Risk Factors Comparison 2024-02-27 to 2023-02-28 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Related to Our Business and Industry Our business and operating results may be significantly impacted by general economic conditions, the health of the U. S. residential real estate industry and risks associated with our real estate ~~assets~~ **inventory** . Our success depends, directly and indirectly, on general economic conditions, the health of the U. S. residential real estate industry, particularly the single- family home resale market, and risks relating to the ownership of residential real estate, many of which are beyond our control. A number of factors have in the past, and could in the future adversely affect our business, including the following: • downturns in the U. S. residential real estate market — both seasonal and cyclical — in particular with respect to the single- family home resale market and the markets in which we operate; • changes in national, regional, or local economic, demographic or real estate market conditions; • ~~the continuing impact of the COVID- 19 pandemic and any future pandemic, including with respect to buying and selling trends in the residential real estate market and potential governmental or regulatory changes or requirements; •~~ slow economic growth or recessionary or inflationary conditions; • increased levels of unemployment or declining wages; • declines in the value of residential real estate or the pace of home appreciation, or the lack thereof; ~~Offerpad Solutions Inc. | 2022 Form 10- K |~~ • illiquidity in residential real estate; • overall conditions in the housing market, including macroeconomic shifts in demand, and increases in costs for homeowners such as property taxes, homeowners' association fees and insurance costs; • low levels of consumer confidence in the economy in general or the U. S. residential real estate industry in particular; • low home inventory levels or lack of affordably priced homes; • increased mortgage interest rates or down payment requirements or restrictions on mortgage financing availability; **Offerpad Solutions Inc. | 2023 Form 10- K |** • increases in household debt levels; • volatility and general declines in the stock market; • federal, state, or local legislative or regulatory changes that would negatively impact owners or potential purchasers of single- family homes or the residential real estate industry in general, such as the Tax Cuts and Jobs Act of 2017 (the " Tax Act "), which limited deductions of certain mortgage interest expenses and property taxes; or • natural disasters, such as hurricanes, windstorms, tornadoes, earthquakes, wildfires, floods, hailstorms **, pandemics** and other events that disrupt local, regional, or national real estate markets. Our limited operating history makes it difficult to evaluate our current business and future prospects and the risk of your investment. Our business model and the technology used in support thereof is still early in its adoption and is difficult to compare to the business models of other market participants in the U. S. residential real estate industry. We launched our first market in 2015 and do not have a long history operating as a commercial company. Our operating results are not predictable and our historical results may not be indicative of our future results. It may be difficult for you to evaluate our potential future performance without the benefit of established long- term track records from companies implementing a similar business model. Few peer companies exist and none have yet established long- term track records that might assist us in predicting whether our business model and strategy can be implemented and sustained over an extended period of time. We may encounter unanticipated problems as we continue to refine our business model and may be forced to make significant changes to our anticipated sales and revenue models to compete with our competitors' offerings, which may adversely affect our results of operations and profitability. We operate in a competitive and fragmented industry, and we may not be successful in attracting customers for our products and services, which could harm our business, results of operations and financial condition. We operate in a competitive and fragmented industry, and we expect competition to continue to increase. We believe that our ability to compete depends upon many factors both within and beyond our control, including the following: • the financial competitiveness of our products for customers; • the volume of our customers; • the timing and market acceptance of our products, including iBuying, and new products offered by us or our competitors; • our selling and marketing efforts; • our customer service and support efforts; • our continued ability to develop and improve our technology to support our business model; • customer adoption of our platform as an alternative to traditional methods of buying and selling residential real estate; and • our brand strength relative to our competitors. Our business model depends on our ability to continue to attract customers to our digital platform and the products and services we offer, and enhance their engagement with our products in a cost- effective manner. New entrants continue to join our market categories. Our existing and potential competitors include companies that operate, or could develop, national or local real estate businesses offering services, including real estate brokerage services, mortgage, and title insurance and escrow services, to home buyers or sellers. Many of our competitors have well- established national reputations and may market similar products and services. Several of these companies are larger than us and have significant competitive advantages, including better name recognition, higher financial ratings, greater resources, lower cost of funds and additional access to capital, and more types of offerings than we currently do. These companies may also have higher risk tolerances or different risk assessments than we do. In addition, these competitors could devote greater financial, technical and other resources than we have available to develop, grow or improve their businesses. If we are not able to continue to attract customers to our platform, products and services and achieve greater scale in operations, our business, results of operations and financial condition will be harmed. ~~The COVID- 19 pandemic~~ **Economic conditions, including inflation** and ~~attempts to~~ **high mortgage rates, have historically impacted, and may** ~~contain~~ - **continue** ~~it~~ **to** adversely **affect** ~~impacted our business~~ , ~~results of operations and financial condition, and may continue to adversely impact our business, results of operations and financial condition in the future. The COVID- 19 pandemic created significant worldwide volatility, uncertainty and disruption of~~ the residential real estate ~~industry and adversely impacted our~~ business ~~,~~ **and our business and financial** results ~~of operations and financial condition~~ . ~~Such adverse impact may continue in~~ **In response to inflationary pressures,** the ~~future. The extent and duration~~ **Federal Reserve Board implemented a series** of ~~the impact of COVID~~ **increases to its benchmark interest rate**

during 2022 and 2023. As a result, long - **term mortgage interest rates rose during** ~~19 on our business will depend on, among other~~ -- **the** ~~things~~ **year** , **with** the **average thirty** ~~emergence of new or worse strains of COVID~~ - ~~19~~ **year fixed mortgage rate peaking at over 7 % in late 2022** and ~~any new limitations imposed by governmental authorities on processes~~ **over 8 % in late 2023, the highest level since the early 2000s. When interest rates increase, the cost of owning a home increases, which in turn reduces the number of potential home buyers who can obtain mortgage financing** and ~~procedures attendant~~ **affects the prices home buyers may be willing** to **pay for homes. During the first quarter of 2023, the dislocated** residential real estate **market conditions** ~~transactions, such as home inspections and appraisals and in- person showings and county recordings, as well as COVID- 19' s overall impacts on the U. S. economy. We believe~~ that **persisted throughout the second half of 2022 continued to negatively impact** consumer ~~spending on~~ **demand for residential** real estate ~~transactions has been~~ , **due** ~~and may continue~~ to **the combination** ~~be, adversely affected by a number~~ of ~~macroeconomic factors related to COVID- 19~~ **the rapid rise in mortgage interest rates** , ~~including but not limited to: •~~ increased **inflation** ~~unemployment rates and stagnant or declining wages; • decreased consumer confidence~~ in the **broader** economy **,** ~~and recessionary conditions; •~~ volatility ~~and declines~~ in the stock market **,** and **various other macroeconomic** ~~lower yields on individuals' investment portfolios;~~ and ~~• more stringent~~ **geopolitical concerns. Although the residential real estate market conditions started showing signs of stabilization and some improvement beginning in the second quarter of 2023, persistent challenges in** mortgage financing **— stemming from sustained high interest rates, potential further rate hikes, or a tightening of credit** conditions **—** ~~, including increased down payment requirements. In addition, new pandemics may emerge in the future that~~ could ~~have similar negative effects on the real estate industry~~ **lead to a continued decrease in demand for our homes** and ~~macroeconomic~~ **the services our platform provides. Such** conditions ~~generally~~ **could, in turn, negatively impact our business and financial performance** . ~~We have~~ **While we** experienced rapid growth ~~since~~ **from** inception **through the first half** ~~, which may not be indicative~~ of **2022** ~~our future growth~~ , ~~and, if~~ **our business has more recently been negatively impacted by the dislocated residential real estate market conditions. If** we ~~continue~~ **are unable** to ~~grow rapidly~~ **effectively manage these conditions** , we may experience difficulties in **growing** ~~managing our growth~~ effectively and expanding our operations and service offerings **in the future** . ~~We have~~ **While we** experienced rapid growth and demand for our products and service offerings ~~since~~ **from** inception **through the first half of 2022, our business has more recently been negatively impacted by the dislocated residential real estate market conditions** . We ~~expect that, in the future, even if our revenue increases, our rate of growth~~ may ~~decline. In any event, we will~~ not be able to **effectively manage these conditions and** grow ~~as fast or~~ **our business** ~~at all~~ if we do not, among other things: • **continue to** increase the number of customers using our platform; • acquire sufficient **real estate** inventory at an attractive cost and quality to meet the ~~increasing~~ demand for our homes; • successfully turnover **real estate** inventory in an efficient manner; • increase customer conversion; • increase our market share within existing markets and expand into new markets; • **manage operating expenses; •** increase our brand awareness; • ~~obtain and~~ retain adequate availability of financing sources; and • obtain necessary capital to meet our business objectives. ~~Furthermore~~ **Additionally** , in order to ~~preserve our market position, we intend to~~ expand ~~into new markets and~~ **our operations in the future, we may need to** launch new products or services in existing or **new markets and may have to expand into** new markets more quickly than we would if we did not operate in such a highly competitive industry. Expanding into new markets **has proved and** may **continue to** prove to be challenging, as some markets may have very different characteristics than the markets we currently operate in, some of which may be unanticipated or unknown to us. These differences may result in greater pricing ~~inaccuracies~~ **uncertainty** , as well as higher capital requirements, **real estate** inventory hold times, repair costs and transaction costs that may result in those markets being less profitable for us than ~~the~~ **those** ~~ones~~ in which we currently operate **in. Further, if the macroeconomic and residential real estate market conditions continue to be challenging in the future, we may need to further stall or moderate our expansion activities, which may include pausing real estate inventory acquisitions in certain existing markets** . We have had a history of losses since our inception, and we may not achieve or maintain profitability in the future. **With the exception of** ~~We generated net income during~~ the year ended December 31, 2021 ~~. However~~ , **during which** we **generated net income, we have** incurred net losses ~~during the year ended December 31, 2022 and~~ each year from inception ~~through December 31, 2020~~ , and may incur additional losses in the future. We had an accumulated deficit of $ **397. 9 million and $** 280. 7 million ~~and $ 132. 1 million~~ as of December 31, **2023 and** 2022 ~~and 2021~~ , respectively. We expect to continue to make future investments in developing and expanding our business, including technology, recruitment and training, marketing, and pursuing strategic opportunities. These investments may not result in increased revenue or growth in our business. Additionally, we may incur significant losses in the future for a number of reasons, including: • our inability to grow market share in our existing markets or any new markets we may enter; • our expansion into new markets; • declines in U. S. residential real estate transaction volumes; • increased competition in the U. S. residential real estate industry; • changes in our fee structure or rates; • our failure to accurately price homes we acquire or changes to resale prices during the time homes are in **real estate** inventory; • our failure to realize anticipated efficiencies through our technology and business model; • costs associated with enhancements, or new offerings of our products and services; • failure to execute our growth strategies; • increased marketing costs; • lack of access to housing market data that is used in our pricing models at reasonable cost; • hiring additional personnel to support our overall growth; • loss in value of real estate or potential impairments in the value of our assets due to changes in market conditions in the area in which real estate or assets are located; • increases in costs associated with holding our real estate inventories, including financing costs; • the availability of debt financing and securitization funding to finance our real estate inventories; and • unforeseen expenses, difficulties, complications and delays, and other unknown factors. Accordingly, we may not be able to achieve or maintain profitability and we may continue to incur significant losses in the future. Moreover, as we continue to invest in our business, we expect expenses to continue to increase in the near term. These investments may not result in increased revenue or growth in our business. If we fail to manage our losses or to grow our revenue sufficiently to keep pace with our investments and other expenses, our business will be harmed and it may also impact our access to funding and liquidity sources. ~~In addition, as a public company, we have incurred and expect to continue to incur significant legal, accounting and other expenses that we did not incur as a private company.