 2021, we saw a significant increase in the cost of our lumber related to undersupply as a result of increased demand and shutdowns of lumber mills due to the COVID-19 pandemic. We may see additional lumber cost pressures in the future.~~ Further, our success in recently- entered markets or those we may choose to enter in the future depends substantially on our ability to source labor and local materials on terms that are favorable to us. Our markets may exhibit a reduced level of skilled labor relative to increased homebuilding demand in these markets. In the event of shortages in labor or raw materials in such markets, local subcontractors, tradespeople and suppliers may choose to allocate their resources to homebuilders with an established presence in the market and with whom they have longer- standing relationships. Labor and raw material shortages, price increases for labor and raw materials and supply chain constraints could cause delays in and increase our costs of home construction **or land development**, which in turn could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Our business and results of operations are dependent on the availability, skill and performance of subcontractors. We engage subcontractors to perform the construction of our homes and **the development of our raw land and**, in many cases, to select and obtain the raw materials used **for such work** in constructing our homes. Accordingly, the timing and quality of our construction depend on the availability and skill of our subcontractors. While we anticipate being able to obtain sufficient materials and reliable subcontractors and believe that our relationships with subcontractors are good, we do not have long- term contractual commitments with any subcontractors, and we can provide no assurance that skilled subcontractors will be available at reasonable rates and in our markets. In addition, as we expand into new markets, we typically must develop new relationships with subcontractors in such markets, and there can be no assurance that we will be able to do so in a cost- effective and timely manner, or at all. The inability to contract with skilled subcontractors at reasonable rates on a timely basis could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Despite our quality control and jobsite safety efforts, we may discover from time to time that our subcontractors have engaged in improper construction or safety practices or have installed defective materials in our homes **or subdivisions**. When we discover these issues, we typically utilize our subcontractors to repair the **defects** homes in accordance ~~with our new home warranty~~. The adverse costs of **repairing such defects or** satisfying our warranty and other legal obligations in these instances may be significant and we may be unable to recover the costs ~~of warranty- related repairs~~ from subcontractors, suppliers and insurers, which could have a material adverse impact on our business, prospects, liquidity, financial condition and results of operations. We may also suffer reputational damage, and may be exposed to potential liability, from the actions of subcontractors or their failure to comply with applicable laws, including matters ~~which that~~ are beyond our control. Attempts at mitigation may not be successful, and we could be subject to claims relating to actions of, or matters relating to, our subcontractors. If we are unable to develop our communities successfully or within expected time- frames, our results of operations could be adversely affected. Before a community generates any revenue, time and material expenditures are required to acquire land, obtain development approvals and construct significant portions of project infrastructure, amenities and sales facilities. It can take several years from the time we acquire control of an undeveloped property to the time we make our first home sale on the site. Delays in the development of communities, including delays associated with subcontractors performing the development activities or entitlements, labor and raw material shortages or supply chain disruptions, expose us to the risk of changes in market conditions for homes. A decline in our ability to develop and market one of our new undeveloped communities successfully and to generate positive cash flow from these operations in a timely manner could have a material

adverse effect on our business and results of operations and on our ability to service our debt and to meet our working capital requirements. In addition, higher than expected absorption rates in existing communities may result in lower than expected inventory levels until the development for replacement communities is completed. We are subject to warranty and liability claims arising in the ordinary course of business that can be significant. As a homebuilder and developer, we are subject to construction defect, product liability and home and other warranty claims ~~including moisture intrusion and related claims,~~ arising in the ordinary course of business. These claims are common to the homebuilding industry and can be costly. There can be no assurance that any developments we undertake **or homes we build** will be free from defects once completed, and any defects attributable to us may lead to significant contractual or other liabilities. We rely on subcontractors to perform the construction of our homes **and the development of our communities** and, in some cases, to select and obtain building materials. Although we provide subcontractors with detailed specifications and perform quality control procedures, subcontractors may, in some cases, use improper construction processes or defective materials. Defective products used **during in the construction or defective construction** of our homes **or communities** can result in the need to perform extensive repairs. The cost of performing such repairs, or litigation arising out of such issues, may be significant if we are unable to recover the costs from subcontractors, suppliers and / or insurers. Warranty and construction defect matters can also result in negative publicity, including on social media outlets, which could damage our reputation and negatively affect our ability to sell homes. We maintain, and require our subcontractors to maintain, general liability insurance (including construction defect and bodily injury coverage) and workers' compensation insurance and generally seek to require our subcontractors to indemnify us for liabilities arising from their work. While these insurance policies, subject to deductibles and other coverage limits, and indemnities protect us against a portion of our risk of loss from claims related to our land development and homebuilding activities, we cannot provide assurance that these insurance policies and indemnities will be adequate to address all our home and other warranty, product liability and construction defect claims in the future, or that any potential inadequacies will not have an adverse effect on our business, financial condition or results of operations. Further, the coverage offered by, and the availability of, general liability insurance for completed operations and construction defects are currently limited and costly. We cannot provide assurance that coverage will not be further restricted, increasing our risks and financial exposure to claims, and / or become costlier. We could be adversely affected by efforts to impose joint employer liability on us for labor law violations committed by our subcontractors. Our homes are constructed by employees of subcontractors and other third parties. We do not have the ability to control what these parties pay their employees or the rules they impose on their employees. However, various governmental agencies have taken actions to hold parties like us responsible for violations of wage and hour laws and other labor laws by subcontractors. Governmental rulings that hold us responsible for labor practices by our subcontractors could create substantial exposures for us under our subcontractor relationships, which could have a material adverse impact on our business, prospects, liquidity, financial condition and results of operations. We may be unable to obtain suitable bonding for the development of our housing projects. We are often required to provide bonds, letters of credit or guarantees to governmental authorities and others to ensure the completion of our projects. As a result of market conditions, some surety providers have been reluctant to issue new bonds and providers may require credit enhancements, such as cash deposits or letters of credit, in order to maintain existing bonds or to issue new bonds. If we are unable to obtain required bonds in the future for our projects, or if we are required to provide credit enhancements with respect to our current or future bonds or in place of bonds, our business, prospects, liquidity, financial condition and results of operations could be materially and adversely affected. Poor relations with the residents of our communities could negatively impact sales, which could cause our revenues or results of operations to decline. Residents of communities we develop rely on us to resolve issues or disputes that may arise in connection with the operation or development of their communities. Efforts made by us to resolve these issues or disputes could be deemed unsatisfactory by the affected residents and subsequent actions by these residents could adversely affect our sales or our reputation. In addition, we could be required to make material expenditures related to the settlement of such issues or disputes or to modify our community development plans, which could adversely affect our results of operations. Any joint venture investments that we make could be adversely affected by our lack of sole decision making authority, our reliance on the financial condition of our joint venture partners and disputes between us and our joint venture partners. We have ~~established LGI Mortgage Solutions and LGI Insurance Solutions, two separate equity-method real estate joint ventures with a long-time, third-party preferred lender and third-party~~ **four additional joint ventures engaged primarily to provide services, such as mortgage and insurance agency, to our homebuyers**. We may co-invest in the future with third parties through other partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a land acquisition and / or a development. In this event, we would not be in a position to exercise sole decision-making authority regarding the acquisition and / or development, and our investment may be illiquid due to our lack of control. Investments in partnerships, joint ventures, or other entities may, under certain circumstances, involve risks not present were a third-party not involved, including the possibility that our joint venture partners might become bankrupt, fail to fund their share of required capital contributions, make poor business decisions or block or delay necessary decisions. Our joint venture partners may have economic or other business interests or goals which are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor our joint venture partners would have full control over the land acquisition or development. Disputes between us and our joint venture partners may result in litigation or arbitration that would increase our expenses and prevent our officers and / or directors from focusing their time and effort on our business. In addition, we may in certain circumstances be liable for the actions of our joint venture partners. In addition, our LGI Mortgage Solutions joint venture involves additional risks associated with the mortgage banking business. The mortgage banking business is competitive, and competitors include mortgage lenders, such as national, regional and local mortgage banks and other financial institutions. Some of these competitors are subject to fewer governmental regulations and have greater access to capital than our joint venture

