**Risk Factors Comparison 2024-02-22 to 2023-02-21 Form: 10-K**

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

Investors should carefully consider the following risk factors, which address the material risks concerning our business, together with the other information contained in this annual report on Form 10- K. If any of the risks discussed in this annual report on Form 10- K occur, our business, liquidity, financial condition and results of operations (individually and collectively referred to in these risk factors as " Financial Performance ") could be materially and adversely affected, in which case the trading price of our common stock could decline significantly and stockholders could lose all or a part of their investment. Some statements in this annual report on Form 10- K, including statements in the following risk factors, constitute forward- looking statements. Please refer to the initial section of this annual report on Form 10- K entitled " Cautionary Note Concerning Forward- Looking Statements. " Risks Related to Our Business Our long- term growth depends upon our ability to identify and successfully acquire desirable land parcels at reasonable prices. Our future growth depends upon our ability to identify and successfully acquire attractive land parcels for development of our projects at reasonable prices and with terms that meet our underwriting criteria. Our ability to acquire land parcels for new projects may be adversely affected by changes in the general availability of land parcels, the willingness of land sellers to sell land parcels at reasonable prices, competition for available land parcels, availability of financing to acquire land parcels, zoning and other market conditions. If the supply of land parcels appropriate for development of projects is limited because of these factors, or for any other reason, our ability to grow could be significantly limited, and the number of homes that we build and sell could decline. Additionally, our ability to begin new projects could be impacted if we elect not to purchase land parcels under option contracts. To the extent that we are unable to purchase land parcels in a timely manner or enter into new contracts for the purchase of land parcels at reasonable prices, our home sales revenue and Financial Performance could be materially and adversely affected. Our quarterly results of operations may fluctuate because of the seasonal nature of our business and other factors. We have experienced seasonal fluctuations in quarterly results of operations and capital requirements that can have a material and adverse impact on our Financial Performance. In addition, we have experienced fluctuations in quarterly results of operations due to the number and characteristics of our active selling communities; the timing of new community openings; the timing of land and lot sales; and the mix of product types, geographic locations and average selling prices of the homes delivered during the quarter. We typically experience the highest new home order activity during the first and second quarters of our fiscal year. Since it typically takes five to nine months to construct a new home, the number of homes delivered and associated home sales revenue typically increases in the third and fourth quarters of our fiscal year as new home orders sold earlier in the year convert to home deliveries. We believe that this type of seasonality reflects the historical tendency of homebuyers to purchase new homes in the spring and summer with deliveries scheduled in the fall or winter, as well as the scheduling of construction to accommodate seasonal weather conditions in certain markets. **Fluctuations in our homebuilding business also affect our financial services operations, including Tri Pointe Connect, which originates mortgage loans that allow our homebuyers to purchase the homes that we build.** Although we expect this seasonal pattern to continue over the long- term, it may be affected by market cyclicality and other market factors, including seasonal natural disasters such as hurricanes, tornadoes, floods and fires, as well as volatility in the homebuilding industry, and there can be no assurance that historical seasonal patterns will continue to exist in future reporting periods. In addition, as a result of seasonal variability, our historical performance may not be a meaningful indicator of future results. Seasonality also requires us to finance construction activities in advance of the receipt of sales proceeds. In many cases, we may not be able to recapture increased costs by raising prices because prices are established upon signing the purchase contract. Accordingly, there is a risk that we will invest significant amounts of capital in the acquisition and development of land and construction of homes that we do not sell at anticipated pricing levels or within anticipated time frames. If, due to market conditions, construction delays or other causes, we do not complete sales of our homes at anticipated pricing levels or within anticipated time frames, our Financial Performance could be materially and adversely affected. Our business is cyclical and subject to risks associated with the real estate industry, and adverse changes in general economic or business conditions could reduce the