~~ Because we incur substantial costs and expenses from our growth efforts before we receive any incremental revenues with respect to those investments, we may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in an increase in revenues to offset these expenses, which would further increase our losses, and which could have a material adverse effect on our business and financial condition. Our business is dependent upon our ability to accurately value and manage **real estate** inventory and an ineffective pricing or portfolio management strategy may have an adverse effect on our business, sales and results of operations. We appraise and price the homes we buy and sell using in- house proprietary data analytics technology, which continuously collects and synthesizes market data with performance history from our real estate operations, forming a knowledge distillation and feedback loop along the process and enabling us to operate a highly intelligent and automated workflow. This assessment includes estimates on time of possession, market conditions, renovation and holding costs, and anticipated resale proceeds. Conversion rates and customer satisfaction may be negatively impacted if valuations are too low and / or fees are too high. Additionally, following our acquisition of a home, we may need to decrease our anticipated resale price for that home if we discover defects or other conditions requiring remediation or impacting the value of the home that were unknown to us at the time of acquisition. Shortages in building supplies, supply chain disruptions, and shortages and disruptions in the availability of third- party labor can also significantly delay our ability to renovate and resell homes in a timely manner. Moreover, these risks may be heightened when we expand into new markets where we may not have similar levels of knowledge and experience as we do in the markets where we currently operate. As a result of these factors, we may be unable to acquire or sell **real estate** inventory at attractive prices or to finance and manage **real estate** inventory effectively, and accordingly our revenue, gross margins and results of operations would be affected, which could have a material adverse effect on our business, financial condition and results of operations. Prospective sellers and buyers of homes may choose not to transact online, which could harm our growth prospects. Our success depends on our ability to attract customers who have historically purchased homes through more traditional channels. The online market for homes is significantly less developed than the online market for other goods and services in industries such as commerce, healthcare, insurance, books, music, travel and other consumer products and accounts for a small percentage of total annual U. S. residential real estate transactions. If this market does not gain widespread acceptance, our business will suffer. Furthermore, we may have to incur significantly higher and more sustained advertising and promotional expenditures or offer more incentives than we currently anticipate in order to attract consumers to our platform and convert them into sellers or buyers. If the online market for residential real estate does not continue to develop and grow, our business will not grow and our business, financial condition and results of operations would be materially and adversely affected. Declining real estate valuations **have resulted in, and** could **continue to** result in ~~recording impairment charges~~ **, real estate inventory valuation adjustments** , and property values may decline between our offer to purchase a home and the closing of such home, which could adversely affect our financial condition and operating results. We are subject to risks inherent to declines in real estate valuations. For example, home prices can be volatile, and the values of our **real estate** inventory may fluctuate significantly. As a result **of such fluctuations** , we have in the past, and may in the future, **record real estate inventory valuation adjustments** ~~incur impairment charges due to changes in market conditions or economic sentiment~~ . We periodically review the value of our ~~properties~~ **real estate inventory** to determine whether ~~their~~ -- **the** value, based on market factors and generally accepted accounting principles, has ~~permanently~~ decreased such that it is necessary or appropriate to ~~take an impairment loss~~ **record a real estate valuation adjustment** in the relevant accounting period. ~~Such~~ **As** a ~~loss would~~ **result of such reviews, we recorded $ 8. 9 million and $ 93. 8 million of real estate inventory valuation adjustments during the years ended December 31, 2023 and 2022, respectively. These adjustments** ~~cause~~ **caused** an immediate reduction of net income ~~in the applicable accounting period~~ and ~~would be reflected in~~ a **corresponding** decrease in **real estate inventory** our balance sheet ~~assets. For example,~~ in the **respective periods** ~~year ended December 31, 2022, we recognized $ 93. 8 million of inventory impairment losses~~ . Even if we do not determine that it is necessary or appropriate to record an ~~impairment loss~~ **inventory valuation adjustment** , a reduction in the ~~intrinsic~~ **estimated net realizable** value of a property ~~would~~ **could** manifest over time ~~through reduced income from the property as evidenced by its resale value~~ and would therefore affect our earnings and financial condition **at that time** . Additionally, the time between an offer to purchase a home and the closing of such transaction can vary from weeks to several months, depending on the needs of our customers. In the interim period, there can be adverse impacts on the value or liquidity profile of the home. We may not be able to or wish to renegotiate or cancel a contract because doing so would negatively impact customer satisfaction and our brand, and potentially subject us to loss of our earnest money deposit or litigation. In the event the value of such homes declines significantly, we could experience losses, which in the aggregate could be detrimental to our business and results of operations. Our business is dependent upon our ability to expeditiously sell **real estate** inventory. Failure to expeditiously sell our **real estate** inventory could have an adverse effect on our business, sales and results of operations. Holding homes in **real estate** inventory exposes us to risks, such as increased holding costs and the risks of declining real estate valuations. Our purchases of homes are based in large part on our estimates of projected demand. If actual sales are materially less than our forecasts, we would experience an over- supply of **real estate** inventory. An over- supply of ~~home~~ **real estate** inventory will generally cause downward pressure on our liquidity, sales prices and margins and increase our average days to sale. Our inventory of homes purchased has typically represented a significant portion of total assets. Having such a large portion of our total assets in the form of non- income producing ~~homes~~ **real estate** inventory for an extended period of time subjects us to significant holding costs, including financing expenses, maintenance and upkeep expenses, insurance expenses, property tax expenses, homeowners' association fees, utility fees and other expenses that accompany the ownership of residential real property and increased risk of depreciation of value, in addition to risks related to declining real estate valuations. If we have excess **real estate** inventory or our average days to sale increases, as occurred during the year ended December 31, 2022, our liquidity and the results of our operations will be adversely affected due to our inability to sell such **real estate** inventory at prices that allow us to meet margin targets or to recover our costs. Our business is concentrated in certain geographic markets, and local or regional conditions, including economic downturns, severe weather, catastrophic occurrences or other disruptions or events may materially adversely affect our financial condition and results of operations. While our business is spread across ~~28~~ **25** metropolitan markets in the United States as of December 31, ~~2022~~ **2023** , a substantial amount of our revenue is generated in certain geographic markets. For the years ended December 31, **2023 and** 2022 ~~and 2021~~ , approximately **51 % and** 49 ~~% and 61~~ % of our revenue, respectively, was generated from our top five markets by revenue during ~~2022~~ **2023** , which consisted of Phoenix, **Tampa,** Atlanta, ~~Tampa~~ **Orlando** , **and** Houston ~~and Orlando~~ . As a result of this concentration, local and regional conditions in these markets ~~— including those arising from COVID- 19' s impacts —~~ may differ significantly from prevailing conditions in the United States or other parts of the country. Any unforeseen events or circumstances that negatively affect these areas could materially adversely affect our revenues and profitability. These risks include possible declines in the value of real estate; risks related to general and local economic conditions; demographic and population shifts and migration; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties; increases in competition, property taxes and operating expenses; changes in zoning laws; increased labor costs; unemployment; costs resulting from the clean- up of, and liability to third parties for damages resulting from, environmental problems; casualty or condemnation losses; and uninsured damages from floods, hurricanes, earthquakes or other natural disasters. In addition, our top markets are primarily larger metropolitan areas, where home prices and transaction volumes are generally higher than other markets in the United States. To the extent people migrate outside of these markets due to lower home prices or other factors, and this migration continues to take place over the long- term, then the relative percentage of residential housing transactions may shift away from our historical top markets where we have generated most of our revenue. If we are unable to effectively adapt to any shift, including failing to increase revenue from other markets, then our financial performance may be harmed. We may be unsuccessful in launching new product and service offerings or pursuing expansion of existing product and service offerings into new markets, which could result in significant expense and may not achieve the desired results. We regularly evaluate expanding our products into new markets or launching new service offerings in existing or new markets and plan to expand our markets significantly in the future. Any expansion or new offering requires significant expenses and the time of our key personnel, particularly at the outset of the process, and our new service offerings, and expansion of our ~~Flex~~ listing service platform may not result in the customer conversion or profitability that we expect. We typically experience increased losses in new markets as we adjust to competitive environments with which we are unfamiliar and invest to build our brand presence within those markets. Our plans to expand and deepen our market share in our existing markets and expand into additional markets are subject to a variety of risks and challenges. These risks and challenges include the varying economic and demographic conditions of each market, competition from local and regional residential brokerage firms, variations in transaction dynamics, and pricing pressures. We cannot assure you that we will be able to increase revenues and create business model efficiencies in new markets in the manner we have in our more mature existing markets. Housing markets and housing stock in different areas can vary widely and certain markets may be more adaptable to our current business model than others. As **our business grows** ~~we continue to expand~~ , we may launch our products or services in markets that prove to be more challenging for our business model. As we expand from markets with a relatively new and homogeneous housing stock to markets with older and more diverse housing stock, we will have to adapt our business and operations to local conditions. The valuation technologies and systems that we currently use may not be as effective at accurately valuing homes in markets with older and more diverse housing stock. In addition, homes that we purchase in markets with relatively older housing stock may require more capital expenditures on improvements and repairs. We may also expand into markets with higher average home prices and fewer available homes within our target price range. If we are unable to adapt to these new markets and scale effectively, our business and results of operations may be adversely affected. New markets and new product or service offerings may also subject us to new regulatory environments, which could increase our costs as we evaluate compliance with the new regulatory regime. Notwithstanding the expenses and time devoted to expanding an existing product or service offering into a new market or launching a new product offering, we may fail to achieve the financial and market share goals associated with the expansion. If we cannot manage our expansion efforts efficiently, our market share gains could take longer than planned and our related costs could exceed our expectations. In addition, we could incur significant costs to seek to expand our market share, and still not succeed in attracting sufficient customers to offset such costs. Our business model and growth strategy depend on our marketing **and partner channel** efforts and ability to maintain our brand and attract customers to our platform in a cost- effective manner. Our long- term success depends in part on our ability to continue to attract more buyers and sellers to our platform in each of our markets. We believe that an important component of our growth will be increased traffic to, and use of, our website and mobile application by potential customers. Our marketing **and partner channel** efforts may not succeed for a variety of reasons, including changes to search engine algorithms, ineffective campaigns across marketing channels, limited experience in new marketing channels and any technical difficulties customers may experience using our applications. External factors beyond our control may also affect the success of our marketing initiatives, such as filtering of our targeted communications by email servers, buyers and sellers failing to respond to our marketing initiatives, and competition from third parties. Any of these factors could reduce the number of customers coming to our platform. Our business model relies on our ability to scale rapidly and to decrease incremental customer acquisition costs as we grow. If we are unable to recover our marketing costs through increases in customer traffic and in the number of transactions by users of our platform, or if our broad marketing campaigns are not successful or are terminated, it could have a material adverse effect on our growth, results of operations and financial condition. We also believe that the brand identity that we have developed is a significant factor in the success of our business, and maintaining and enhancing the " Offerpad " brand is critical to maintaining and expanding our customer base and current and future partners. Failure to promote or maintain our brand, or incurring excessive costs in this effort, could adversely affect our business, operating results and financial condition.