does, and some of them may operate with different criteria than our joint venture does. These competitors may offer a broader or more attractive array of financing and other products and services to potential customers than our joint venture does. For these reasons, our joint venture may not be able to compete effectively in the mortgage banking business. Further, the mortgage banking business is subject to numerous federal, state and local laws and regulations, which, among other things: prohibit discrimination and establish underwriting guidelines; provide for audits and inspections; require appraisals and / or credit reports on prospective borrowers and disclosure of certain information concerning credit and settlement costs; establish maximum loan amounts; prohibit predatory lending practices; and regulate the referral of business to affiliated entities. The regulatory environment for mortgage lending is complex and ever changing and has led to an increase in the number of audits, examinations and investigations in the industry. The 2008 housing downturn resulted in numerous changes in the regulatory framework of the financial services industry. ~~In response to COVID-19, federal agencies, state governments and private lenders provided relief to borrowers in the housing market by, subject to requirements, suspending home foreclosures and granting payment forbearance, among other things. These relief measures were temporary, but these changes and others could become incorporated into the current regulatory framework.~~ Any changes or new enactments could result in more stringent compliance standards, which could adversely affect our financial condition and results of operations and the market perception of our business. Additionally, if we are unable to originate mortgages for any reason going forward, such as a cyberattack on our joint venture partners, our customers may experience significant mortgage loan funding issues, which could have a material impact on our homebuilding business and our consolidated financial statements. Our business could be materially and adversely disrupted by an epidemic, pandemic or similar public health threat. An epidemic, pandemic or similar serious public health issue, and the measures undertaken by governmental authorities to address it, could significantly disrupt or prevent us from operating our business in the ordinary course for an extended period, and thereby, along with any associated economic and social instability or distress, have a material adverse impact on our business, financial condition, results of operations, cash flows, strategies or prospects. For instance, the COVID- 19 pandemic, at its peak, resulted in federal, state and local governments imposing varying degrees of restrictions on business and social activities to contain COVID- 19. To the extent that an epidemic, pandemic or similar public health threat adversely impacts our business, results of operations, liquidity or financial condition, it may also have the effect of increasing many of the other risks described in this “ Risk Factors ” section. There is no guarantee that a future outbreak of any widespread epidemics or pandemics will not occur, or that the U. S. economy will fully recover therefrom, either of which could materially and adversely affect our business. Inflation could adversely affect our business and financial results. Inflation could adversely affect our business and financial results by increasing the costs of land, raw materials and labor needed to operate our business. Inflation may also accompany higher interest rates, which could adversely impact potential customers’ ability to obtain financing on favorable terms, thereby decreasing demand for our homes. ~~We~~ **Historically, we** have experienced a significant increase in land, labor, materials and **costs related to** construction ~~costs~~. In an inflationary environment, such as the ~~current~~ economic environment **we have experienced recently**, depending on the homebuilding industry and other economic conditions, we may be unable to raise the sales prices of our homes enough to offset the increasing costs of our operations, which would decrease our profit margins. Furthermore, if we need to lower the sales prices of our homes to meet demand, the value of our land inventory may decrease. Inflation may also raise our costs of capital and decrease our purchasing power, making it more difficult **and / or more expensive** to maintain sufficient funds to operate our business. Higher mortgage interest rates, tightening of mortgage lending standards and mortgage financing requirements, and untimely or incomplete mortgage loan originations for our homebuyers could adversely affect the availability of mortgage loans for potential purchasers of our homes and thereby materially and adversely affect our business, prospects, liquidity, financial condition and results of operations. Almost all of our customers finance their home purchases through lenders that provide mortgage financing. Mortgage interest rates have increased significantly since January 2022, which has negatively impacted the overall housing market. The current and continued macroeconomic conditions impacting the homebuilding industry **include** ~~are~~ **rapid** inflation and **rising mortgage** interest rates. The significant burden of inflation and higher mortgage interest rates for our customers since January 2022 are viewed by us as the primary driver behind the subsequent decrease in demand for new homes. However, we cannot predict whether mortgage interest rates will rise, remain high or fall. If mortgage interest rates increase, the ability of prospective homebuyers to finance home purchases may be adversely affected, and, as a result, our operating results may be significantly negatively impacted. Additionally, rapid increases in interest rates may negatively impact the affordability of a home purchase for existing buyers in backlog who still need to lock in a mortgage interest rate for their loan. This volatility could lead to an increase in cancellations of home purchase contracts. Our homebuilding activities depend upon the availability of mortgage financing to homebuyers, which is expected to be impacted by ongoing regulatory changes and fluctuations in the risk appetites of lenders. The financial documentation, down payment amounts and income- to- debt ratio requirements are subject to change and could become more restrictive. The federal government has a significant role in supporting mortgage lending through its conservatorship of Federal National Mortgage Association (“ Fannie Mae ”) and Federal Home Loan Mortgage Corporation (“ Freddie Mac ”), both of which purchase or insure mortgage loans and mortgage loan- backed securities, and its insurance of mortgage loans through or in connection with the Federal Housing Administration (“ FHA ”), the Veterans Administration (“ VA ”) and the U. S. Department of Agriculture (“ USDA ”). FHA and USDA backing of mortgage loans has been particularly important to the mortgage finance industry and to our business. If either the FHA or USDA raised their down payment requirements or lowered maximum loan amounts, our business could be materially affected. Increased lending volume and losses insured by the FHA have resulted in a reduction of the FHA insurance fund. The USDA rural development program provides for zero down payment and 100 % financing for homebuyers in qualifying areas. If the USDA program was discontinued or if funding was decreased, then our business could be adversely affected. In addition, if the USDA changed its determination of areas that are eligible to qualify for the program, it could have an adverse effect on our business. In addition, changes in governmental regulation with respect to mortgage lenders could adversely affect demand for housing. The

availability and affordability of mortgage loans, including mortgage interest rates for such loans, could also be adversely affected by a scaling back or termination of the federal government's mortgage loan-related programs or policies. Because Fannie Mae-, Freddie Mac-, FHA-, USDA- and VA- backed mortgage loans have been an important factor in marketing and selling many of our homes, any limitations or restrictions in the availability of, or higher consumer costs for, such government-backed financing could adversely affect our business, prospects, liquidity, financial condition and results of operations. The elimination or curtailment of state bonds to assist homebuyers could materially and adversely affect our business, prospects, liquidity, financial condition and results of operations. In addition, certain current regulations impose, and future regulations may strengthen or impose new, standards and requirements relating to the origination, securitization and servicing of residential consumer mortgage loans, which could further restrict the availability and affordability of mortgage loans and the demand for such loans by financial intermediaries and, as a result, adversely affect our home sales, financial condition and results of operations. Further, if, due to credit or consumer lending market conditions, reduced liquidity, increased risk retention or minimum capital level obligations and / or regulatory restrictions related to certain regulations, laws or other factors or business decisions, these lenders refuse or are unable to provide mortgage loans to our homebuyers, or increase the costs to borrowers to obtain such loans, the number of homes we close and our business, prospects, liquidity, financial condition and results of operations may be materially adversely affected. First-time homebuyers are generally more affected by the availability of mortgage financing than other potential homebuyers. These homebuyers are a key source of demand for our new homes. A limited availability of suitable mortgage financing may adversely affect the volume and sales price of our home sales. Increases in cancellations of purchase contracts could have an adverse effect on our business. Our backlog reflects standard purchase contracts with our homebuyers for homes that still need to be delivered. We require a deposit from our homebuyers for all homes 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 purchase contract and receive a complete or partial refund of the deposit for reasons such as state and local law requirements, the homebuyer's inability to obtain mortgage financing, ~~or the homebuyer's failure to sell their current home, or our inability to complete and deliver the house within the defined time.~~ Homebuyers may also choose to cancel their purchase contract and forfeit their deposit. As of December 31, ~~2023~~ **2024**, we had ~~590~~ **599** homes with an ending backlog value of \$ ~~224.236~~ **95** million. With the weakening of the housing market **over the past several years**, we have experienced an increase in cancellation rates. If economic conditions decline further, if mortgage financing becomes less available or more costly, or if our homes become less attractive due to market price declines or due to other conditions at or in the vicinity of our communities, we could experience an additional increase in homebuyers canceling their purchase contracts with us, which could have an adverse effect on our business and results of operations. Any limitation on, or reduction or elimination of, tax benefits associated with homeownership would have an adverse effect upon the demand for homes, which could be material to our business. While tax laws generally permit significant expenses associated with homeownership, primarily mortgage interest expense and real estate taxes, to be deducted for the purpose of calculating an individual's federal and, in many cases, state taxable income, the ability to deduct mortgage interest expense and real estate taxes for federal income tax purposes is limited. The federal government or a state government may change its income tax laws by eliminating, limiting or substantially reducing these income tax benefits without offsetting provisions, which may increase the after-tax cost of owning a new home for many of our potential homebuyers. Any such future changes may have an adverse effect on the homebuilding industry in general. For example, the loss or reduction of homeowner tax deductions could decrease the demand for new homes. Any such future changes could also have a material adverse impact on our business, prospects, liquidity, financial condition and results of operations. A significant downturn in our housing markets or in the homebuilding industry generally may materially and adversely affect our business and financial condition. We cannot predict whether and to what extent the housing markets in the geographic areas in which we operate will grow, particularly if interest rates for mortgage loans, land costs, and construction costs continue to rise or stay at similar levels. Other factors that might impact the homebuilding industry include uncertainty in domestic and international financial, credit and consumer lending markets amid slow economic growth or recessionary conditions in various regions or industries around the world, including as a result of an epidemic or pandemic, the conflict between Russia and Ukraine, the conflict in the Middle East, or **impacts from the 2024 change in U. S. presidential administration and other elections**, tight lending standards and practices for mortgage loans that limit consumers' ability to qualify for mortgage financing to purchase a home, including increased minimum credit score requirements, credit risk / mortgage loan insurance premiums, **homeowners' insurance premiums** and / or other fees and required down payment amounts, higher home prices, more conservative appraisals, changing consumer preferences, higher loan-to-value ratios and extensive buyer income and asset documentation requirements, changes to mortgage regulations, slower rates of population growth or population decline in our markets, or Federal Reserve policy changes. If there is limited economic growth, declines in employment and consumer income, changes in consumer behavior, including as a result of an epidemic or pandemic, the conflict between Russia and Ukraine, the conflict in the Middle East, or **impacts from the 2024 change in U. S. presidential administration and other elections**, and / or tightening of mortgage lending standards, practices and regulation in the geographic areas in which we operate, or if interest rates for mortgage loans or home prices continue to rise or stay at similar levels, there could likely be a corresponding adverse effect on our business, prospects, liquidity, financial condition and results of operations, including, but not limited to, the number of homes we sell, our average sales price per home closed, cancellations of home purchase contracts and the amount of revenues or profits we generate, and such effect may be material. Our industry is cyclical and adverse changes in general and local economic conditions could reduce the demand for homes and, as a result, could have a material adverse effect on us. Our business can be substantially affected by adverse changes in general economic or business conditions that are outside of our control, including changes in short-term and long-term interest rates; employment levels and job and personal income growth; housing demand from population growth, household formation and other demographic changes, among other factors **(which may be driven by birth rate changes, economic factors**