demand for homes and **related financial services and** materially and adversely affect us. The residential homebuilding and land development industry is cyclical and is substantially affected by adverse changes in general economic or business conditions that are outside of our control, including changes in: **- 14-** • short- and long- term interest rates; ~~- 14-~~ • the availability and cost of financing for real estate industry participants, including financing for acquisitions, construction and permanent mortgages; • unanticipated increases in expenses, including, without limitation, insurance costs, labor and materials costs, development costs, real estate assessments and other taxes and costs of compliance with laws, regulations and governmental policies; • enforcement of laws, regulations and governmental policies, including, without limitation, health, safety, environmental, labor, employment, zoning, privacy **, consumer protection, lender licensing,** and tax laws ~~,~~ **;** governmental fiscal policies **;** and the Americans with Disabilities Act of 1990; • consumer confidence generally and the confidence of potential homebuyers and others in the real estate industry in particular; • financial conditions of buyers and sellers of properties, particularly residential homes and land suitable for development of residential homes; • the ability of existing homeowners to sell their existing homes at prices that are acceptable to them; • the U. S. and global financial systems and credit markets, including stock market and credit market volatility; • private and federal mortgage financing programs and federal and state regulation of lending practices; • the availability and cost of construction, labor and materials; • federal and state income tax provisions, including provisions for the deduction of mortgage interest payments; the deduction of state and local tax, including real estate tax; and capital gain tax rates; • housing demand from population growth, household formation and demographic changes (including immigration levels and trends in urban and suburban migration); • the supply of available new or existing homes and other housing alternatives, such as condominiums, apartments and other residential rental property; • competition from other real estate investors with significant capital, including other real estate operating companies and developers and institutional investment funds; • employment levels and job and personal income growth and household debt- to- income levels; • the rate of inflation; • real estate taxes; and • the supply of, and demand for, developable land in our current and expected markets. Adverse changes in these or other general economic or business conditions may affect our business nationally or in particular regions or localities. During the economic downturn of 2008 to 2010, several of the markets we serve, and the U. S. housing market as a whole, experienced a prolonged decrease in demand for new homes, as well as an oversupply of new and existing homes available for sale. Demand for new homes is affected by weakness in the resale market because many new homebuyers need to sell their existing homes in order to buy a home from us. In addition, demand may be adversely affected by alternatives to new homes, such as rental properties and existing homes. In the event of another economic downturn or if general economic conditions should worsen, our home sales could decline and we could be required to write down or dispose of assets or restructure our operations or debt, any of which could have a material adverse effect on our Financial Performance. Adverse changes in economic or business conditions can also cause increased home order cancellation rates, diminished demand and prices for our homes, and diminished value of our real estate investments. These changes can also cause us to take longer to build homes and make it more costly for us to do so or force us increase our selling incentives in order to sell homes. We may not be able to recover any of the increased costs by raising prices because of weak market conditions and increasing pricing pressure. Additionally, the price of each home we sell is usually set several months before the home is delivered, as many homebuyers sign their home purchase contracts before or early in the construction process. The potential difficulties described above could impact our homebuyers' ability to obtain suitable financing and cause some homebuyers to cancel or refuse to honor their home purchase contracts altogether. **In addition, the performance of Tri Pointe Solutions largely depends on our homebuilding business, as it provides mortgage loans and other financial services to purchasers of the homes that we build. Accordingly, a decrease in the demand for our homes could also materially and adversely affect the business of Tri Pointe Solutions. Changes in economic or business conditions may result in an increase in the default rate on the mortgages originated by Tri Pointe Connect, which could materially and adversely affect our ability to sell the mortgages to investors (or the pricing we receive upon the sale thereof) or may increase our recourse obligations for previous originations.