Reductions in the availability of mortgage financing provided by government agencies ~~,~~ **and** changes in government financing programs **have** ~~and an increase in mortgage interest rates has~~ decreased and could continue to decrease our customers' ability or desire to obtain financing and adversely affect our business or financial results. The secondary market for mortgage loans continues to primarily desire securities backed by Fannie Mae, Freddie Mac or Ginnie Mae, and we believe the liquidity these agencies provide to the mortgage industry is important to the housing market. Any significant change regarding the long- term structure and viability of Fannie Mae and Freddie Mac could result in adjustments to the size of their loan portfolios and to guidelines for their loan products. Moreover, as we expand into higher cost markets or target higher- priced homes, home buyers, and accordingly demand for our homes and services, may be more acutely affected by these factors. Additionally, a reduction in the availability of financing provided by these institutions could adversely affect interest rates, mortgage availability and sales of new homes and mortgage loans. ~~During the year ended December 31, 2022, in response to inflationary pressures, the Federal Reserve Board implemented a series of increases to its benchmark interest rate. As a result, long- term mortgage interest rates rose during the year, with the average thirty- year fixed mortgage rate peaking at over 7 % in late 2022, the highest level since the early 2000s. When interest rates increase, the cost of owning a home increases, which will likely reduce the number of potential home buyers who can obtain mortgage financing and affect the prices home buyers may be willing to pay for homes. During the second half of 2022, consumer demand for residential real estate softened considerably, due, in part, to the sudden and significant increase in mortgage interest rates since early 2022 and, if mortgage financing remains less available to home buyers either due to continued elevated interest rates or further increases in interest rates or a general tightening of credit conditions, it could result in a further decline in the demand for our homes and the services offered by our platform.~~ The residential real estate market is subject to seasonality, and our operating results are likely to fluctuate on a quarterly and annual basis. We expect our revenue and results of operations to vary significantly from period to period in the future, based in part on, among other things, consumers' home buying patterns. The residential real estate market is seasonal, with greater demand from home buyers in the spring and summer, and typically weaker demand in late fall and winter, resulting in fluctuations in the quantity, speed and price of transactions on our platform. We expect our financial results and working capital requirements to reflect seasonal variations over time, although our growth and market expansion have obscured the impact of seasonality in our historical financials to date. If we do not innovate or provide customers with an efficient and seamless transaction experience, our business could be harmed. The industry for residential real estate transaction services, technology, information marketplaces and advertising is dynamic, and the expectations and behaviors of customers and professionals shift constantly and rapidly. Our success depends on our continued innovation to provide new, and improve upon existing, products and services that make real estate transactions faster, easier and less stressful for our customers. The success of our business may also depend on our ability to successfully integrate additional ancillary **products and** services into our platform, including renovation, insurance and home warranty services. As a result, we must continually invest significant resources in research and development to improve the attractiveness and comprehensiveness of our products or services, enable smoother and more efficient real estate transactions, adapt to changes in technology and support new devices and operating systems. Changes or additions to our products or services may not attract or engage our customers, and may reduce confidence in our products or services, negatively impact the quality of our brand, upset other industry participants, expose us to increased market or legal risks, subject us to new laws and regulations or otherwise harm our business. Furthermore, if we are unable to successfully anticipate or keep pace with industry changes and provide products or services that our customers want to use, on the devices they prefer, then those customers may become dissatisfied and use our competitors instead. If we are unable to continue offering high- quality, innovative products, we may be unable to attract additional customers and real estate partners or retain our current customers and real estate partners, which could harm our business, results of operations and financial condition. A significant portion of our costs and expenses are fixed, and we may not be able to adapt **or optimize** our cost structure to offset declines in our revenue. A significant portion of our expenses are fixed and do not vary proportionately with fluctuations in revenues. We need to maintain and continue to increase our transaction volumes to benefit from operating efficiencies **and continue to optimize our cost structure** . When we operate at less than expected capacity, fixed costs are inflated and represent a larger percentage of overall cost basis and percentage of revenue. Certain services we use, subscriptions and fees have fixed costs and are necessary for operation of the business. The other portion of fixed costs are necessary in order to invest in future growth. Given the early stage of our business, we cannot assure you that we will be able to rationalize our fixed costs. **If we are unable to effectively adapt or optimize our cost structure to offset declines in our revenue, we may experience negative effects to our business, results of operations and financial condition.** Our growth depends in part on the success of our strategic relationships with third parties. In order to grow our business, we anticipate that we will continue to depend on relationships with third parties, such as settlement service providers, lenders, real estate agents, valuation companies, vendors we use to renovate, service or repair our homes, third- party partners we rely on for referrals, such as homebuilders and online real estate websites or institutional buyers of our **real estate** inventory. Identifying partners, and negotiating and documenting agreements with them, and establishing and maintaining good relationships requires significant time and resources. In addition, we rely on our relationships with multiple- listing services providers (" MLS ") in all our markets both as key data sources for our pricing and for listing our **real estate** inventory for resale. Many of our competitors and other real estate websites have similar access to MLSs and listing data and may be able to source real estate information faster or more efficiently than we can. If we lose existing relationships with MLSs and other listing providers, whether due to termination of agreements or otherwise, changes to our rights to use or timely access listing data, an inability to continue to add new listing providers or changes to the way real estate information is shared, our ability to price or list our **real estate** inventory for resale could be impaired and our operating results may suffer. If we are unsuccessful in establishing or maintaining successful relationships with third parties, our ability to compete in the marketplace or to grow our revenues could be impaired and our operating results may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased customer usage of our product or increased revenues. If the methodologies we use to assess the value and condition of homes are inaccurate, including because of the information supplied to us by prospective sellers or due to the physical inspections being ineffective, it could result in unforeseen costs and risks. We make offers based in part on our assessment of offer requests completed by the prospective seller. While we may seek to confirm or supplement the information provided in such an offer request through our own due diligence, including physical inspections, we may rely on the information supplied to us by prospective sellers to make offer decisions, and we cannot be certain that this information is accurate. If owner- supplied information is inaccurate, we may make poor or imperfect pricing decisions and our portfolio may contain more risk than we believe. We also may conduct physical inspections of homes remotely through videos submitted to us by the sellers ~~and this shift has been accelerated by health concerns associated with COVID- 19, and this change may become permanent~~ . It is possible that these video inspections may not be effective in identifying undisclosed issues, conditions or defects that an in- person inspection might otherwise reveal, which could result in us incurring unforeseen costs during the resale process. Our business is dependent upon an adequate and desirable supply of **real estate** inventory, which is impacted by many factors. Any inability to acquire sufficient or desirable **real estate** inventory may adversely affect our business, sales and results of operations. We primarily acquire homes directly from consumers and there can be no assurance of an adequate or desirable supply of such homes on terms that are attractive to us. A reduction in the availability of or access to **real estate** inventory could adversely affect our business, sales and results of operations. Additionally, we evaluate thousands of potential homes daily using our proprietary pricing model. If we fail to adjust our pricing to stay in line with broader market trends, or fail to recognize those trends, it could adversely affect our ability to acquire **real estate** inventory. We remain dependent on customers to sell us homes. Our ongoing ability to acquire homes is critical to our business model. A lack of available or desirable homes that meet our purchase criteria may affect our ability to scale. Reductions in our acquisitions of homes may have adverse effects on our ability to reach our desired **real estate** inventory levels, our desired portfolio diversification and our results of operations. During ~~2022~~ **2023** , the **average holding period of homes sold had a high degree of variability as a result of the mixed** residential real estate market conditions **that occurred** ~~were highly volatile, with generally favorable conditions~~ during the **year. During the** first ~~half~~ **quarter** of **2023** ~~the year~~ , ~~shifting~~ **the average holding period of homes sold increased** to ~~considerable softening~~ **185 days as we sold through our aged real estate inventory. However, beginning** in ~~consumer demand for~~ **the second quarter of 2023, the** residential real estate ~~during~~ **market conditions started showing signs of stabilization and improvement compared to the conditions in the first quarter of 2023 and** the second half of ~~the year as~~ **2022. As** a result ~~of various macroeconomic factors negatively impacting housing affordability and homebuyer sentiment. Given our focus on risk management~~ , ~~and in response to this softening consumer demand,~~ we **increased** ~~adjusted our home purchase criteria through more conservative acquisition underwriting, resulting in higher expected internal rates of return based on current market conditions, and continued to adjust pricing on our inventory to reflect market level trends throughout the second half of 2022. These actions resulted in a significant reduction in~~ our home acquisition pace **and our** ~~to allow us to manage~~ overall **real estate** inventory **mix shifted** ~~growth, which led~~ to **include a greater composition of newer acquired homes. This resulted in a decrease in** the average **real estate inventory** holding period ~~of homes sold increasing~~ to ~~101~~ 97 days during **the fourth quarter of** ~~2022~~ **2023** , which is consistent with our expected average **real estate** inventory holding period and our historical norm. **Based on current residential real estate market conditions** ~~As our overall inventory mix shifts and includes a lower composition of newer acquired homes~~ , **combined with the impact of seasonality, we anticipate** our average **real estate** inventory holding period ~~generally increases. As~~ **in the first quarter of 2024 will reflect** a **slight normal seasonal** ~~result, and given our reduction in home acquisition pace, we anticipate our average inventory holding period will continue to~~ increase ~~in early 2023~~ , causing an increase in holding costs and downward pressure on sales prices and margins. In addition, increases in transaction costs to acquire properties, including costs of evaluating homes and making offers, title insurance and escrow service costs, changes in transfer taxes, and any other new or increased acquisition costs, would have an adverse impact on our home acquisitions and our business. Our ability to compete effectively and execute on our strategic plan depends in part on our ability to manage home renovations. Our business depends, in part, upon our ability to effectively manage home renovations. We typically renovate or repair homes prior to listing them for resale. We use internal employees and use third parties to renovate and repair homes before we resell them. We or these third- party providers may not be able to complete the required renovations or repairs within the expected timeline or proposed budget. Furthermore, if the work quality of our employees or third- party providers does not meet our expectations, then we may need to engage another third- party contractor or subcontractor, which may also adversely affect the timeline or budget for completing renovations or repairs. A longer than expected period for completing renovations or repairs could negatively impact our ability to sell a home within our anticipated timeline. This prolonged timing exposes us to factors that adversely affect the home' s resale value and may result in selling the home for a lower price than anticipated or not being able to sell the home at all. Meanwhile, incurring more than budgeted costs would adversely affect our investment return on purchased homes. Additionally, any undetected issues with a third- party provider' s work may adversely affect our reputation as a home seller. There are risks related to our ownership of vacant homes and the listing of those homes for resale that are not possible to fully eliminate. The homes in our **real estate** inventory generally are not occupied during the time we own them prior to resale. When a home is listed for resale, prospective buyers or their agents typically can access our homes instantly through our technology without the need for an appointment or one of our representatives being present. In certain circumstances, we also allow sellers to continue to occupy a home after we have purchased the home for a short period of time. Having visitors or short- term occupants in our homes entails risks of damage to the homes, personal injury, unauthorized activities on the properties, theft, rental scams, squatters and trespassers and other situations that may have adverse impacts on us or the homes, including potential adverse reputational impacts. Additionally, all of these circumstances may involve significant costs to resolve that may not be fully covered by insurance, including legal costs associated with removing unauthorized visitors and occupants and additional holding and repair costs. If these increased costs are significant across our ~~homes~~ **real estate** inventory, both in terms of costs per home and numbers of homes impacted, this could have an adverse impact on our results of operations that is material. Our ability to recruit and retain a sufficient number of productive **independent** real estate agents is critical to maintaining and growing our business and providing an adequate level of service to our customers. We **partner with** ~~have employed, and will continue to employ, internal and~~ independent contractor real estate agents for our brokerage business ~~. Our internal real estate agents generally earn less on a per transaction basis than traditional real estate agents who work as independent contractors at traditional brokerages. Because employing internal real estate agents is uncommon in our industry, real estate agents considering working for us as employees may not understand our compensation model or may not perceive it to be more attractive than our independent contractor, commission- driven compensation model, and used by most traditional brokerages. If we are unable to attract, retain, effectively train, motivate, and utilize our real estate agents, we may be unable to grow our business and we may be required to change our compensation model, which could significantly increase our real estate agent compensation or other costs. Also, when we employ internal real estate agents, we incur costs that we do not incur when we employ independent contractor real estate agents, such as base pay, employee benefits, expense reimbursement, training, and employee transactional support staff. As a result, we may have significant costs that, in the event of downturns in demand in the markets we serve, may result in us being unable to adjust as rapidly as some of our competitors. In turn, such downturns may impact us more than our competitors~~ . If we are unable to successfully grow a sufficient base of productive independent real estate agents, we may be unable to maintain or grow revenues. A variety of factors impact our ability to attract and retain independent real estate agents, including but not limited to: intense competition from other brokerages; our ability to develop and deliver compelling products and services to independent real estate agents; our ability to generate high- quality leads to independent real estate agents; and our ability to adopt and implement commission plans (or pricing model structures) that are attractive to such agents. If we are unable to successfully recruit and retain a sufficient number of productive ~~internal and~~ independent real estate agents we may be unable to maximize our revenue and market share growth. We are subject to the requirements governing the licensing and conduct of real estate brokerage and brokerage- related businesses in the jurisdictions in which we do business. Due to our brokerage business, we and our agents must comply with the requirements governing the licensing and conduct of real estate brokerage and