or U.S. immigration policies); availability and pricing of mortgage financing for homebuyers; housing affordability; consumer confidence generally and the confidence of potential homebuyers in particular; consumer spending; financial system and credit market stability; private party and government mortgage loan programs (including changes in FHA, USDA, VA, Fannie Mae and Freddie Mac conforming mortgage loan limits, credit risk / mortgage loan insurance premiums and / or other fees, down payment requirements and underwriting standards), and federal and state regulation, oversight and legal action regarding lending, appraisal, foreclosure and short sale practices; federal and state personal income tax rates and provisions, including provisions for the deduction of mortgage loan interest payments, real estate taxes and other expenses; supply of and prices for available new or resale homes (including lender- owned homes) and other housing alternatives, such as apartments, single-family rentals and other rental housing; homebuyer interest in our current or new product designs and new home community locations; general consumer interest in purchasing a home compared to choosing other housing alternatives; interest of financial institutions or other businesses in purchasing wholesale homes; and real estate taxes. Adverse changes in these conditions may affect our business nationally or may be more prevalent or concentrated in particular submarkets in which we operate. Inclement weather, natural disasters (such as earthquakes, hurricanes, tornadoes, floods, prolonged periods of precipitation, droughts and fires), other calamities and other environmental conditions can delay the delivery of our homes and / or increase our costs. Civil unrest or acts of terrorism can also have a negative effect on our business. If the homebuilding industry experiences another significant or sustained downturn, it would materially adversely affect our business and results of operations in future years. In 2022, the Federal Reserve's aggressive actions to stem inflation caused mortgage interest rates to increase significantly. The resulting increased costs of borrowing negatively impacted customer sentiment and accelerated existing affordability constraints for potential homebuyers. As a result, many homebuyers paused their home purchasing decisions. ~~Additionally, we experienced continued challenges from ongoing supply chain disruptions and higher construction and development costs during 2023.~~ The potential difficulties described above can cause demand and prices for our homes to fall or cause us to take longer and incur more costs to develop ~~the~~ land and build our homes. We may not be able to recover these increased costs by raising prices because of market conditions. The potential difficulties described above could also lead some homebuyers to cancel or refuse to honor their home purchase contracts **altogether**. The homebuilding industry is highly competitive and, if our competitors are more successful or offer better value to our customers, our business could decline. We operate in a very competitive environment that is characterized by competition from a number of other homebuilders and land developers in each market in which we operate. Additionally, there are relatively low barriers to entry into our business. We compete with large national and regional homebuilding companies, some of which have greater financial and operational resources than us, and with smaller local homebuilders and land developers, some of which may have lower administrative costs than us. We may be at a competitive disadvantage with regard to certain of our large national and regional homebuilding competitors whose operations are more geographically diversified than ours, as these competitors may be better able to withstand any future regional downturns in the housing market. Furthermore, our market share in certain of our markets may be lower as compared to some of our competitors. **In addition, the homebuilding industry has been subject to increasing consolidation, which could result in existing competitors increasing their market share. Such changes have the potential to increase competitive dynamics in affected markets**. Many of our competitors also have longer operating histories and longstanding relationships with subcontractors and suppliers in the markets in which we operate or to which we may expand. This may give our competitors an advantage in marketing their products, securing materials and labor at lower prices and allowing their homes to be delivered to customers more quickly and at more favorable prices. We compete for, among other things, homebuyers, desirable land parcels, financing, raw materials and skilled management and labor resources. Our competitors may independently develop land and construct homes that are substantially similar to our products. Increased competition could hurt our business, as it could prevent us from acquiring attractive land parcels on which to build homes or make such acquisitions more expensive, hinder our market share expansion and cause us to increase our selling incentives and reduce our prices. An oversupply of homes available for sale or discounting of home prices could periodically adversely affect demand for our homes in certain markets and could adversely affect pricing for homes in the markets in which we operate. If we are unable to compete effectively in our markets, our business could decline disproportionately to our competitors, and our results of operations and financial condition could be adversely affected. We can provide no assurance that we will be able to continue to compete successfully in any of our markets. Our inability to continue to compete successfully in any of our markets could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Regional factors affecting the homebuilding industry in our current markets could materially and adversely affect us. Our business strategy is focused on the acquisition of suitable land and the design, construction and sale of primarily single- family homes in residential subdivisions, including planned communities, in Texas, Arizona, Florida, Georgia, New Mexico, Colorado, North Carolina, South Carolina, Washington, Tennessee, Minnesota, Oklahoma, Alabama, California, Oregon, Nevada, West Virginia, Virginia, Pennsylvania, Maryland and Utah. A prolonged economic downturn in the future in one or more of these areas, or a particular industry that is fundamental to one or more of these areas, ~~particularly within Texas,~~ **on the in our West coast segment** could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Our communities ~~on the in our West coast segment~~ are especially susceptible to restrictive government regulations and environmental laws. ~~To the extent the oil and gas industry, which can be very volatile, is negatively impacted by declining commodity prices, climate change, legislation or other factors, a result could be a reduction in employment or other negative economic consequences, which in turn could adversely impact our home sales and activities in certain of our markets.~~ Moreover, certain insurance companies doing business in states in which we operate could restrict, curtail or suspend the issuance of homeowners' insurance policies on single- family homes. This could both reduce the availability of hurricane, **fire** and other types of natural disaster insurance, in general, and increase the cost of such insurance to prospective purchasers of homes. Mortgage financing for a new home is conditioned, among other things, on the availability of adequate homeowners' insurance. There can be no assurance that homeowners' insurance will be available or affordable to

prospective purchasers of our homes. Long- term restrictions on, or unavailability of, homeowners' insurance could have an adverse effect on the homebuilding industry in our markets and on our business. Additionally, the availability of permits for new homes in new and existing developments could be adversely affected by the significantly limited capacity of the schools, roads, and other infrastructure. If adverse conditions in these markets develop in the future, it could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Furthermore, if buyer demand for new homes in these markets decreases, home prices could decline, which would have a material adverse effect on our business. Fluctuations in real estate values may require us to write- down the book value of our real estate assets. The homebuilding and land development industries are subject to significant variability and fluctuations in real estate values. As a result, we may be required to write- down the book value of our real estate assets in accordance with GAAP, and some of those write- downs could be material. Any material write- downs of assets could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. If the market value of our land inventory decreases, our results of operations could be adversely affected by impairments and write- downs. The market value of our land and housing inventories depends on market conditions. We acquire land for expansion into new markets and for replacement of land inventory and expansion within our current markets. There is an inherent risk that the value of the land owned by us may decline after purchase. The valuation of property is inherently subjective and based on the individual characteristics of each property. We may have acquired options on or bought and developed land at a cost we will not be able to recover fully or on which we cannot build and sell homes profitably. In addition, our deposits for lots controlled under purchase, option or similar contracts may be put at risk. Factors such as changes in regulatory requirements and applicable laws (including in relation to building regulations, taxation and planning), political conditions, the condition of financial markets, both local and national economic conditions, the financial condition of customers, potentially adverse tax consequences, and interest and inflation rate fluctuations are subject to uncertainty. Moreover, our valuations are made on the basis of assumptions that may not prove to reflect economic or demographic reality. If housing demand fails to meet our expectations when we acquired our inventory, our profitability may be adversely affected and we may not be able to recover our costs when we build and sell houses. We regularly review the value of our land holdings and continue to review our holdings on a periodic basis. Material write- downs and impairments in the value of our inventory may be required, and we may in the future sell land or homes at a loss, which could adversely affect our results of operations and financial condition. Interest rate changes may adversely affect us. Increases in interest rates can make it more difficult and / or expensive for us to obtain the funds we need to operate our business. Increases in interest rates generally could increase the interest rates we must pay on borrowings under the Credit Agreement (as defined herein) and on any subsequent issuances of debt securities. Adverse economic conditions could also cause the terms on which we borrow to be unfavorable. We could be required to liquidate one or more of our assets at times which may not permit us to receive an attractive return on our assets in order to meet our debt service obligations. Difficulties with appraisal valuations in relation to the proposed sales price of our homes could force us to reduce the price of our homes for sale. Each of our home sales may require an appraisal of the home value before closing. These appraisals are professional judgments of the market value of the property and are based on a variety of market factors. If our internal valuations of the market and pricing do not line up with the appraisal valuations and appraisals are not at or near the agreed upon sales price, we may be forced to reduce the sales price of the home to complete the sale. These appraisal issues could have a material adverse effect on our business and results of operations. Any future government shutdowns or slowdowns may materially adversely affect our business or financial results. Any future government shutdowns or slowdowns may materially adversely affect our business or financial results. We can make no assurances that potential home closings affected by any such shutdown or slowdown will occur after the shutdown or slowdown has ended. Natural disasters, severe weather and adverse geological conditions may increase costs, cause project delays and reduce consumer demand for housing, all of which could materially and adversely affect us. Our homebuilding operations are located in areas that are subject to natural disasters, severe weather or adverse geological conditions. These include, but are not limited to, hurricanes, tornadoes, droughts, floods, storm surge, coastal erosion, sea level rise, brushfires, wildfires, prolonged periods of precipitation, landslides, soil subsidence, earthquakes and other natural disasters. The occurrence of any of these events could damage our land parcels and projects, cause delays in completion of our projects, reduce consumer demand for housing, increase mortgage default risk, and cause shortages and price increases in labor or raw materials, any of which could affect our sales and profitability. In addition to directly damaging our land or projects, many of these natural events could damage roads and highways providing access to our assets, affect the desirability of our land or projects or result in potential buyers facing higher costs for, or being unable to obtain, fire, flood or other hazard insurance coverage in certain areas, thereby **reducing the number of potential buyers who can afford, or are willing, to purchase homes in those areas**, adversely affecting our ability to market homes or sell land in those areas and possibly increasing the costs of homebuilding completion. **For example, the incidence of large wildfires in California has substantially increased in recent years, and the risk of future wildfires is expected to increase. The housing markets in areas affected by California' s recent wildfires have been adversely affected by increased insurance costs and difficulties in obtaining homeowners' insurance, which we expect to be exacerbated by the recent wildfires in Los Angeles. These natural events could also prompt governmental authorities to adopt more stringent building codes, which would likely increase development costs in affected areas and negatively impact home affordability and / or demand**. Furthermore, the occurrence of natural disasters, severe weather and other adverse geological conditions has increased in recent years due to climate change and may continue to increase in the future. Climate change may have the effect of making the risks described above occur more frequently and more severely, which could amplify the adverse impact on our business, prospects, liquidity, financial condition and results of operations. There are some risks of loss for which we may be unable to purchase insurance coverage. For example, losses associated with hurricanes, landslides, prolonged periods of precipitation, earthquakes and other weather- related and geologic events may not be insurable and other losses, such as those arising from terrorism, may not be economically insurable. A sizeable uninsured loss could materially and adversely affect our

business, prospects, liquidity, financial condition and results of operations. New and existing laws and regulations or other governmental actions may increase our expenses, limit the number of homes that we can build or delay completion of our projects. We are subject to numerous local, state, federal and other statutes, ordinances, rules and regulations concerning zoning, development, building design, construction, accessibility, anti-discrimination and other matters, which, among other things, impose restrictive zoning and density requirements, the result of which is to limit the number of homes that can be built within the boundaries of a particular area. We may encounter issues with entitlement, not identify all entitlement requirements during the pre-development review of a project site, or encounter zoning changes that impact our operations. Projects for which we have not received land use and development entitlements or approvals may be subjected to periodic delays, changes in use, less intensive development or elimination of development in certain specific areas due to government regulations. We may also be subject to periodic delays or incur additional costs or may be precluded entirely from developing in certain communities due to building moratoriums or zoning changes. Such moratoriums generally relate to availability of utilities, such as insufficient water supplies, sewage facilities and delays in utility hook-ups, or inadequate road capacity within specific market areas or subdivisions. Local governments also have broad discretion regarding the imposition of development fees for projects in their jurisdiction. Projects for which we have received land use and development entitlements or approvals may still require a variety of other governmental approvals and permits during the development process and can also be impacted adversely by unforeseen health, safety and welfare issues, which can further delay these projects or prevent their development. As a result of any of these statutes, ordinances, rules or regulations, the timing of our home sales could be delayed, the number of our home sales could decline and / or our costs could increase, which could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. We are subject to environmental, health and safety laws and regulations, which may increase our costs, result in liabilities, limit the areas in which we can build homes and / or delay completion of our projects. We are subject to a variety of local, state, federal and other laws, statutes, ordinances, rules and regulations concerning the environment, hazardous materials, the discharge of pollutants and human health and safety. The particular environmental requirements that apply to any given site vary according to multiple factors, including the site's location, whether the site contains wetlands or other features that may create burdensome permitting requirements, its environmental conditions, the present and former uses of the site, the presence or absence of endangered plants or animals or sensitive habitats, and environmental conditions at adjoining or nearby properties. We may not identify all of these concerns during any pre-acquisition or pre-development review of project sites. Environmental requirements and conditions may result in delays, may cause us to incur substantial compliance and other costs, and can prohibit or severely restrict development and homebuilding activity in environmentally sensitive regions or in areas contaminated by others before we commence development. In some instances, regulators from different governmental agencies do not concur on development, remedial standards or property use restrictions for a project, and the resulting delays or additional costs can be material for a given project. From time to time, the EPA and similar federal, state or local agencies review land developers' and homebuilders' compliance with environmental laws and may levy fines and penalties, among other sanctions, for failure to strictly comply with applicable environmental laws, including those applicable to the control of storm water discharges during construction, or impose additional requirements for future compliance as a result of past failures. Any such actions taken with respect to us may increase our costs and result in project delays. Further, we expect that increasingly stringent requirements will be imposed on land developers and homebuilders in the future. We cannot assure you that environmental, health and safety laws will not change or become more stringent in the future in a manner that could have a material adverse effect on our business. Environmental laws and regulations relating to climate change and energy can have an adverse impact on our activities, operations and profitability and on the availability and price of certain raw materials, such as lumber, steel, and concrete. There is a growing concern from advocacy groups and the general public that the emissions of greenhouse gases and other human activities have caused, and will continue to cause, significant changes in weather patterns and temperatures and the frequency and severity of natural disasters. Government mandates, standards and regulations enacted in response to these projected climate change impacts and concerns could result in restrictions on land development in certain areas or increased energy, transportation and raw material costs. On January 20, 2021, President Biden signed an instrument that led to the United States' reentry into the Paris Agreement, which requires countries to review and "represent a progression" in their intended nationally determined contributions, which set greenhouse gas emission reduction goals, every five years. The Paris Agreement requires the parties to complete a global stocktake, assessing members' collective efforts and achievements in reducing greenhouse gas emissions and adapting to the impacts of climate change, every five years. On December 13, 2023, the 28th annual UN Climate Change Conference ("COP 28") issued its first global stocktake, which calls on parties, including the United States, to contribute to transitioning away from fossil fuels, reduce methane emissions, and increase renewable energy capacity, amongst other things, to achieve net zero by 2050. **We**

Despite the issuance of an executive order on January 20, 2025 initiating the process to withdraw the United States from the Paris Agreement, we anticipate that a variety of new legislation may be enacted or considered for enactment at the federal, state and local levels relating to climate change and energy, including in response to the United States' reentry into the Paris Agreement and the COP 28 stocktake. This legislation could relate to, for example, matters such as greenhouse gas emissions control and building and other codes that impose energy efficiency standards or require energy saving construction materials. On June 1, 2022, the Biden Administration launched the National Initiative to Advance Building Codes, an initiative to modernize building codes, improve climate resilience, and reduce energy costs and the Inflation Reduction Act of 2022 (the "IRA 2022"), through various grants and tax incentives, encourages municipalities to adopt stricter energy codes, both of which could increase the cost to construct homes and cause delays. **Pursuant to an executive order issued on January 20, 2025, the disbursement of funds appropriated under the IRA 2022 and the Infrastructure Investment and Jobs Act was paused.** Certain state and local governments in areas such as California have passed, or are considering, legislation banning the use of natural gas-fired appliances in new homes, which could affect our costs to construct homes as well as consumer demand for the