brokerage- related businesses in the markets in which we operate. Due to the geographic scope of our operations, we and our real estate agents may not be in compliance with all of the required licenses at all times. Additionally, if we enter into new markets, we may become subject to additional licensing requirements. If we or our real estate agents fail to obtain or maintain the required licenses for conducting our brokerage operations or fail to strictly adhere to associated regulations, the relevant government authorities may order us to suspend relevant operations or impose fines or other penalties. A health and safety incident relating to our operations could be costly in terms of potential liability and reputational damage. Customers will visit homes on a regular basis through our mobile application or with a real estate agent. Due to the number of homes we own, the safety of our homes is critical to the success of our business. A failure to keep our homes safe that results in a major or significant health and safety incident could expose us to liability that could be costly. Such an incident could generate significant negative publicity and have a corresponding impact on our reputation, our relationships with relevant regulatory agencies or governmental authorities, and our ability to attract customers and employees, which in turn could have a material adverse effect on our financial results and liquidity. Our risk management efforts may not be effective. We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor and mitigate financial risks, such as pricing risk, interest rate risk, liquidity risk, and other market- related risks, as well as operational and legal risks related to our business, assets and liabilities. We also are subject to various laws, regulations and rules that are not industry specific, including employment laws related to employee hiring and termination practices, health and safety laws, environmental laws and other federal, state and local laws, regulations and rules in the jurisdictions in which we operate. Our risk management policies, procedures, and techniques may not be sufficient to identify all of the risks to which we are exposed, mitigate the risks we have identified, or identify additional risks to which we may become subject in the future. Expansion of our business activities may also result in our being exposed to risks to which we have not previously been exposed or may increase our exposure to certain types of risks, and we may not effectively identify, manage, monitor, and mitigate these risks as our business activities change or increase. We are from time to time involved in, or may in the future be subject to, claims, suits, government investigations, and other proceedings that may result in adverse outcomes. We are from time to time involved in, or may in the future be subject to, claims, suits, government investigations, and proceedings arising from our business, including actions with respect to intellectual property, privacy, consumer protection, information security, mortgage lending, real estate, environmental, data protection or law enforcement matters, tax matters, labor and employment, and commercial claims, as well as actions involving content generated by our customers, shareholder derivative actions, purported class action lawsuits, and other matters. Such claims, suits, government investigations, and proceedings are inherently uncertain, and their results cannot be predicted with certainty. Regardless of the outcome, any such legal proceedings can have an adverse impact on us because of legal costs, diversion of management and other personnel, negative publicity and other factors. In addition, it is possible that a resolution of one or more such proceedings could result in reputational harm, liability, penalties, or sanctions, as well as judgments, consent decrees, or orders preventing us from offering certain features, functionalities, products, or services, or requiring a change in our business practices, products, services or technologies, which could in the future materially and adversely affect our business, operating results and financial condition. We operate in a highly regulated industry and are subject to a wide range of federal, state and local laws, rules and regulations. Failure to comply with these laws, rules and regulations or to obtain and maintain required licenses, could adversely affect our business, financial condition and results of operations. We operate in highly regulated businesses through a number of different channels across the United States. As a result, we are currently subject to a variety of, and may in the future become subject to additional, federal, state and local statutes and regulations in various jurisdictions (as well as judicial and administrative decisions and state common law), which are subject to change at any time, including laws regarding the real estate and mortgage industries, settlement services, insurance, mobile and internet- based businesses and other businesses that rely on advertising, as well as data privacy and consumer protection laws, and employment laws. These laws are complex and sometimes ambiguous, and can be costly to comply with, require significant management time and effort, require a substantial investment in technology, and subject us to claims, government enforcement actions, civil and criminal liability or other remedies, including suspension of business operations. Buying and selling homes, providing real estate brokerage services, and providing other product offerings, such as mortgage brokerage services, results in us receiving or facilitating transmission of personally identifiable information. Further, in the future we may offer additional products and services, which could increase the amount of personally identifiable information we receive and transmit. This information is increasingly subject to legislation and regulation in the United States. These laws and regulations are generally intended to protect the privacy and security of personal information, including Social Security Numbers that is collected, processed and transmitted. These laws also can restrict our use of this personal information for other commercial purposes. We could be adversely affected if government regulations require us to significantly change our business practices with respect to this type of information, if penetration of network security or misuse of personal information occurs, or if the third parties that we engage with to provide processing and screening services violate applicable laws and regulations, misuse information, or experience network security breaches. In order to provide the broad range of products and services that we offer or plan to offer customers, certain of our subsidiaries are or will be required to maintain real estate brokerage and mortgage licenses in certain states in which we operate. These entities are subject to stringent state and federal laws and regulations and to the scrutiny of state and federal government agencies as licensed businesses. Mortgage products are regulated at the state level by licensing authorities and administrative agencies, with additional oversight from the Consumer Financial Protection Bureau and other federal agencies. These laws generally regulate the manner in which lending and lending- related activities are marketed or made available to consumers, including, but not limited to, advertising, finding and qualifying applicants, the provision of consumer disclosures, payments for services, and record keeping requirements; these laws include, at the federal level, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act (as amended by the Fair and Accurate Credit Transactions Act), the Truth in Lending Act (including the Home Ownership and Equity Protection Act of 1994), the Equal Credit Opportunity Act, the Fair Housing Act, the Gramm- Leach- Bliley Act, the Electronic Fund Transfer Act, the Servicemembers Civil Relief Act, the Military Lending Act, the Homeowners Protection Act, the Home Mortgage Disclosure Act, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, the Federal Trade Commission Act, the Dodd – Frank Wall Street Reform and Consumer Protection Act of 2010, the Bank Secrecy Act (including the Office of Foreign Assets Control and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act), the Telephone Consumer Protection Act, the Mortgage Acts and Practices Advertising Rule (Regulation N), the Coronavirus Aid, Relief, and Economic Security Act, all implementing regulations, and various other federal laws. The Consumer Financial Protection Bureau also has broad authority to enforce prohibitions on practices that it deems to be unfair, deceptive or abusive. Additionally, state and local laws may restrict the amount and nature of interest and fees that may be charged by a lender or mortgage broker, impose more stringent privacy requirements and protections for service members, and / or otherwise regulate the manner in which lenders or mortgage brokers operate or advertise. As a provider of real estate brokerage services, we hold real estate brokerage licenses in multiple states and may apply for additional real estate brokerage licenses as our business grows. To maintain these licenses, we must comply with the requirements governing the licensing and conduct of real estate brokerage services and brokerage- related businesses in the markets where we operate. We may be subject to additional local, state and federal laws and regulations governing residential real estate transactions, including those administered by the U. S. Department of Housing and Urban Development, and the states and municipalities in which we transact. Further, due to the geographic scope of our operations and the nature of the products and services we provide, certain of our other subsidiaries maintain real estate brokerage licenses in certain states in which we operate. Each of these licenses subjects our subsidiaries to different federal, state, and local laws and the scrutiny of different licensing authorities, including state insurance departments. Each subsidiary must comply with different licensing statutes and regulations, as well as varied laws that govern the offering of compliant products and services. For certain licenses, we are required to designate individual licensed brokers of record, qualified individuals and control persons. Certain licensed entities also are subject to routine examination and monitoring by the federal Consumer Financial Protection Bureau (for mortgage) and / or state licensing authorities. We cannot assure you that we, or our licensed personnel, are and will remain at all times, in full compliance with state and federal real estate, title insurance and escrow, property and casualty insurance, and mortgage licensing and consumer protection laws and regulations, and we may be subject to litigation, government investigations and enforcement actions, fines or other penalties in the event of any non- compliance. As a result of findings from examinations, we also may be required to take a number of corrective actions, including modifying business practices and making refunds of fees or money earned. In addition, adverse findings in one state may be relied on by another state to conduct investigations and impose remedies. If we apply for new licenses, we will become subject to additional licensing requirements, which we may not be in compliance with at all times. If in the future a state agency were to determine that we are required to obtain additional licenses in that state in order to operate our business, or if we lose or do not renew an existing license or are otherwise found to be in violation of a law or regulation, we may be subject to fines or legal penalties, lawsuits, enforcement actions, void contracts, or our business operations in that state may be suspended or prohibited. Our business reputation with consumers and third parties also could be damaged. Compliance with, and monitoring of, these laws and regulations is complicated and costly and may inhibit our ability to innovate or grow. If we are unable to comply with these laws or regulations in a cost- effective manner, it may require us to modify certain products and services, which could require a substantial investment and result in a loss of revenue, limit our ability to offer additional products and services, or expand existing products and services into new markets, or cease providing the impacted product or service altogether. Furthermore, laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our products and business. Catastrophic events may disrupt our business. Natural disasters or other catastrophic events such as pandemics may cause damage or disruption to our operations, real estate commerce, and the global economy, and thus could harm our business. Properties located in the markets in which we operate in Florida and certain portions of North Carolina and Texas are more susceptible to certain hazards (such as floods, hurricanes or hail) than properties in other parts of the country. In the event of a major earthquake, hurricane, windstorm, tornado, flood or catastrophic event such as pandemic, fire, flood, power loss, telecommunications failure, cyber- attack, war, or terrorist attack, we may be unable to continue our operations and may endure reputational harm, delays in developing our platform and solutions, breaches of data security and loss of critical data, all of which could harm our business, results of operations and financial condition. Furthermore, these sorts of catastrophic events may cause disruption on both the resale and acquisition side as we may not be able to transact on real estate. For example, homes that we own may be damaged and disruptions to infrastructure may mean our contractors are unable to perform the necessary home repairs in a timely manner. Closures of local recording offices or other governmental offices in charge of real property records, including tax or lien- related records, would adversely affect our ability to conduct operations in the affected geographies. Any of these delays will likely result in extended hold times, increased costs and ~~impairments~~ **inventory valuation adjustments** . Also, the insurance we maintain would likely not be adequate to cover our losses resulting from disasters or other business interruptions. As we grow our business, the need for business continuity planning and disaster recovery plans will grow in significance. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster, and successfully execute on those plans in the event of a disaster or emergency, our business and reputation would be harmed. Environmentally hazardous conditions may adversely affect us. Under various federal, state and local environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Even if more than one person may have been responsible for the contamination, each person covered by applicable environmental laws may be held responsible for all of the clean- up costs incurred. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, natural resources or property damage or other costs, including investigation and clean- up costs, resulting from the environmental contamination. The presence of hazardous or toxic substances on one of our properties, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination or otherwise adversely affect our ability to sell the property. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated. A property owner who violates environmental laws may be subject to sanctions which may be enforced by governmental agencies or, in certain circumstances, private parties. In connection with the acquisition and ownership of our properties, we may be exposed to such costs. The cost of defending against environmental claims, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially and adversely affect us. Compliance with new or more stringent environmental laws or regulations or stricter interpretation of existing laws may require material expenditures by us. We may be subject to environmental laws or regulations relating to our properties, such as those concerning lead- based paint, mold, asbestos, radon, pesticides, proximity to power lines or other issues. We cannot assure you that future laws, ordinances or regulations will not impose any material environmental liability or that the current environmental condition of our properties will not be affected by existing conditions of the land, operations in the vicinity of the properties or the activities of unrelated third parties. In addition, we may be required to comply with various local, state and federal fire, health, life- safety and similar regulations. Failure to comply with applicable laws and regulations could result in fines and / or damages, suspension of personnel, civil liability or other sanctions. Risks Related to Our Intellectual Property and Technology Our **IT** ~~internal information technology systems~~ **Systems and IT Systems of third parties we rely on** may fail or suffer security breaches, loss or leakage of data, and other disruptions, which could disrupt our business or result in the loss of ~~critical and~~ confidential information **, litigation, government actions, reputational damage and other harms. We rely on computer systems, hardware, software, technology infrastructure and online sites and networks for both internal and external operations that are critical to our business (collectively, " IT Systems "). We own and manage some of these IT Systems, but also rely on third parties for a range of IT Systems and related products and services. We and certain of our third-party providers collect, maintain and process data about customers, employees, business partners and others, including personal information, as well as proprietary business information, intellectual property, and other critical information belonging to our business, customers, and employees (collectively, " Confidential Information "). We face numerous evolving cybersecurity risks that threaten the confidentiality, integrity, and availability of our IT Systems and Confidential Information** . The evolution of technology systems introduces ever more complex security risks that are difficult to predict and defend against. An increasing number of companies, including those with significant online operations, have recently disclosed breaches of their security, some of which involved sophisticated tactics and techniques allegedly attributable to criminal enterprises or nation- state actors. Successful breaches, employee malfeasance, or human or technological error **, and various other circumstances** could result in, for example, unauthorized access to, disclosure, modification, misuse, loss, or destruction of **IT** ~~company, customer, or other third- party data or systems~~ **Systems and Confidential Information** ; theft of ~~sensitive, regulated, or confidential~~ **Confidential** ~~data including personal information~~ **Information** ~~and intellectual property~~ ; the loss of access to ~~critical data~~ **Confidential Information** or **IT** ~~systems~~ **Systems** through ransomware, destructive attacks or other means; and business delays, service or system disruptions or denials of service. We experience cyber incidents and other security incidents of varying degrees from time to time ~~, and there can be no assurance that any future incidents would not lead to costs or consequences that materially impact our operations or business~~ . **We** ~~In response to these incidents, we~~ have implemented controls and taken other preventative actions **designated** to ~~further~~ strengthen our **IT** ~~systems~~ **Systems** against ~~future~~ **security** incidents. However, we cannot guarantee that ~~such measures~~ **our cybersecurity risk management program and processes, including our policies, controls or procedures,** will ~~provide sufficient security~~ **be fully implemented,**