homes we construct. New building or other code requirements that impose stricter energy efficiency standards or requirements for building materials could significantly increase our cost to construct homes. As climate change concerns continue to grow, legislation, regulations, mandates, standards and other requirements of this nature are expected to continue to be enacted and become costlier for us to comply with. Similarly, energy- related initiatives affect a wide variety of companies throughout the United States and because our operations are heavily dependent on significant amounts of raw materials, such as lumber, steel, and concrete, these initiatives could have an adverse impact on our operations and profitability to the extent the manufacturers and suppliers of our materials are burdened with expensive cap and trade or similar energy- related regulations. Ownership, leasing or occupation of land and the use of hazardous materials carries potential environmental risks and liabilities. We are subject to a variety of local, state and federal statutes, rules and regulations concerning easements, land use and the protection of health and the environment, including those governing discharge of pollutants to soil, water and air, the handling of hazardous materials such as asbestos, and the cleanup of contaminated sites. We may be liable for the costs of removal, investigation or remediation of man- made or natural hazardous or toxic substances located on, under or in a property currently or formerly owned, leased or occupied by us, whether or not we caused or knew of the pollution. The particular impact and requirements of environmental laws that apply to any given community vary greatly according to the site, its environmental conditions and the present and former uses of the site. We expect that increasingly stringent requirements will be imposed on land developers and homebuilders in the future. Environmental laws may result in delays, cause us to implement time consuming and expensive compliance programs and prohibit or severely restrict development in certain environmentally sensitive regions or areas, such as wetlands. Concerns could arise due to post- acquisition changes in laws or agency policies, or the interpretation thereof. Furthermore, we could incur substantial costs, including cleanup costs, fines, penalties and other sanctions and damages from third- party claims for property damage or personal injury, as a result of our failure to comply with, or liabilities under, applicable environmental laws and regulations. These matters could adversely affect our business, prospects, liquidity, financial condition and results of operations. As a homebuilding and land development business with a wide variety of historic ownership, development, homebuilding and construction activities, we could be liable for future claims for damages as a result of the past or present use of hazardous materials, including building materials or fixtures known or suspected to be hazardous or to contain hazardous materials or due to use of building materials or fixtures that are associated with mold. Any such claims may adversely affect our business, prospects, financial condition and results of operations. Insurance coverage for such claims may be limited or nonexistent. We have provided unsecured environmental indemnities to certain lenders and other contractual counterparties. These indemnities obligate us to reimburse the guaranteed parties for damages related to environmental matters, and generally there is no term or damage limitation on these indemnities. Increasing attention to environmental, social and governance matters may impact our business, financial results or stock price. In recent years, increasing attention has been given to corporate activities related to environmental, social and governance (“ ESG ”) matters in public discourse and the investment community. A number of advocacy groups, both domestically and internationally, have campaigned for governmental and private action to promote change at public companies related to ESG matters, including through the investment and voting practices of investment advisers, public pension funds, universities and other members of the investing community. These activities include increasing attention and demands for action related to climate change and promoting the use of energy saving building materials. A failure to comply with investor or customer expectations and standards, which are evolving, or if we are perceived to not have responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, could also cause reputational harm to our business and could have a material adverse effect on us. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings systems for evaluating companies on their approach to ESG matters. These ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital. Climate change is a focus of both the SEC and investors. In March 2022-2024, the SEC adopted a set of rules proposed extensive climate- related disclosure requirements that, if adopted, would require a wide range of U. S. public companies to dramatically expand the climate- related disclosures, including material climate- related risks, information on any climate- related targets or goals that are material to the registrant’ s business, results of operations, or financial condition, Scope 1 and Scope 2 GHG emissions on a phased- in basis by certain larger registrants when those emissions are material and the filing of an attestation report covering the same, and disclosure of the financial statement effects of severe weather events and their- other natural conditions including costs and losses. Compliance dates under the final rule are phased in by registrant category. Multiple lawsuits have been filed challenging the SEC filings’ s new climate rules, including which have been consolidated in the disclosure U. S. Court of Appeals scope 1, 2, and 3 emissions for some companies the Eighth Circuit. These In April 2024, the SEC issued an order staying the final rules until judicial review is complete are expected to be finalized in the first half of 2024. In September 2023, California passed climate- related disclosure mandates that are broader than the SEC’ s proposed rules. Compliance with these disclosure rules may be costly and subject a company to criticism by regulators, investors, the media or other stakeholders for the accuracy, adequacy or completeness of its ESG disclosures and could adversely impact a company’ s reputation and financial position. Changes in tax law could adversely affect our business. U. S. tax law is always subject to change (possibly with retroactive effect). For example, in August 2022, the United States enacted the IRA Inflation Reduction Act of 2022, which contains significant changes to U. S. tax law including, but not limited to, a corporate minimum tax and 1 % excise tax on stock repurchases. Other potential changes to the U. S. Internal Revenue Code, as amended (the “ Code ”), include changes to the U. S. corporate income tax rate and provisions limiting or eliminating various deductions, credits or tax preferences. Interpretations of the Code and regulations promulgated by the Internal Revenue Service are likewise subject to change. As states elect to conform (or else have rolling conformity) to the Code, such interpretations and regulations (including those promulgated by state authorities) could

likewise affect our state income and franchise tax obligations. Any future changes in tax law, including changes to U. S. federal, state, territorial or local tax law, could affect our tax position and adversely impact our business. Because of the seasonal nature of our business, our quarterly operating results fluctuate. As discussed under “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Seasonality, ” we have historically experienced, and in the future expect to continue to experience, variability in our results of operations from quarter to quarter due to the seasonal nature of the homebuilding industry. We generally close more homes in our second, third and fourth quarters. Thus, our revenues may fluctuate on a quarterly basis, and we may have higher capital requirements in our second, third and fourth quarters in order to maintain our inventory levels. Accordingly, there is a risk that we will invest significant amounts of capital in the acquisition and development of land and construction of homes that we do not sell at anticipated pricing levels or within anticipated time frames. If, due to market conditions, construction delays or other causes, we do not complete home sales at anticipated pricing levels or within anticipated time frames, our business, prospects, liquidity, financial condition and results of operations would be adversely affected. We expect this seasonal pattern to continue over the long term, but we can make no assurances as to the degree to which our historical seasonal patterns will occur in the future. **Our industry is cyclical and adverse..... to honor their home purchase contracts altogether**. A major health and safety incident relating to our business could be costly in terms of potential liabilities and reputational damage. Building sites are inherently dangerous, and operating in the homebuilding and land development industry poses certain inherent health and safety risks, including exposure to hazardous substances. Due to health and safety regulatory requirements and the number of projects we work on, health and safety performance is critical to the success of all areas of our business. Any failure in health and safety performance on our building sites may result in penalties for non- compliance with relevant regulatory requirements or litigation, and a failure that results in a major or significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result. Such a failure could generate significant negative publicity and have a corresponding impact on our reputation and our relationships with relevant regulatory agencies, governmental authorities and local communities, which in turn could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Difficulty in obtaining sufficient capital could result in an inability to acquire land for our developments or increased costs and delays in the completion of development projects, increase home construction costs or delay home construction entirely. The homebuilding and land development industry is capital-intensive and requires significant up- front expenditures to acquire land parcels and begin development. In addition, if housing markets are not favorable or permitting or development takes longer than anticipated, we may be required to hold our investments in land for extended periods of time. If internally generated funds are not sufficient, we may seek additional capital in the form of equity or debt financing from a variety of potential sources, including additional bank financings and / or securities offerings. The availability of borrowed funds, especially for land acquisition and construction financing, may be constrained regionally or nationally, and the lending community may require increased amounts of equity to be invested in a project by borrowers in connection with both new loans and the extension of existing loans. Since the global recession in 2008, credit and capital markets have, from time to time, experienced unusual volatility. If we are required to seek additional financing to fund our operations, continued volatility in these markets may restrict our flexibility to access such financing. Furthermore, any downgrade of our credit ratings or other negative rating actions by credit agencies may make it more difficult and costly for us to access capital. If we are not successful in obtaining sufficient funding for our planned capital and other expenditures or if we do not properly allocate our funding, we may be unable to acquire additional land for development and / or to construct new housing. Additionally, if we cannot obtain additional financing to fund the purchase of land under our purchase contracts, we may incur contractual penalties, fees and increased expenses from the write- off of due diligence and pre- acquisition costs. Any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays and any such delay could result in cost increases. Any one or more of the foregoing events could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. We cannot make any assurances that our growth or expansion strategies will be successful or not expose us to additional risks. We have expanded our business through selected investments in new geographic markets and by diversifying our products in certain markets. Investments in land, finished lots, home inventories and rental properties can expose us to risks of economic loss and inventory impairments if housing conditions weaken or we are unsuccessful in implementing our growth strategies. We may develop communities in which we build townhomes or other multi- family homes in addition to single- family homes, sell acreage home sites as a part of the development, sell homes to investors or portfolio management companies, or develop commercial properties that may be complementary to our communities. We might acquire another homebuilder or developer in order to accomplish our growth or expansion strategies. We can give no assurance that we will be able to successfully identify, acquire or implement these new strategies in the future. Accordingly, any such expansion, including through acquisitions, could expose us to significant risks, beyond those associated with operating our existing business, including understanding and complying with the laws and regulations of new jurisdictions, diversion of our management’ s attention from ongoing business concerns, difficulties in integrating an acquired business, and incurrence of unanticipated liabilities and expenses and may materially adversely affect our business, prospects, liquidity, financial condition and results of operations. We may incur a variety of costs to engage in future growth or expansion of our operations, including through add- on acquisitions, and the anticipated benefits may never be realized. We intend to grow our operations in existing markets, and we may expand into new markets or pursue opportunistic purchases of other homebuilders on attractive terms as, and if, such opportunities arise. We may be unable to achieve the anticipated benefits of any such growth or expansion, including through add- on acquisitions or through efficiencies that we may be unable to achieve, the anticipated benefits may take longer to realize than expected or we may incur greater costs than expected in attempting to achieve the anticipated benefits. In such cases, we will likely need to employ additional personnel or consultants that are knowledgeable of such markets. There can be no assurance that we will be able to employ or retain the necessary personnel to successfully implement a disciplined management process and culture with local management, that our

expansion operations will be successful, or that we will be able to successfully integrate any acquired homebuilder. This could disrupt our ongoing operations and divert management resources that would otherwise focus on developing our existing business. Accordingly, any such expansion could expose us to significant risks beyond those associated with operating our existing business and may adversely affect our business, prospects, liquidity, financial condition and results of operations. We depend on key management personnel and other experienced employees. Our success depends to a significant degree upon the contributions of certain key management personnel, including, but not limited to, Eric Lipar, our Chief Executive Officer and Chairman of the Board. Although we have entered into an employment agreement with Mr. Lipar, there is no guarantee that Mr. Lipar will remain employed by us. Our ability to retain our key management personnel or to attract suitable replacements should any members of our management team leave is dependent on the competitive nature of the employment market. The loss of services from key management personnel or a limitation in their availability could materially and adversely impact our business, prospects, liquidity, financial condition and results of operations. Further, such a loss could be negatively perceived in the capital markets. We have not obtained key man life insurance that would provide us with proceeds in the event of the death or disability of any of our key management personnel. Experienced employees in the homebuilding, land acquisition, development, and construction industries are fundamental to our ability to generate, obtain and manage opportunities. In particular, local knowledge and relationships are critical to our ability to source attractive land acquisition opportunities. Experienced employees working in the homebuilding, development and construction industries are highly sought after. Failure to attract and retain such personnel or to ensure that their experience and knowledge is not lost when they leave the business through retirement, redundancy or otherwise may adversely affect the standards of our service and may have an adverse impact on our business, prospects, liquidity, financial condition and results of operations. Termination of the employment agreement with our Chief Executive Officer could be costly and prevent a change in control of our company. The employment agreement with our Chief Executive Officer, Eric Lipar, provides that if his employment with us terminates under certain circumstances, we may be required to pay him a significant amount of severance compensation, thereby making it costly to terminate his employment. Furthermore, these provisions could delay or prevent a transaction or a change in control of our company that might involve a premium paid for shares of our common stock or otherwise be in the best interests of our stockholders, which could adversely affect the market price of our common stock. We expect to use leverage in executing our business strategy, which may adversely affect the return on our assets. We expect to employ prudent levels of leverage to finance the acquisition and development of our lots and construction of our homes. Our existing indebtedness is recourse to us, and we anticipate that future indebtedness will likewise be recourse. As of December 31, ~~2023~~ **2024**, we had a \$ 1. 205 billion revolving credit facility under the Credit Agreement to finance our construction and development activities. As of December 31, ~~2023~~ **2024**, we had outstanding borrowings of \$ ~~569~~ **401** . ~~6~~ **9** million under the Credit Agreement and we could borrow an additional \$ ~~354~~ **270** . ~~8~~ **5** million under the Credit Agreement. As of December 31, ~~2023~~ **2024**, borrowings under the Credit Agreement bore interest at a rate of the Secured Overnight Financing Rate (“ SOFR ”) plus 1. 85 % per annum. In addition, as of December 31, ~~2023~~ **2024**, we had outstanding **\$ 400. 0 million aggregate principal amount of the 2028 Senior Notes (as defined herein)**, \$ 300. 0 million aggregate principal amount of the 2029 Senior Notes (as defined herein) and \$ 400. 0 million aggregate principal amount of the ~~2028~~ **2032** Senior Notes (as defined herein). The Board will consider a number of factors when evaluating our level of indebtedness and when making decisions regarding the incurrence of new indebtedness, including the purchase price of assets to be acquired with debt financing, if any, the estimated market value of our assets and the ability of particular assets, and our company as a whole, to generate cash flow to cover the expected debt service. As a means of sustaining our long- term financial health and limiting our exposure to unforeseen dislocations in the debt and financing markets, we currently expect to remain conservatively capitalized. However, our certificate of incorporation does not contain a limitation on the amount of indebtedness we may incur, and the Board may change our target debt levels at any time without the approval of our stockholders. Incurring substantial indebtedness could subject us to many risks that, if realized, would adversely affect us, including the risk that: • our cash flow from operations may be insufficient to make required payments of principal of and interest on the debt, which is likely to result in acceleration of such indebtedness; • our indebtedness may increase our vulnerability to adverse economic and industry conditions with no assurance that our profitability will increase with higher financing cost; • we may be required to dedicate a portion of our cash flow from operations to payments on our indebtedness, thereby reducing funds available for operations and capital expenditures, future investment opportunities or other purposes; and • the terms of any refinancing may not be as favorable as the terms of the indebtedness being refinanced. If we do not have sufficient funds to repay our indebtedness at maturity, it may be necessary to refinance the indebtedness through additional debt or additional equity financings. If, at the time of any refinancing, prevailing interest rates or other factors result in higher interest rates on refinancings, increases in interest expense could adversely affect our cash flows and results of operations. If we are unable to refinance our indebtedness on acceptable terms, we may be forced to dispose of our assets on disadvantageous terms, potentially resulting in losses. To the extent we cannot meet any future debt service obligations, we will risk losing some or all of our assets that may be pledged to secure our obligations to foreclosure. Unsecured debt agreements may contain specific cross- default provisions with respect to specified other indebtedness, giving the unsecured lenders the right to declare a default if we are in default under other indebtedness in some circumstances. Defaults under the Credit Agreement and our other debt agreements, if any, could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Our current financing arrangements contain, and our future financing arrangements likely will contain, restrictive provisions, performance obligations and penalties. Our current financing agreements contain, and the financing arrangements we enter into in the future likely will contain, provisions that limit our ability to do certain things. In particular, the Credit Agreement requires us to maintain (i) a tangible net worth of not less than \$ 1, 218. 2 million plus 50 % of the net proceeds of equity issuances after December 31, 2022 plus 50. 0 % of our positive consolidated earnings after taxes for each fiscal quarter ended after December 31, 2022, (ii) a leverage ratio of not greater than 60. 0 %, (iii) liquidity of at least \$ 50. 0 million and (iv) a ratio of EBITDA to