complied with, or effective in protecting our IT Systems and Confidential Information , that we will be able to react in a timely manner, or that our remediation efforts following a cybersecurity incident will be successful. In addition, we do not know whether our current practices will be deemed sufficient under applicable laws or whether new regulatory requirements might require us to make significant changes to our current practices. If there is a breach of our ~~computer~~ **IT** ~~systems~~ **Systems** , and we know or suspect that certain personal information has been accessed, or used inappropriately, we may need to inform the affected individual (and regulatory body) and may be subject to significant fines and penalties. Further, under certain regulatory schemes, we may be liable for statutory damages on a per breached record basis, irrespective of any actual damages or harm to the individual. In the event of a breach we could face government ~~scrutiny~~ **actions resulting in penalties** or consumer class actions alleging statutory damages amounting to hundreds of millions, and possibly billions of dollars **, as well as reputational and other harms** . The risk of cybersecurity incidents directed at us or our third- party partners and vendors includes **threats directed through diverse attack vectors, such as social engineering / phishing, malware (including ransomware), malfeasance by insiders, human or technological error, and as a result of bugs, misconfigurations or exploited vulnerabilities in software or hardware. Cybersecurity incidents may occur through** uncoordinated individual attempts to gain unauthorized access to information technology systems, as well as ~~to~~ sophisticated and targeted measures known as advanced persistent threats. In addition, we face the risk of ~~confidential~~ **Confidential** ~~data~~ **Information** inadvertently leaking through human or technological errors. Cybersecurity **threats are expected to accelerate on a global basis in frequency and magnitude as threat actors are becoming increasingly sophisticated in using techniques and tools – including artificial intelligence – that circumvent security controls, evade detection and remove forensic evidence. As a result, we may be unable to detect, investigate, remediate or recover from future attacks or** incidents ~~are also constantly evolving~~ , ~~increasing the difficulty of detecting and successfully defending against them. In the ordinary course of our~~ **or** ~~business, we and~~ **to avoid a material adverse impact to** our **IT Systems, Confidential** ~~third- party partners and vendors collect and store personal information~~ **Information** , as well as our proprietary business information and intellectual property and that of our customers and employees. Additionally, we rely on third- parties and their security procedures for the secure storage, processing, maintenance, and transmission of information that is critical to our operations **, such as cloud services that support our internal and customer- facing operations** . Despite measures designed to prevent, detect, address, and mitigate cybersecurity incidents, such incidents may occur to us or our third- party providers and, depending on their nature and scope, could potentially **materially impact** ~~result in the misappropriation, destruction, corruption or~~ **our** ~~unavailability of critical data and confidential~~ **Confidential** ~~or proprietary information~~ **Information** (our own or that of third parties, including personal information of our customers and employees) and **result in** the disruption of business operations. Any such compromises to our security, or that of our third- party partners or vendors, could cause customers to lose trust and confidence in us and stop using our website and mobile applications. In addition, we may incur significant costs for remediation that may include liability for stolen assets or information, repair of system damage, and compensation to customers, employees, and business partners. We may also be subject to government enforcement proceedings and legal claims by private parties. Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third- party experts and consultants. Any actual or alleged security breaches or alleged violations of federal or state laws or regulations relating to privacy and data security could result in mandated user notifications, litigation, government investigations, significant fines, and expenditures; divert management' s attention from operations; deter people from using our platform; damage our brand and reputation; and materially adversely affect our business, results of operations, and financial condition. Defending against claims or litigation based on any security breach or incident, regardless of their merit, will be costly and may cause reputation harm. The successful assertion of one or more large claims against us that exceed available insurance coverage, denial of coverage as to any specific claim, or any change or cessation in our insurance policies and coverages, including premium increases or the imposition of large deductible requirements, could have a material adverse effect on our business, results of operations, and financial condition. We **collect,** process, store and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and any actual or perceived violation of these privacy obligations could result in a claim for damages, regulatory action, loss of business, or unfavorable publicity. We ~~receive~~ **collect** , store **, disclose** and process personal information and other **data** ~~customer information, or personal information~~ . There are numerous federal and state laws, as well as regulations and industry guidelines **and standards** , regarding privacy and the **collection,** storing, use, processing, ~~and~~ disclosure **,** and protection of personal information, the scope of which are **continually** changing, subject to differing interpretations, and may be inconsistent among countries **and states** or conflict with other ~~rules~~ **laws, regulations, guidelines, and standards** . Additionally, laws, regulations, **guidelines** and standards covering marketing and advertising activities conducted by telephone, email, mobile devices, and the internet, may be applicable to our business, such as the Telephone Consumer Protection Act (the " TCPA ") (as implemented by the Telemarketing Sales Rule), the CAN- SPAM Act, and similar state consumer protection laws. We ~~generally seek to comply with industry standards and~~ are **also** subject to the terms of our own privacy policies and **certain** privacy- related obligations to third parties. We strive to comply with all applicable laws, **regulations,** policies, legal obligations and industry ~~codes of conduct~~ **guidelines and standards** relating to privacy ~~and~~ **,** data protection **and marketing and advertising activities** to the extent possible. However, it is possible that these **laws, regulations, policies, legal** obligations **, and industry guidelines and standards** may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other ~~rules or~~ **laws,** regulations **, policies, legal obligations, and industry guidelines and standards** , making enforcement, and thus compliance requirements, ambiguous, uncertain, and potentially inconsistent. ~~Any~~ **It is possible we may not be in full compliance with certain laws, regulations, policies, legal obligations, industry guidelines and standards, and any** failure or perceived failure by us to comply with ~~our privacy policies, privacy- related obligations to customers or other third parties, or our privacy- related legal obligations, or any compromise of security that results in the~~ **these requirements** ~~unauthorized access~~

~~to or unintended release of personally-identifiable information or other customer data,~~ may result in governmental **investigations or** enforcement actions, litigation, ~~or~~ **loss of business and unfavorable** ~~public~~ **publicity** ~~statements against us by consumer advocacy groups or others~~. Any of these events could cause us to incur significant costs in investigating and defending such claims and, if found liable, pay significant damages. Further, these proceedings and any subsequent adverse outcomes may cause **significant reputational harm to our brand and** our customers to lose trust in us, which could have an adverse effect on our reputation and business. Any significant change to applicable laws, regulations or industry ~~practices~~ **guidelines and standards** regarding the **collection,** use **processing** or disclosure of personal information ~~, or regarding the manner in which the express or implied consent of customers for the use and disclosure of personal information is obtained~~, could require us to modify our products and features, possibly in a material manner and subject to increased compliance costs, which may limit our ability to develop new products and features that make use of the personal information that ~~our customers voluntarily share~~ **we collect, use, process, and disclose**. For example, the California Consumer Privacy Act (the " CCPA "), which took effect on January 1, 2020, imposes obligations and restrictions on companies regarding their collection, use, **processing** and ~~sharing~~ **disclosure** of personal information and provides new and enhanced data privacy rights to California residents. The CCPA imposes a severe statutory damages framework **that could result in significant costs if a business violates the law**. Since the enactment of the CCPA, new privacy and data security laws have been proposed in more than half of the states in the U. S. **In** ~~and in the U. S. Congress, including another law in~~ California ~~where~~ **,** voters approved a ballot initiative from privacy rights advocates **that** ~~intending to augment~~ **augments** and ~~expand~~ **expands** the CCPA, the California Privacy Rights Act (the " CPRA "), on November 3, 2020, which took effect on January 1, 2023 (with a look back to data collected, on or after January 1, 2022). The CPRA significantly modifies the CCPA, including by creating a new state agency that ~~will be~~ vested with the authority to implement and enforce California' s privacy laws **, the California Privacy Protection Agency**. Additionally, Nevada enacted a law that ~~went into force on October 1, 2019 and~~ requires companies to honor consumers' requests to no longer sell their data. Violators may be subject to injunctions and civil penalties of up to $ 5, 000 per violation. ~~Several~~ **Numerous** other states have already enacted, and are actively considering enacting privacy laws, which may impose substantial penalties for violations, impose significant costs for investigations and compliance, allow private class-action litigation ~~and~~ **,** carry significant potential liability for our business **, and could result in reputational harm**. This existing and future legislation may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in resources to compliance programs, could impact strategies and availability of previously useful data and could result in increased compliance costs and / or changes in business practices and policies, all of which we may not be able to expend resources toward. We expect that there will continue to be new proposed laws, regulations, and industry standards **and guidelines** concerning privacy, data protection, and information security and we cannot determine the impact such future laws, regulations, and standards may have on our business. We could be subject to legal claims, government **investigations or** ~~action~~ **actions**, or harm to our reputation or incur significant remediation costs if we experience a security breach or our practices fail, or are seen as failing, to comply with our policies or with applicable laws concerning ~~personally~~ -- **personal** ~~identifiable~~ information. Further, if the trend of new data privacy laws and increasing enforcement by regulators ~~of the strict approach to the interpretation and implementation of such laws~~ continues, this could lead to substantial costs, require significant systems changes, divert the attention of our personnel, increase costs and subject us to additional liabilities. Any of the foregoing could materially adversely affect our brand, reputation, business, results of operations, and financial condition. The U. S. Federal Trade Commission and many state attorneys general are **also** interpreting federal and state consumer protection laws to impose standards for the ~~online~~ collection, use, **processing,** dissemination, and security of data. **Amongst other requirements,** ~~Such~~ **such** standards **may** require us to publish statements that describe how we handle personal ~~data~~ **information** and choices individuals may have about the way we handle their personal ~~data~~ **information**. If **, for example,** such information that we publish is considered untrue or inaccurate, we may be subject to government claims of unfair or deceptive trade practices, which could lead to significant liabilities and consequences ~~. State consumer protection laws provide similar causes of action for unfair or deceptive practices for alleged data privacy~~ , ~~data protection~~ **including penalties** and ~~data security violations~~ **reputational harm.** Any significant disruption in service in our computer systems and third- party networks and mobile infrastructure that we depend on could result in a loss of customers and we may be unable to maintain and scale the technology underlying our offerings. Customers and potential customers access our products primarily through our website and mobile application. Our ability to attract, retain and serve customers depends on the reliable performance and availability of our website, mobile application, and technology infrastructure. Furthermore, we depend on the reliable performance of third- party networks and mobile infrastructure to provide our technology offerings to our customers and potential customers. The proper operation of these networks and infrastructure is beyond our control, and service interruptions or website unavailability could impact our ability to service our customers in a timely manner, and may have an adverse effect on existing and potential customer relationships. Our information systems and technology may not be able to continue to accommodate our growth and may be subject to security risks. The cost of maintaining such systems may increase. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on our business and results of operations and could result in a loss of customers. Failure to protect our trade secrets, know- how, proprietary applications, business processes and other proprietary information, could adversely affect the value of our technology and products. Our success and ability to compete depends in part on our intellectual property and our other proprietary business information. We seek to control access to our proprietary information by entering into a combination of confidentiality and proprietary rights agreements, invention assignment agreements and nondisclosure agreements with our employees, consultants and third parties with whom we have relationships. While these agreements will give us contractual remedies upon any unauthorized use or disclosure of our proprietary information, we cannot guarantee that we will be able to detect such unauthorized activity, or if detected, that our rights under these agreements will be effective in controlling access to, or use and distribution of, our proprietary information, intellectual property or technology. We have filed trademark and copyright applications to protect certain aspects of our intellectual property. However, we cannot guarantee that we will be successful in registering our trademarks or copyrights. We may be unable to secure intellectual property protection for all of our technology and methodologies, or the steps we take to enforce our intellectual property rights may be inadequate. Furthermore, monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot guarantee that the steps we have taken to protect our proprietary technologies will be effective to enforce our rights against third parties. Third parties may knowingly or unknowingly infringe our proprietary rights or challenge proprietary rights held by us, and we may not be able to prevent infringement or misappropriation of our proprietary rights without incurring substantial expense. If our intellectual property rights are used or misappropriated by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our products and methods of operations. Any of these events would have a material adverse effect on our business, financial condition and results of operations. In the future we may be party to intellectual property rights claims and other litigation which are expensive to support, and if resolved adversely, could have a significant impact on us. Our competitors and other third parties may own or claim to own intellectual property relating to the real estate industry. In the future, third parties may claim that we are infringing on their intellectual property rights, and we may be found to be infringing such rights. Any claims or litigation, regardless of merit, could cause us to incur significant expenses. If any such claims are successfully asserted against us, it could require us to pay significant damages or ongoing licensing payments, prevent us from offering our products or services, or require us to comply with unfavorable terms. Even if we were to prevail, the time and resources necessary to resolve such disputes could be costly, time- consuming, and divert the attention of management and key personnel from our business operations. If we are not successful in defending ourselves against any potential future claims, we may be required to pay damages and may be subject to injunctions, each of which could harm our business, results of operations, financial condition and reputation. Our services utilize third- party open source software components, which may pose particular risks to our proprietary software, technologies, products and services in a manner that could negatively affect our business. We use open source software in our services and will continue to use open source software in the future. Use and distribution of open source software may entail greater risks than use of third- party commercial software, as open source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code, and such open source software may not be regularly maintained and updated in order to contain and patch possible security vulnerabilities. To the extent that our services depend upon the successful operation of open source software, any undetected errors or defects in this open source software could prevent the deployment or impair the functionality of our platform, delay new solutions introductions, result in a failure of our platform, and injure our reputation. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use, or grant other licenses to our intellectual property. If we combine our proprietary software with such open source software in a certain manner, we could, under certain open source licenses, be required to release or license the source code of our proprietary software to the public. Although we monitor our use of open-source software to avoid subjecting our platform to conditions we do not intend, we cannot assure that our processes for controlling our use of open- source software in our platform will be effective. From time to time, we may be subject to claims asserting ownership of, or demanding release of, our source code, the open source software or derivative works that were developed using such software, or requiring us to provide attributions of any open source software incorporated into our distributed software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, require us to purchase a commercial license or require us to devote additional research and development resources to re- engineer our software or change our products or services, any of which would have a negative effect on our business and results of operations. Additionally, the terms of many open source licenses to which we are subject have not been interpreted by U. S. or foreign courts. There is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market or provide our products. We rely on licenses to use the intellectual property rights of third parties which are incorporated into our products and services. Failure to renew or expand existing licenses may require us to modify, limit or discontinue certain offerings, which could materially affect our business, financial condition and results of operations. We rely on products, technologies and intellectual property that we license from third parties for use in our services. We cannot assure that these third- party licenses, or support for such licensed products and technologies, will continue to be available to us on commercially reasonable terms, if at all. In the event that we cannot renew or expand existing licenses, we may be required to discontinue or limit our use of the products that include or incorporate the licensed intellectual property. We cannot be certain that our licensors are not infringing the intellectual property rights of others or that our suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate. Some of our license agreements may be terminated by our licensors for convenience. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our ability to develop our services containing that technology could be severely limited and our business could be harmed. Additionally, if we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards. This would limit and delay our ability to provide new or competitive offerings and increase our costs. If alternate technology cannot be obtained or developed, we may not be able to offer certain functionality as part of our offerings, which could adversely affect our business, financial condition and results of operations. Our software is highly complex and may contain undetected errors. The software and code underlying our platform is highly interconnected and complex and may contain undetected bugs, errors, malicious code, vulnerabilities, or other defects, some of which may remain undetected or may only be discovered after the code has been released. We release or update our software code regularly and this practice may result in the more frequent introduction of errors or vulnerabilities into the software underlying our platform, which can impact the customer experience on our platform. Additionally, due to the interconnected nature of the software underlying our platform, updates to certain parts of our code, including changes to our mobile application or website or third- party application programming interfaces on which our mobile application or website rely, could have an unintended impact on other sections of our code, which may result in errors or vulnerabilities to our platform. Any errors or vulnerabilities discovered in our code after release could impact the security of our systems or result in the inadvertent disclosure of sensitive or other regulated information, cause damage to our reputation, loss of our customers, loss of revenue or liability for damages, any of which could adversely affect our growth prospects and our business. Furthermore, our development and testing processes may not detect errors and vulnerabilities in our technology offerings prior to their implementation. Any inefficiencies, errors, technical problems or vulnerabilities arising in our technology offerings after their release could reduce the quality of our products or interfere with our customers' access to and use of our technology and offerings. Our fraud detection processes and information security systems may not successfully detect all fraudulent activity by third parties aimed at our employees or customers, which could **result in litigation or government action, and** adversely affect our reputation and business results. Third- party actors have attempted in the past, and may attempt in the future, to conduct fraudulent activity by engaging with our customers, particularly in our title insurance and escrow business. We make a large number of wire transfers in connection with loan and real estate closings and process ~~sensitive~~ **certain** personal data in connection with these transactions **that may be considered sensitive** . ~~Though~~ **Our detection processes may not be able to detect and prevent fraudulent activity on our mobile applications, websites and internal systems. Similarly, the third parties** we ~~have sophisticated~~ **use to effectuate these transactions may fail to maintain adequate controls or systems to detect and prevent fraudulent activity. Fraudulent activity may result in litigation or government actions, for example, if individuals or regulators deem our** fraud detection processes **inadequate. Additionally,** ~~and have taken other measures to identify~~ fraudulent activity ~~on our mobile applications, websites and internal systems, we~~ may **harm** ~~not be able to detect and prevent all such activity. Similarly, the third parties we use to effectuate these transactions may fail to maintain adequate controls or~~ **our reputation, causing** ~~systems to detect and prevent fraudulent activity. Persistent or pervasive fraudulent activity may cause~~ customers and real estate partners to lose trust in us and decrease or terminate their usage of our products, or could result in financial loss, thereby harming our business and results of operations. Risks Related to Our Liquidity and Capital Resources We utilize a significant amount of indebtedness in the operation of our business, and so our cash flows and operating results could be adversely affected by required payments of debt or related interest and other risks of our debt financing. As of December 31, ~~2022~~ **2023** , we had $ ~~666~~ **259** . ~~1~~ **5** million aggregate principal amount of indebtedness outstanding, **all** ~~including $ 581. 7 million~~ of ~~loans~~ **which is outstanding** under asset- backed senior and mezzanine secured credit facilities. Our leverage could have meaningful consequences to us, including increasing our vulnerability to economic downturns, limiting our ability to withstand competitive pressures, or reducing our flexibility to respond to changing business and economic conditions. We are also subject to general risks associated with debt financing, including (1) our cash flow may not be sufficient to satisfy required payments of principal and interest; (2) we may not be able to refinance our existing indebtedness or refinancing terms may be less favorable to us than the terms of our existing debt; (3) debt service obligations could reduce funds available for capital investment and general corporate purposes; (4) any default on our indebtedness could result in acceleration of the indebtedness and foreclosure on the homes collateralizing that indebtedness, with our attendant loss of any prospective income and equity value from such property; and (5) aged real estate may be ineligible for financing on our debt facilities potentially forcing the sale of aged real estate for prices that do not allow us to meet our margin targets or cover our costs to repay those facilities. Any of these risks could place strains on our cash flows, reduce our ability to grow and adversely affect our results of operations. We rely on agreements with third parties to finance our business. We have entered into debt agreements with a limited number of counterparties to provide capital for the growth and operation of our businesses, including to finance our purchase and renovation of homes. If we fail to maintain adequate relationships with potential financial sources, or if we are unable to renew, refinance or extend our existing debt arrangements on favorable terms or at all, we may be unable to maintain sufficient **real estate** inventory, which would adversely affect our business and results of operations. In addition, each of our secured credit facilities are not fully committed, meaning the applicable lender may not be obligated to advance new loan funds if they choose not to do so. Obtaining new or replacement funding arrangements may not be possible or may be at higher interest rates or other less favorable terms. Our financing sources are not required to extend the maturities of our financing arrangements, and if a financing source is unable or unwilling to extend financing, and other financing sources are unable or unwilling to make or increase their financing commitments, then we will be required to repay the outstanding balance of the financing on the related maturity date. If we are unable to pay the outstanding balance of our debt obligations at maturity, the financing sources generally have the right to foreclose on the homes and other collateral securing that debt and to charge higher " default rates " of interest until the outstanding obligations are paid in full. If we are unable to renew or extend the terms of our existing senior and mezzanine secured credit facilities, we may not be able to terminate or prepay the secured credit facilities without incurring significant financial costs. If realized, any of these financing risks could negatively impact our results of operations and financial condition. We intend to rely on proceeds from the sale of financed homes to repay amounts owed under our property financing facilities, but such proceeds may not be available or may be insufficient to repay the amounts when they become due. For our senior and mezzanine secured credit facilities, we typically are required to repay amounts owed with respect to a financed home upon the sale of that home. There is no assurance such sale proceeds will fully cover the amounts owed. Our senior and mezzanine secured credit facilities commonly have initial terms of 18 to 24 months or less **. Additionally, the borrowing capacity under our senior secured and mezzanine secured credit facilities is generally available until the end of the applicable revolving period for each facility and outstanding amounts drawn under each facility are typically required to be repaid on the facility maturity date, which is generally three- to- six months after the end of the facility' s revolving period** . It may be the case that not all homes securing these arrangements will be sold on or before the maturity dates of such financing arrangements, which would mean that sale proceeds would not be available to pay the amounts due at maturity. We may also be required to repay amounts owed with respect to a financed home prior to the sale of that home and prior to maturity of the related financing facility, typically due to the home having been held in our **real estate** inventory for an extended period of time or, less commonly, if other unforeseen issues with the home arise during our holding period. In these situations, we may use cash on hand to repay the amounts owed or contribute other homes as additional collateral. To the extent we do not have sufficient cash or substitute collateral or are unable to draw on other financing facilities to make the required repayments, which could occur if a significant amount of our debt were to become due suddenly and unexpectedly, we would be in default under the related facility. Covenants in our debt agreements may restrict our borrowing capacity or operating activities and adversely affect our financial condition. Certain of our existing debt agreements contain, and future debt agreements may contain, various affirmative, negative, financial and collateral performance covenants. Specifically, we need to maintain a certain tangible net worth and liquidity minimums, and leverage maximums under certain of these facilities. These covenants may limit our operational flexibility or restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our shareholders. If we breach these covenants, in certain cases, we could be required to repay all of the relevant debt immediately, even in the absence of a payment default. The occurrence of these events would have an adverse impact on our financial condition and results of operations and such impact could be material. The borrowers and certain other loan parties under the debt facilities we use to finance the purchase and renovation of homes are special purpose entity (“ SPE ”) subsidiaries of Offerpad. While our SPEs’ lenders’ recourse in most situations following an event of default is only to the applicable SPE or its assets, we have provided limited non- recourse carve out guarantees under our senior and mezzanine secured credit facilities for certain of the SPEs’ obligations in situations involving “ bad acts ” by an Offerpad entity and certain other limited circumstances that are generally under our control. To the extent a guaranty obligation is triggered, we may become obligated to pay all or a portion of the amounts owed by our SPEs and other subsidiaries to their respective lenders. Our debt facilities contain cross defaults and similar provisions that could cause us to be in default under multiple debt facilities or otherwise lose access to financing for new homes and excess proceeds from sales of homes in the event we default under a single facility. If an event of default or similar event occurs under one of our senior or mezzanine secured credit facilities, this may trigger an event of default under another senior or mezzanine secured credit facility or result in us losing access to financing through our senior and mezzanine secured credit facilities or to excess proceeds from sales of homes that would otherwise be available to us. In addition, our senior and mezzanine secured credit facilities currently contain cross defaults to certain other indebtedness. The foregoing considerations significantly increase the likelihood that a default or similar event under one or more of our debt facilities would result in adverse consequences for our other debt facilities. Failure to hedge effectively against interest rate changes may adversely affect our results of operations. Borrowings under our senior **and mezzanine** secured **credit** facilities accrue interest at variable rates and expose us to interest rate risk. As interest rates increase, our debt service obligations on the variable rate indebtedness increase and our earnings and cash flows correspondingly decrease. Increased interest costs have also reduced the amount of debt financing that our ~~homes~~ **real estate** inventory can support. Assuming no change in the outstanding borrowings on our senior **and mezzanine** secured credit facilities, we estimate that a one percentage point increase in the Secured Overnight Financing Rate would have increased our annual interest expense by $ ~~4~~ **2** . ~~9~~ **6** million during the year ended December 31, ~~2022~~ **2023** . In connection with our variable debt, we may seek to obtain interest rate protection in the form of swap agreements, interest rate cap contracts or similar derivatives or instruments to hedge against the possible negative effects of interest rate increases. There is no assurance that we will be able to obtain any such interest rate hedging arrangements on attractive terms or at all. Even if we are successful in obtaining interest rate hedges, we cannot assure you that any hedging will adequately relieve the adverse effects of interest rate increases or that counterparties under these agreements will honor their obligations thereunder. We could be subject to additional tax liabilities and our ability to use net operating loss carryforwards and other tax attributes may be limited in connection with the Business Combination or other ownership changes. We are subject to federal and state income and non- income taxes in the United States. Tax laws, regulations, and administrative practices in various jurisdictions may be subject to significant change, with or without notice, due to economic, political, and other conditions, and significant judgment is required in evaluating and estimating these taxes. Our effective tax rates could be affected by numerous factors, such as entry into new businesses and geographies, changes to our existing business and operations, acquisitions and investments and how they are financed, changes in our stock price, changes in our deferred tax assets and liabilities and their valuation, and changes in the relevant tax, accounting, and other laws, regulations, administrative practices, principles and interpretations (such as the ~~recent~~ United States Inflation Reduction Act **of 2022** which, among other changes, introduced a 15 % corporate minimum tax on certain United States corporations and a 1 % excise tax on certain stock redemptions by United States corporations). We are required to take positions regarding the interpretation of complex statutory and regulatory tax rules and on valuation matters that are subject to uncertainty, and IRS or other tax authorities may challenge the positions that we take. **With the exception of** ~~We generated net income during~~ the year ended December 31, 2021 ~~. However~~ , **during which** we **generated net income, we have** incurred ~~a net loss~~ **losses** ~~during the year ended December 31, 2022 and~~ each year from inception ~~through December 31, 2020~~ , may not be profitable in the near future, and may never achieve long- term profitability. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire, if at all. As of December 31, ~~2022~~ **2023** , the Company had federal and state net operating loss (“ NOL ”) carryforwards of $ ~~426~~ **735** . ~~5~~ **0** million. Under the Tax Act, as modified by the ~~Coronavirus Aid, Relief, and Economic Security Act (the “~~ CARES Act ~~”)~~ , U. S. federal net operating loss carryforwards generated in taxable periods beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such net operating loss carryforwards in taxable years beginning after December 31, 2020, is limited to 80 % of taxable income. In addition, our net operating loss carryforwards are subject to review and possible adjustment by the IRS, and state tax authorities, and may be limited as a result of previous or future changes in our ownership. Under Sections 382 and 383 of the Code, a corporation that undergoes an " ownership change " is subject to limitations on its ability to utilize its pre- ownership change net operating losses to offset future taxable income. An " ownership change " pursuant to Section 382 of the Code generally occurs if one or more stockholders or groups of stockholders who own at least 5 % of a company' s stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three- year period. Similar rules may apply under state tax laws. Our existing net operating losses may be subject to limitations arising from previous ownership changes, and if there is a future change in our stock ownership (which may be outside of our control) that results in an ownership change, our ability to utilize net operating losses could be further limited by Section 382 of the Code. We will need additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, and we cannot be sure that additional financing will be available. We will require additional capital and debt financing to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, including to increase our marketing expenditures to improve our brand awareness, build and maintain our inventory of homes, develop new products or services or further improve existing products and services (including mortgage lending), enhance our operating infrastructure and acquire complementary businesses and technologies. During economic and housing downturns, including the recent downturn, credit markets have constricted and reduced sources of liquidity. If cash on hand and cash generated from operations are not sufficient to meet our cash and liquidity needs, we may need to seek additional capital and engage in equity or debt financings to secure funds. However, additional funds may not be available when we need them on terms that are acceptable to us, or at all. In addition, any financing that we secure in the future could involve restrictive covenants which may make it more difficult for us to obtain additional capital and to pursue business opportunities. Our ability to obtain financing will depend, among other things, on our product development efforts, business plans, operating performance and condition of the capital markets and housing markets at the time we seek financing. Volatility in the credit markets may also have an adverse effect on our ability to obtain debt financing. If we raise additional funds through the issuance of equity, equity- linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, or may require us to agree to unfavorable terms, and our existing stockholders may experience significant dilution. If new financing sources are required, but are insufficient or unavailable, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, operating results, financial condition and prospects could be adversely affected. We may use derivatives and other instruments to reduce our exposure to interest fluctuations and those derivatives and other instruments may not prove to be effective. We may use derivatives or other instruments to reduce our exposure to adverse changes in interest rates. Hedging interest rate risk is a complex process, requiring sophisticated models and constant monitoring. Due to interest rate fluctuations, hedged assets and liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation will generally be offset by income or loss on the derivative instruments that are linked to the hedged assets and liabilities. If we engage in derivative transactions, we will be exposed to credit and market risk. If the counterparty fails to perform, credit risk exists to the extent of the fair value gain in the derivative. Market risk exists to the extent that interest rates change in ways that are significantly different from what we expected when we entered into the derivative transaction. Our hedging activity, if any, may fail to provide adequate coverage for interest rate exposure due to market volatility, hedging instruments that do not directly correlate with the interest rate risk exposure being hedged or counterparty defaults on obligations. Failures at financial institutions at which we deposit funds could adversely affect us. We deposit substantial funds in various financial institutions in excess of insured deposit limits. In the event that one or more of these financial institutions fail, there is no guarantee that we could recover the deposited funds in excess of federal deposit insurance. Under these circumstances, our losses could have a material adverse effect on our results of operations or financial condition. Risks Related to Our Capital Structure and Ownership of Our Class A Common Stock ~~and Warrants~~ Future resales of common stock may cause the market price of our securities to drop significantly, even if our business is doing well. Certain of our equityholders were in the past subject to lock- up restrictions that have expired ~~as of the date of this Annual Report on Form 10- K~~ . **As a result** ~~Now that these lock- up restrictions have expired~~ , such equityholders are not restricted from selling shares of our Class A common stock held by them, other than by applicable securities laws. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our securities. As restrictions on resale end, the sale or possibility of sale of these shares could have the effect of increasing the volatility in the market price of our Class A common stock, and the market price of our Class A common stock could decline if the holders of currently restricted shares or other stockholders sell their shares or are perceived by the market as intending to sell them. The provisions of our certificate of incorporation requiring exclusive forum in the Court of Chancery of the State of Delaware and the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers. Our certificate of incorporation provides that, to the fullest extent permitted by law, and unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) and any appellate court thereof will be the sole and exclusive forum for (i) any derivative action, suit or proceeding brought on our behalf, (ii) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, stockholders or employees to us or our stockholders, (iii) any action, suit or proceeding arising pursuant to any provision of the General Corporation Law of the State of Delaware (the " DGCL ") or our bylaws or certificate of incorporation (as each may be amended from time to time), (iv) any action, suit or proceeding as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (v) any action, suit or proceeding asserting a claim against us or any current or former director, officer or stockholder governed by the internal affairs doctrine. Notwithstanding the foregoing, our certificate of incorporation provides that the foregoing exclusive forum provision will not apply to suits brought to enforce any cause of action arising under the Securities Act, any duty or liability created by the

Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain such Securities Act claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act These provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our certificate of incorporation to be inapplicable or unenforceable in such action ~~. We cannot predict the impact our multi- class structure may have on the stock price of our Class A common stock. We cannot predict whether our multi- class structure will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have policies that restrict or prohibit the inclusion of companies with multiple- class share structures in certain of their indices, including the Russell 2000 and the S & P 500, S & P MidCap 400 and S & P SmallCap 600, which together make up the S & P Composite 1500. Beginning in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no- vote and multi- class structures and temporarily barred new multi- class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities " with unequal voting structures " in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under the announced policies, our multi- class capital structure will make us ineligible for inclusion in certain indices, and as a result, mutual funds, exchange- traded funds and other investment vehicles that attempt to passively track those indices will not be investing in our stock. It is possible that these policies may depress the valuations of publicly traded companies that are excluded from the indices compared to those of other similar companies that are included. Because of our multi- class structure, we will likely be excluded from certain of these indices and we cannot assure you that other stock indices will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from stock indices would likely preclude investment by many of these funds and could make shares of our Class A common stock less attractive to other investors. As a result, the market price of shares of our Class A common stock could be adversely affected. Our founder and Chief Executive Officer controls a significant percentage of our voting power and will be able to exert significant control over the direction of our business. Brian Bair, our founder and Chief Executive Officer, holds shares of our Class B common stock that entitle him and his permitted transferees to 10 votes per share of Class B common stock until the Sunset Date, which is defined as earlier of: (a) the date that is nine months following the date on which Mr. Bair (x) is no longer providing services, whether upon death, resignation, removal or otherwise, to us as a member of our senior leadership team, officer or director and (y) has not provided any such services for the duration of such nine- month period; and (b) the date as of which Mr. Bair and his permitted transferees, in the aggregate, more than 75 % of the shares of our Class B common stock that were outstanding as of the closing of the Business Combination. As of January 31, 2023, Mr. Bair beneficially owned approximately 39. 5 % of the voting power of our company despite beneficially owning only 7. 4 % of our Class A common stock. Accordingly, for so long as Mr. Bair continues to control a significant percentage of the voting power of our company, he will be able to significantly influence the composition of our board and management and the approval of actions requiring stockholder approval. The concentration of ownership could also deprive you of an opportunity to receive a premium for your shares of Class A common stock as part of a sale of us and ultimately might affect the market price of our Class A common stock~~ . Delaware law and our certificate of incorporation and bylaws contain certain provisions, including anti- takeover provisions, that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable. Our certificate of incorporation and bylaws and the DGCL contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our Class A common stock, and therefore depress the trading price. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the incumbent members of our board of directors or taking other corporate actions, including effecting changes in our management. Among other things, our certificate of incorporation and bylaws include provisions that: ~~• authorize Class B common stock that entitle Brian Bair, our Chief Executive Officer and founder, to 10 votes per share of such stock until the Sunset Date;~~ • provide for a classified board of directors with staggered, three- year terms; • permit our board of directors to issue shares of preferred stock, including " blank check " preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer; • following the Sunset Date, require that any action of our stockholders be effected only at a meeting of stockholders and not by written consent; • following the Sunset Date, provide that a director may be removed from office only for cause; • following the Sunset Date, provide that vacancies on our board of directors can be filled only by the vote of directors then in office; • prohibit cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; • limit the liability of, and provide for the indemnification of, our directors and officers; • permit our board of directors to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt; • require a supermajority vote of stockholders to amend certain provisions of our certificate of incorporation and, following the Sunset Date, a supermajority vote of stockholders in order to amend the bylaws; • limit our ability to engage in business combinations with certain interested stockholders without certain approvals; and

• mandate advance notice procedures with which stockholders must comply in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders’ meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in our board of directors and also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’ s own slate of directors or otherwise attempting to obtain control of our company. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our board of directors or management. We do not intend to pay cash dividends for the foreseeable future. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in agreements and financing instruments, business prospects and such other factors as our board of directors deems relevant. ~~Exercise of outstanding warrants~~ **Our reverse stock split may not increase our stock price** for **the long term and have the desired effect of maintaining compliance with the rules of the NYSE. In June 2023, we effected a 1- for- 15 reverse stock split of** our Class A common stock ~~would~~ **(the “ Reverse Stock Split ”). We cannot predict whether the Reverse Stock Split will** increase the **market price** ~~number of shares eligible~~ for ~~future resale in the public market and result in dilution to our stockholders. As of December 31, 2022, we had 21, 783, 284 outstanding warrants to purchase shares of~~ our Class A common stock **for the long term** ~~, which became exercisable beginning on October 23, 2021~~. The ~~exercise~~ **market** price ~~of these warrants is $ 11. 50 per share, subject to adjustment as contemplated by the terms of our warrant agreement. To the extent such warrants are exercised, additional shares~~ of our Class A common stock will **also** be ~~issued~~ **based on our performance and other factors** , **some of** which **are unrelated** ~~will result in dilution~~ to ~~the holders of our common stock and increase~~ the number of shares ~~eligible for resale in~~ **outstanding. Further,** the ~~public~~ **Reverse Stock Split could be viewed negatively by the** market **and** ~~. Sales of substantial numbers of such shares in the~~ **other factors** ~~public market or the fact that such warrants~~ may ~~be exercised could~~ adversely affect the market price **of the shares** of our Class A common stock. ~~However~~ **Consequently** , **on a long- term basis** ~~there is no guarantee that the public warrants will ever be in the money prior to their expiration~~ , ~~and as such, the warrants may expire worthless. There is no guarantee that the public warrants will ever be in the money, and they~~ - **the market** ~~may expire worthless. The exercise~~ price ~~for our warrants is $ 11. 50~~ per **post- split** share **may not increase in proportion to the reduction** of **the number of shares of our** Class A common stock **outstanding before** ~~, subject to adjustment. There is no guarantee that the public warrants will ever be in the money prior to their~~ -- **the implementation** ~~expiration, and as such, the warrants may expire worthless. Registration~~ of the ~~offer and issuance~~ **Reverse Stock Split. Accordingly, the total market capitalization** of **our** shares of ~~our~~ Class A common stock may ~~not~~ be **lower** ~~in place when an investor desires to exercise warrants, thus precluding such investor from being able to exercise its warrants and causing such warrants to expire worthless. We cannot assure you that we will be able to maintain an effective registration statement covering the offer and issuance of shares of our Class A common stock underlying our warrants. If the issuance of shares upon exercise of the warrants is not registered under the Securities Act, we will be required to permit holders to exercise their warrants on a cashless basis. However, no warrant will be exercisable for cash or on a cashless basis, and we will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder or an exemption from registration is available. Notwithstanding the above, if our Class A common stock is at the time of any exercise of a warrant not listed on a national securities exchange such that it satisfies the definition of a “ covered security ” under Section 18 (b) (1) of the Securities Act, we may, at our option, require holders of public warrants who exercise their warrants to do so on a “ cashless basis ” in accordance with Section 3 (a) (9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement, but we will use our best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In no event will we be required to net cash settle any warrant, or issue securities or other compensation in exchange for the warrants in the event that we are unable to register or qualify the shares underlying the warrants under applicable state securities laws and no exemption is available. If the issuance of the shares upon exercise of the warrants is not so registered or qualified or exempt from registration or qualification, the holder of such warrant shall not be entitled to exercise such warrant and such warrant may have no value and expire worthless. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying shares of Class A common stock for sale under all applicable state securities laws. Our failure to meet the NYSE’ s continued listing standards could result in a delisting of our Class A common stock. On November 15, 2022, we were notified by the NYSE that we are not in compliance with Section 802. 01C of the NYSE Listed Company Manual because the average closing price of our Class A common stock was less~~ than ~~$ 1. 00 over a consecutive 30 trading- day period. The notice had no immediate impact on the listing of our Class A common stock, which will continue to be listed and traded on the NYSE during the period allowed to regain compliance, subject to our compliance with other~~ -- **the total** ~~listing standards. On November 16, 2022, we notified the NYSE that we intend to cure the stock price deficiency and to return to compliance with the NYSE continued listing standard. We can regain compliance at any time within the six- month period following receipt of the NYSE notice if on the last trading day of any calendar month during the cure period our Class A common stock has a closing share price of at least $ 1. 00 and an average closing share price of at least $ 1. 00 over the 30 trading- day period ending on the last trading day of that month. Under the NYSE’ s rules, if we determine that we will cure the stock price deficiency by taking an action that will require stockholder approval at our next annual meeting of stockholders, the price condition will be deemed cured if the price promptly exceeds $ 1. 00 per share, and the price remains above that level for at least the following 30 trading days. The delisting of our Class A common stock from the NYSE may make it more difficult for us to raise capital on favorable terms in the future. Such a delisting would likely have a negative effect on the price of our Class A common stock and would impair your ability to sell or purchase our Class A common stock when you wish to do so. Further, if we were to be delisted~~