interest expense for the most recent four quarters of at least 1.75 to 1.00. The Credit Agreement contains various covenants that, among other restrictions, limit the amount of our additional debt and our ability to make certain investments. If we fail to meet or satisfy any of these provisions, we would be in default under the Credit Agreement and our lenders could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral and enforce their respective interests against existing collateral. A default also could limit significantly our financing alternatives, which could cause us to curtail our investment activities and / or dispose of assets when we otherwise would not choose to do so. In addition, future indebtedness may contain financial covenants limiting our ability to, for example, incur additional indebtedness, make certain investments, reduce liquidity below certain levels and pay dividends to our stockholders, and otherwise affect our operating policies. If we default on one or more of our debt agreements, it could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. In addition, we have several land banking financing arrangements with a third- party land banker to repurchase land that we sold to the land banker as a method of acquiring finished lots in staged takedowns. While we are not legally obligated to purchase the balance of the lots, we are subject to certain performance obligations, financial and other penalties if the lots are not purchased. We do not have any ownership interest or title to the assets that we have sold to the land banker and we do not guarantee any of the land banker's liabilities. Interest expense on debt we incur may limit our cash available to fund our growth strategies. As of December 31, 2023-2024, we had total outstanding borrowings of \$ 569-401.6-9 million under the Credit Agreement, and we could borrow an additional \$ 354-270.8-5 million under the Credit Agreement. As of December 31, 2023-2024, borrowings under the Credit Agreement bore interest at a rate of SOFR plus 1.85 % per annum. In addition, as of December 31, 2023-2024, we had outstanding \$ 300-400.0 million aggregate principal amount of the 2029-2028 Senior Notes, which bear interest at a fixed rate of 4-8.000-750 %, and \$ 400-300.0 million aggregate principal amount of the 2028-2029 Senior Notes, which bear interest at a fixed rate of 8-4.750-000 %, and \$ 400.0 million aggregate principal amount of the 2032 Senior Notes, which bear interest at a fixed rate of 7.000 %. If our operations do not generate sufficient cash from operations at levels currently anticipated, we may seek additional capital in the form of debt financing. Our current indebtedness includes, and any additional indebtedness we subsequently incur may have, a floating rate of interest. Higher interest rates could increase debt service requirements on our current floating rate indebtedness and on any floating rate indebtedness we subsequently incur, and could reduce funds available for operations, future business opportunities or other purposes. If we need to repay existing indebtedness during periods of rising interest rates, we could be required to refinance our then- existing indebtedness on unfavorable terms or liquidate one or more of our assets to repay such indebtedness at times which may not permit realization of the maximum return on such assets and could result in a loss. The occurrence of either such event or both could materially and adversely affect our cash flows and results of operations. We are a holding company, and we are accordingly dependent upon distributions from our subsidiaries to service our debt and pay dividends, if any, taxes and other expenses. We are a holding company and have no material assets other than our ownership interests or limited partnership interests in our subsidiaries. We have no independent means of generating revenue. We intend to cause our subsidiaries to make distributions to their members in an amount sufficient to cover all applicable taxes payable and dividends, if any, declared by us. Our ability to service our debt depends on the results of operations of our subsidiaries and upon the ability of such subsidiaries to provide us with cash, whether in the form of dividends, loans or other distributions, to pay amounts due on our obligations. Future financing arrangements may contain negative covenants that limit the ability of our subsidiaries to declare or pay dividends or make distributions. Our subsidiaries are separate and distinct legal entities; to the extent that we need funds, and our subsidiaries are restricted from declaring or paying such dividends or making such distributions under applicable law or regulations, or are otherwise unable to provide such funds (for example, due to restrictions in future financing arrangements that limit the ability of our operating subsidiaries to distribute funds), our liquidity and financial condition could be materially harmed. If we fail to implement and maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, investors could lose confidence in our financial results, which could materially and adversely affect us. Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We may in the future discover areas of our internal controls that need improvement. We cannot be certain that we will be successful in maintaining adequate internal control over our financial reporting and financial processes. ~~Furthermore, as we grow our business, our internal controls will become more complex, and we will require significantly more resources to ensure our internal controls remain effective.~~ Additionally, the existence of any material weakness or significant deficiency would require management to devote significant time and incur significant expense to remediate any such material weakness or significant deficiency and management may not be able to remediate any such material weakness or significant deficiency in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, all of which could materially and adversely affect us. We may change our operational policies, investment guidelines and our business and growth strategies without stockholder consent, which may subject us to different and more significant risks in the future. The Board will determine our operational policies, investment guidelines and our business and growth strategies. The Board may make changes to, or approve transactions that deviate from, those policies, guidelines and strategies without a vote of, or notice to, our stockholders. This could result in us conducting operational matters, making investments or pursuing different business or growth strategies than those contemplated in this Annual Report on Form 10-K. Under any of these circumstances, we may expose ourselves to different and more significant risks in the future, which could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. We participate in certain unconsolidated entities where we may be adversely impacted by the failure of the limited partnership or joint venture or its participants to fulfill their obligations. We currently participate through a **two equity- method** real estate investment fund, **joint ventures and four additional joint ventures** as a

limited partner and ~~operate through a mortgage service joint venture~~ with independent third parties in which we do not have a controlling interest. As of December 31, **2024 and 2023 and 2022**, we have contributed a total of \$ **28.3 million and \$ 21.5 million and \$ 11.2 million**, respectively, **within other assets on the balance sheet** relating to our investment in ~~the real estate investment fund and the mortgage joint venture~~ **ventures associated with our operations**. Contributions into these unconsolidated entities are used by the entities to invest in certain real estate transactions and residential mortgage services, respectively. As a result of not having a controlling interest in these entities, we have limited influence over decisions made with regard to these entities and are not able to require these entities or their participants to honor their obligations. If these entities or their participants do not honor their obligations, we may be required to expend additional resources or suffer losses of our investments in these entities. General Risk Factors Failure to comply with laws and regulations may adversely affect us. We are required to comply with laws and regulations governing many aspects of our business, such as land acquisition and development, home construction and sales, and employment practices. Despite our oversight, contractual protections, and other mitigation efforts, our employees or subcontractors could violate some of these laws or regulations, as a result of which we may incur fines, penalties or other liabilities, which could be significant, and our reputation with governmental agencies, customers, vendors or suppliers could be damaged. We are subject to litigation, arbitration or other claims, which could materially and adversely affect us. We are subject to litigation and we may in the future be subject to enforcement actions, such as claims relating to our operations, securities offerings and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. Although we have established warranty, claim and litigation reserves that we believe are adequate, we cannot be certain of the ultimate outcomes of any claims that may arise in the future, and legal proceedings may result in the award of substantial damages against us beyond our reserves. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured or in excess of insured levels, could adversely impact our earnings and cash flows, thereby materially and adversely affecting us. Furthermore, plaintiffs may in certain of these legal proceedings seek class action status with potential class sizes that vary from case to case. Class action lawsuits can be costly to defend, and if we were to lose any certified class action suit, it could result in substantial liability for us. Certain litigation or the resolution thereof may affect the availability or cost of some of our insurance coverage, which could materially and adversely impact us, expose us to increased risks that would be uninsured, and materially and adversely impact our ability to attract directors and officers. We may suffer uninsured losses or material losses in excess of insurance limits. We could suffer physical damage to property **and/or sustain** liabilities resulting in losses that may not be fully recoverable by insurance. Insurance against certain types of risks, such as terrorism, earthquakes, floods or personal injury claims, may be unavailable, available in amounts that are less than the full market value or replacement cost of investment or underlying assets or subject to a large deductible or self- insurance retention amount. In addition, there can be no assurance that certain types of risks that are currently insurable will continue to be insurable on an economically feasible basis. Should an uninsured loss or a loss in excess of insured limits occur or be subject to deductibles or self- insurance retention, we could sustain financial loss or lose capital invested in the affected property, as well as anticipated future income from that property. Furthermore, we could be liable to repair damage or meet liabilities caused by risks that are uninsured or subject to deductibles. We may also be liable for any debt or other financial obligations related to affected property. Information system failures, cyber incidents or breaches in security could adversely affect us. We rely on accounting, financial, operational, management and other information systems, including the Internet and third- party hosted services, to conduct our operations, store personal data and sensitive data, process financial information and results of operations for internal reporting purposes and comply with financial reporting, legal and tax requirements. Our information systems, and those of our business partners, vendors and service providers, are subject to damage or interruption from power outages; computer and telecommunication failures; computer viruses; security breaches, including due to malware and phishing; cyberattacks, such as denial- of- service or ransomware attacks; natural disasters; usage errors by employees and other related risks. **In addition, cybersecurity risk is exacerbated with the advancement of technologies like artificial intelligence, which malicious third parties are using to create new, sophisticated and more frequent attacks.** Any cyber incident, attack, breach or other disruption or failure in these information systems, or other systems or infrastructure upon which they rely, could adversely affect our ability to conduct our business and could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Furthermore, any failure or security breach of information systems or data could result in **diversion of management or work force attention; increased costs required to prevent, respond to or mitigate an incident;** a violation of applicable privacy, data security, or other laws; significant legal and financial exposure; damage to our reputation; or a loss of confidence in our security measures which could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. We have been the target of a number of unsuccessful cyberattacks, and we expect these attacks to continue into the foreseeable future. We have employed administrative, physical and technical controls and processes to mitigate these types of risks and help protect our information systems, including appointing dedicated personnel responsible for overseeing the Company' s information security posture, maintaining a suite of information security policies, providing routine employee cyber and information security training and conducting third- party assessments. In addition, our technical safeguards are designed to provide multiple, redundant safeguards to protect against exploitation of a vulnerability that may arise or if a security control fails. Although we have implemented these safeguards, systems and processes intended to secure our information systems, there can be no assurance that our efforts to maintain the security and integrity of our information systems will be effective or that future attempted security breaches or disruptions would not be successful or damaging. Beyond our service providers, we depend on third parties to handle certain processes required to complete land purchases and home closings, including title insurers and escrow / settlement companies. Third parties, as well as independent mortgage lenders and other firms involved in real property transactions, could experience their own cybersecurity incidents or IT resource failures that disrupt or prevent their performance of necessary real estate

transaction services. For example, **in late 2023**, the third- party lender in our mortgage solutions joint venture ~~recently~~ identified a cybersecurity incident that included unauthorized third- party access to its systems. Such cybersecurity incidents or IT resource failures could significantly disrupt our ability to close on land transactions or our customers' ability to close on their homes, as well as our production schedules and delivery forecasts, and could have a material impact on our operations or consolidated financial statements, including by causing home sales contract cancellations. Our business is subject to complex and evolving U. S. laws and regulations regarding privacy and data security. As part of our normal business activities, we collect, process and store certain information, including information specific to homebuyers, customers, employees, vendors and suppliers. We may share some of this information with third parties who assist us with certain aspects of our business. Privacy and data security have become significant issues and the subject of rapidly evolving regulation in the United States. Furthermore, federal, state and local government bodies or agencies have in the past adopted, and may in the future adopt, more laws and regulations affecting data privacy. Such laws and regulations governing data privacy and the unauthorized disclosure of personal information, such as the California ~~Consumer~~ Privacy **Rights** Act (~~CCPA~~ **CPRA**), may significantly impact our business activities and require substantial compliance costs, which could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Any actual or perceived failure by us to adequately address privacy and data security concerns or comply with applicable privacy and data security laws, regulations and policies could result in proceedings or actions against us by governmental entities or others; subject us to significant fines, penalties, judgments and negative publicity; require us to change our business practices; increase the costs and complexity of compliance; and adversely affect our business. If we are not able to adjust to changing laws, regulations and standards relating to privacy or data security, our business may be materially harmed. As noted above, we are also subject to the possibility of cyber incidents or attacks, which themselves may result in a violation of these privacy and data security laws. Additionally, if we acquire a company that has violated or is not in compliance with applicable privacy and data security laws, we may incur significant liabilities and penalties as a result. Acts of war or terrorism may seriously harm our business. Acts of war, any outbreak or escalation of hostilities between the United States and any foreign power, acts of terrorism, political uncertainty or conflicts, such as the conflict between Russia and Ukraine and the conflict in the Middle East, or civil unrest may cause disruption to the U. S. economy, or the local economies of the markets in which we operate, cause shortages of building materials, increase costs associated with obtaining building materials, result in building code changes that could increase costs of construction, result in uninsured losses, affect job growth and consumer confidence, or cause economic changes that we cannot anticipate, all of which could reduce demand for our homes and adversely impact our business, prospects, liquidity, financial condition and results of operations. While we do not have any customer or direct supplier relationships in any of the foreign countries or regions involved in the current military conflicts, such conflicts and any related sanctions, export controls or actions that may be initiated by nations (e. g., potential cyberattacks, disruption of energy flows, etc.) and other potential uncertainties could adversely affect our supply chain by causing shortages or increases in costs for materials necessary to construct homes and / or increases to the price of gasoline and other fuels. In addition, such events could cause higher interest rates, inflation or general economic uncertainty, which could negatively impact our business partners, employees or customers, or otherwise adversely impact our business. Negative publicity could adversely affect our reputation as well as our business, financial results and stock price. Our reputation and brand are critical to our success. Unfavorable media related to our industry, company, brands, marketing, personnel, operations, business performance, or prospects may affect our stock price and the performance of our business, regardless of its accuracy or inaccuracy. The speed at which negative publicity can be disseminated has increased dramatically with the capabilities of electronic communication, including social media outlets, websites, blogs, newsletters, and other digital platforms. Our success in maintaining, extending and expanding our brand image depends on our ability to adapt to this rapidly changing media environment. Adverse publicity or negative commentary from any media outlet could damage our reputation and reduce the demand for our homes, which would adversely affect our business. Changes in accounting rules, assumptions and / or judgments could materially and adversely affect us. Accounting rules and interpretations for certain aspects of our financial reporting are highly complex and involve significant assumptions and judgment. These complexities could lead to a delay in the preparation and dissemination of our financial statements. Furthermore, changes in accounting rules and interpretations or in our accounting assumptions and / or judgments, such as those related to asset impairments, could significantly impact our financial statements. In some cases, we could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. Any of these circumstances could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations. Access to financing sources may not be available on favorable terms, or at all, especially in light of current market conditions, which could adversely affect our ability to maximize our returns. Our access to additional third- party sources of financing will depend, in part, on: • general market conditions; • the market' s perception of our growth potential; • with respect to acquisition and / or development financing, the market' s perception of the value of the land parcels to be acquired and / or developed; • our current debt levels; • our current and expected future earnings; • our cash flow; and • the market price per share of our common stock. The global credit and equity markets and the overall economy can be extremely volatile, which could have a number of adverse effects on our operations and capital requirements. For the past decade, the domestic financial markets have experienced a high degree of volatility, uncertainty and, during certain periods, tightening of liquidity in both the high yield debt and equity capital markets, resulting in certain periods where new capital has been both more difficult and more expensive to access. If we are unable to access the credit markets, we could be required to defer or eliminate important business strategies and growth opportunities in the future. In addition, if there is prolonged volatility and weakness in the capital and credit markets, potential lenders may be unwilling or unable to provide us with financing that is attractive to us or may increase collateral requirements or may charge us prohibitively high fees in order to obtain financing. Consequently, our ability to access the credit market in order to attract financing on reasonable terms may be adversely affected. Investment returns on our assets and our ability to make acquisitions

could be adversely affected by our inability to secure additional financing on reasonable terms, if at all. Depending on market conditions at the relevant time, we may have to rely more heavily on additional equity financings or on less efficient forms of debt financing that require a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities and other purposes. We may not have access to such equity or debt capital on favorable terms at the desired times, or at all. ~~Financial industry and capital markets turmoil may materially and adversely affect our liquidity and consolidated financial statements. In 2023, federal and state banking regulators closed several U. S. banks, with which we had no banking, financing or other business relationships or dependencies, precipitating financial industry and capital markets turmoil centered on concerns about the stability and solvency of other banks and financial institutions and the attendant risk they may be closed and / or forced by governmental agencies into receivership or sale. The failure of other banks and financial institutions, if it occurs, could have a material adverse effect on our liquidity or consolidated financial statements if we have placed cash and cash equivalent deposits at such banks or financial institutions, or if such banks or financial institutions, or any substitute or additional banks or financial institutions, participate in the Credit Agreement. Under the Credit Agreement, non-defaulting lenders are not obligated to cover or acquire a defaulting lender's respective commitment to fund loans or to issue letters of credit, and may not issue additional letters of credit if we do not enter into arrangements to address the risk with respect to the defaulting lender (which may include cash collateral). If the non-defaulting lenders are unable or unwilling to cover or acquire a defaulting lender's respective commitment, potentially due to other demands they face under other credit instruments to which they are party, or because of regulatory restrictions, among other factors, we may not be able to access the Credit Agreement's full borrowing or letter of credit capacity.~~ Cautionary Statement about Forward- Looking Statements From time to time we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied by these statements. You can generally identify our forward- looking statements by the words "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "objective," "plan," "potential," "predict," "projection," "should," "will" or other similar words. We have based our forward- looking statements on our management's beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that assumptions, beliefs, expectations, intentions and projections about future events may, and often do, vary materially from actual results. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward- looking statements. The following are some of the factors that could cause actual results to differ materially from those expressed or implied in forward- looking statements:

- adverse economic changes either nationally or in the markets in which we operate, including, among other things, potential impacts from political uncertainty, civil unrest, increases in unemployment, volatility of mortgage rates, supply chain disruptions (including due to the conflict between Russia and Ukraine and the wide- ranging sanctions the United States and other countries have imposed or may further impose on Russian business sectors, financial organizations, individuals and raw materials and the conflict in the Middle East), inflation, the possibility of recession and decreases in housing prices;
- a slowdown in the homebuilding industry or changes in population growth rates in our markets;
- volatility and uncertainty in the credit markets and broader financial markets;
- **elevated mortgage interest rates for prolonged periods,** disruption in the terms or availability of mortgage financing or increase in the number of foreclosures in our markets;
- the cyclical and seasonal nature of our business;
- our future operating results and financial condition;
- our business operations;
- changes in our business and investment strategy;
- the success of our operations in recently opened new markets and our ability to expand into additional new markets;
- our ability to successfully extend our business model to building homes with higher price points, developing larger communities and producing and selling multi- unit products, townhouses, wholesale products, and acreage home sites;
- our ability to develop our projects successfully or within expected timeframes;
- our ability to identify potential acquisition targets, close such acquisitions and realize the benefits of such acquisitions;
- increases in taxes or government fees;
- decline in the market value of our land portfolio;
- our ability to successfully integrate any acquisitions with our existing operations;
- availability of land to acquire and our ability to acquire such land on favorable terms or at all;
- availability, terms and deployment of capital and ability to meet our ongoing liquidity needs;
- decisions of the Credit Agreement lender group;
- the cost and availability of insurance and surety bonds;
- shortages of or increased prices for labor, land, or raw materials used in land development and housing construction, including due to changes in trade policies;
- delays in land development or home construction resulting from natural disasters, adverse weather conditions or other events outside our control;
- uninsured losses in excess of insurance limits;
- our leverage and future debt service obligations;
- changes in, liabilities under, or the failure or inability to comply with, governmental laws and regulations, including environmental, **privacy and security** laws and regulations;
- the timing of receipt of regulatory approvals and the opening of projects;
- the degree and nature of our competition;
- information system failures, cyber incidents or breaches in security;
- our continued ability to qualify for additional federal energy efficient homes tax credits and the extension of the availability of such tax credits beyond 2032;
- our ability to retain our key personnel;
- the impact of an epidemic or pandemic and its effect on us, our business, customers, subcontractors and suppliers (including associated supply chain disruptions);
- negative publicity or poor relations with the residents of our projects;
- existing and future litigation, arbitration or other claims;
- availability of qualified personnel and third- party contractors and subcontractors;
- the impact on our business of any future government shutdown;
- other risks and uncertainties inherent in our business; and
- other factors we discuss under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." You should not place undue reliance on forward- looking statements. Each forward- looking statement speaks only as of the date of the particular statement. We expressly disclaim any intent, obligation or undertaking to update or revise any forward- looking statements to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. All subsequent

written and oral forward- looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Annual Report on Form 10- K.