~~from the NYSE, our Class A common stock would cease to be recognized as covered securities and we would be subject to regulation in each state in which we offer our securities. Moreover, there is no assurance that any actions that we take to restore our compliance with Section 802. 01C would stabilize the~~ market **capitalization before** ~~price or improve~~ the **Reverse** ~~liquidity of our common stock~~ **Stock Split** ~~, prevent our common stock from falling below the minimum bid price required for continued listing again or prevent future non- compliance with NYSE' s listing standards~~ . ~~There is also no assurance that we will maintain compliance with the other listing standards of the NYSE. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing standards would allow our securities to become listed again, stabilize the market price or improve the liquidity of our securities, or prevent future non- compliance with NYSE' s listing standards~~ General Risks Related to Offerpad We have incurred, and expect to continue to incur, increased costs as a result of operating as a public company, and our management has devoted and will continue to devote substantial time to new compliance initiatives. As a public company, we have incurred and expect to continue to incur significant legal, accounting and other expenses that we did not incur as a private company. As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes- Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, as well as rules adopted, and to be adopted, by the SEC and the applicable stock exchange. Our management and other personnel, many of whom have limited experience managing a public company, have devoted and will continue to need to devote a substantial amount of time to these compliance initiatives and we expect these rules and regulations to substantially increase our legal and financial compliance costs and make some activities more time- consuming and costly. For instance, while we have already incurred substantial expenses in obtaining director and officer liability insurance, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance in the future and we may be forced to accept reduced policy limits or incur substantially higher costs to maintain the same or similar coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. Our management has limited experience in operating a public company. Certain of our executive officers have limited experience in the management of a publicly traded company. ~~Our management team may not successfully or effectively manage our transition to a public company that will be subject to significant regulatory oversight and reporting obligations under federal securities laws.~~ Limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of our management' s time may be devoted to these activities which will result in less time being devoted to our management and growth. We may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal control over financial reporting required of public companies in the U. S. Our management will need to continually assess our staffing and training procedures to improve our internal control over financial reporting. Further, the development, implementation, documentation and assessment of appropriate processes, in addition to the need to remediate any potential deficiencies, will require substantial time and attention from management ~~. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the U. S. may require costs greater than expected~~ . It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company which will increase its operating costs in future periods. Some of our potential losses may not be covered by insurance. We may not be able to obtain or maintain adequate insurance coverage. We maintain insurance to cover costs and losses from certain risk exposures in the ordinary course of our operations, but our insurance may not cover all of the costs and losses from all events. We are responsible for certain retentions and deductibles that vary by policy, and we may suffer losses that exceed our insurance coverage limits by a material amount. We may also incur costs or suffer losses arising from events against which we have no insurance coverage. In addition, large- scale market trends or the occurrence of adverse events in our business may raise our cost of procuring insurance or limit the amount or type of insurance we are able to secure. We may not be able to maintain our current coverage, or obtain new coverage in the future; on commercially reasonable terms or at all. Incurring uninsured or underinsured costs or losses could harm our business. Our results of operations and financial condition are subject to management' s accounting judgments and estimates, as well as changes in accounting policies. The preparation of our financial statements requires us to make estimates and assumptions affecting the reported amounts of our assets, liabilities, revenues and expenses. If these estimates or assumptions are incorrect, it could have a material adverse effect on our results of operations or financial condition. Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change. Our management is required to evaluate the effectiveness of our internal control over financial reporting. If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our financial reports. As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Pursuant to Section 404 of the Sarbanes- Oxley Act, we are required to evaluate and determine the effectiveness of our internal control over financial reporting, and our auditor is required ~~, beginning with this Annual Report,~~ to deliver an attestation report on the effectiveness of our internal control over financial reporting. An adverse report may be issued in the event our auditor is not satisfied with the level at which our controls are documented, designed or operating. When evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. If we identify any material weaknesses in our internal control over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is ineffective, or if our auditor is unable to express an opinion as to the effectiveness of our internal control over financial reporting, we could fail to meet our reporting obligations or be required to restate our financial statements for prior periods. In addition, our internal control over financial reporting will not prevent or detect all errors and fraud. Because of the inherent limitations in all control systems, no evaluation can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected. If there are material weaknesses or failures in our ability to meet any of the requirements related to the maintenance and reporting of our internal control, investors may lose confidence in the accuracy and completeness of our financial reports and that could cause the price of our Class A common stock to decline. In addition, we could become subject to investigations by the applicable stock exchange, the SEC or other regulatory authorities, which could require additional management attention and which could adversely affect our business. We may acquire other businesses which could require significant management attention, disrupt our business, dilute stockholder value and adversely affect our operating results. As part of our business strategy, we may make investments in or acquire other companies, products or technologies. We may not realize benefits from any acquisition that we may make in the future. If we fail to integrate successfully such acquisitions, or the businesses and technologies associated with such acquisitions, into our company, the revenue and operating results of the combined company could be adversely affected. Any integration process will require significant time and resources, and we may not be able to manage the process successfully. We may not successfully evaluate or utilize the acquired business or technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could affect our financial condition or the value of our capital stock. The sale of equity or issuance to finance any such acquisitions could result in dilution to our stockholders. The incurrence of indebtedness in connection with an acquisition would result in increased fixed obligations and could also include covenants or other restrictions that may impede our ability to manage our operations. We are and will continue to be dependent on key personnel, and our failure to attract and retain other highly qualified personnel could harm our business. Our success depends upon the continued service of our senior management team and successful transitions when management team members pursue other opportunities. In addition, our business depends on our ability to continue to attract, motivate and retain a large number of skilled employees across all of our product and service lines. Furthermore, much of our key technology and processes are custom- made for our business by our personnel. The loss of key personnel, including key members of management, as well as our engineering, product development, home operations, marketing, sales and support, finance and legal personnel could materially and adversely affect our ability to build on the efforts they have undertaken and to execute our business plan, and we may not be able to find adequate replacements. If we do not succeed in attracting well- qualified employees or retaining and motivating existing employees in a cost- effective manner, our business could be harmed. We may issue additional shares of common stock or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of your shares. We may issue additional shares of common stock or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions, repayment of outstanding indebtedness or under our incentive plan or employee stock purchase plan, without stockholder approval, in a number of circumstances. Our issuance of additional shares of common stock or other equity securities of equal or senior rank could have the following effects: • your proportionate ownership interest in our company will decrease; • the relative voting strength of each previously outstanding share of our common stock may be diminished; or • the market price of our shares may decline. A market for our securities may not continue, which would adversely affect the liquidity and price of our securities. An active trading market for our securities may not be sustained. In addition, the price of our securities can vary due to general economic conditions and forecasts, our general business condition and the release of our financial reports. In the absence of a liquid public trading market: • you may not be able to liquidate your investment in our securities; • you may not be able to resell your securities at or above the price at which you acquired them; • the market price of shares of our securities may experience significant price volatility; and • there may be less efficiency in carrying out your purchase and sale orders. Additionally, if our securities become delisted from the NYSE for any reason, and are quoted on the OTC Bulletin Board, an inter- dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities may be more limited than if our securities were quoted or listed on the NYSE or another national securities exchange. You may be unable to sell your securities unless a market can be established or sustained. The market price of our securities may be volatile. The trading price of our securities has fluctuated and may continue to fluctuate substantially and may be lower than the price at which you purchase such securities. This is especially true for companies like ours with a small public float. The trading price of our Class A common stock will depend on many factors, including those described in this “ Risk Factors ” section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment. Factors affecting the trading price of our securities may include: • actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to ours; • changes in the market’ s expectations about our operating results; • the public’ s reaction to our press releases, other public announcements and filings with the SEC; • speculation in the press or investment community; • actual or anticipated developments in our business, competitors’ businesses or the competitive landscape generally; • the operating results failing to meet the expectation of securities analysts or investors in a particular period; • changes in financial estimates and recommendations by securities analysts concerning us or the market in general; • operating and stock price performance of other companies that investors deem comparable to ours; • changes in laws and regulations affecting our business; • commencement of, or involvement in, litigation involving us; • changes in our capital structure, such as future issuances of securities or the incurrence of additional debt; • the volume of our Class A common stock available for public sale; • any major change in our board of directors or management; • sales of substantial amounts of our Class A common stock by our directors, officers or significant stockholders or the perception that such sales could occur; • general economic and political conditions such as recessions, interest rate levels, “ trade wars, ” pandemics (such as COVID- 19) and acts of war or terrorism; and • other risk factors listed under “ Risk Factors. ” Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock market in general and the NYSE have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for the stocks of other companies which investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future **, or could cause us to fall out of compliance with NYSE listing rules** . In addition, in the past, following periods of volatility in the overall market and the market prices of particular companies’ securities, securities class action litigations have often been instituted against these companies. Litigation of this type, if instituted against us, could result in substantial costs and a diversion of our management’ s attention and resources. Any adverse determination in any such litigation or any amounts paid to settle any such actual or threatened litigation could require that we make significant payments. Our quarterly operating results may fluctuate significantly and could fall below the expectations of securities analysts and investors due to a variety of factors, some of which are beyond our control, resulting in a decline in our stock price. If securities or industry analysts cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations regarding our Class A common stock, then the price and trading volume of our securities could decline. The trading market for our securities will be influenced by the research and reports that industry or securities analysts may publish about us, our business and operations, our market, or our competitors. If any of the analysts who cover us adversely change their recommendation regarding our securities, or provide more favorable relative recommendations about our competitors, the price of our Class A common stock and warrants would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline. The increasing focus on environmental sustainability and social initiatives could increase our costs, harm our reputation and adversely impact our financial results. There has been increasing public focus by investors, customers environmental activists, the media and governmental and nongovernmental organizations on a variety of environmental, social and other sustainability matters. We may experience pressure to make commitments relating to sustainability matters that affect us, including the design and implementation of specific risk mitigation strategic initiatives relating to sustainability. If we are not effective in addressing environmental, social and other sustainability matters affecting our business, or setting and meeting relevant sustainability goals, our reputation and financial results may suffer. We may experience increased costs in order to execute upon our sustainability goals and measure achievement of those goals, which could have an adverse impact on our business and financial condition. In addition, this emphasis on environmental, social and other sustainability matters has resulted and may result in the adoption of new laws and regulations, including new reporting requirements. If we fail to comply with new laws, regulations or reporting requirements, our reputation and business could be adversely impacted.