** - 15- Because most of our homebuyers finance the purchase of their homes, the terms and availability of mortgage financing can affect the demand for and the ability to complete the purchase of a home, which could materially and adversely affect us. Our business depends on the ability of our homebuyers to obtain financing for the purchase of their homes. Many of our homebuyers must sell their existing homes in order to buy a home from us. During the last economic downturn, the U. S. residential mortgage market as a whole experienced significant instability due to, among other things, defaults on subprime and other loans, resulting in the declining market value of those loans. In light of these developments, lenders, investors, regulators and other third parties questioned the adequacy of lending standards and other credit requirements. This led to tightened credit requirements and an increase in indemnity claims for mortgages. Deterioration in credit quality among subprime and other nonconforming loans has caused most lenders to eliminate subprime mortgages and most other loan products that do not conform to Federal National Mortgage Association (" Fannie Mae "), Federal Home Loan Mortgage Corporation (" Freddie Mac "), Federal Housing Administration (the " FHA ") or Veterans Administration (the " VA ") standards. Fewer loan products and tighter loan qualifications, in turn, make it more difficult for a borrower to finance the purchase of a new home or the purchase of an existing home from a potential homebuyer who wishes to purchase one of our homes. If our potential homebuyers or the buyers of our homebuyers' existing homes cannot obtain suitable financing, our Financial Performance could be materially and adversely affected. Our homebuyers may obtain mortgage financing for their home purchases from any lender of their choice. **Mortgage** ~~However, we can provide no assurance as to third- party~~ lenders ~~'~~, including ~~our joint venture partner in~~ Tri Pointe Connect, **may fail** ~~ability or willingness~~ to complete, in a timely fashion or at all, the mortgage loan originations they start for our homebuyers. Such **failures** ~~lenders' inability or unwillingness~~ may result in mortgage loan funding issues that delay deliveries of our homes or cause cancellations, which could in the aggregate have a material and adverse effect on our Financial Performance. In addition, if **a mortgage** ~~such third- party lenders~~ **lender** ~~mishandle~~ **mishandles** our homebuyers' personal financial information, including due to a data security breach of their systems, the negative impacts on our homebuyers, or negative publicity arising from any such incidents, could create, among other things, associated exposure to us with respect to claims for damages, regulatory penalties or reputational harm, and such exposure could be material and adverse to our Financial Performance. Interest rate increases or changes in federal lending programs or other regulations could lower demand for our homes, which could materially and adversely affect us. Most of the purchasers of our homes finance their acquisitions with mortgage financing ~~. We depend on third- party lenders, including our joint venture partner in Tri Pointe Connect, to provide mortgage loans to our homebuyers who need such financing to purchase our homes, and our dependence on such lenders is greater than for other homebuilders that operate a captive mortgage lender~~ . Homebuyers' ability to obtain financing largely depends on prevailing mortgage loan interest rates, the credit standards that mortgage lenders use and the availability of mortgage loan programs. In ~~February~~ **January** ~~2023~~ **2024** , the U. S. Federal Open Market Committee (" FOMC ") decided to ~~increase~~ **maintain** the **current** target range for ~~the~~ federal funds ~~rate to 4~~ . ~~50~~ **We are unable** to **predict if** ~~4. 75 percent in response to elevated inflation and elevated global uncertainty due~~ , ~~in part~~ **or when** , ~~to~~ the ~~war in Ukraine. The~~ FOMC **will change** ~~also indicated that it anticipated further increases to~~ the target range for ~~the~~ federal funds ~~rate. Notwithstanding an expectation that the FOMC intends to continue to raise interest rates, we are unable to predict if, or when, the FOMC will announce changes to the target range~~ or the impact of any such changes on home mortgage interest rates. Rising interest rates, decreased availability of mortgage financing or of certain mortgage programs, higher down payment requirements or increased monthly mortgage costs have led, and may in the future lead, to reduced demand for our homes **and**

**financial services** . Increased interest rates can also hinder our ability to realize our backlog because our home purchase contracts provide homebuyers with a financing contingency. Financing contingencies allow homebuyers to cancel their home purchase contracts in the event that they cannot arrange for adequate financing. As a result, rising interest rates can decrease our home sales and mortgage originations. Any of these factors could have a material adverse effect on our Financial Performance. In addition, the uncertainties in the mortgage markets and increased government regulation could adversely affect the ability of potential homebuyers to obtain financing for home purchases, thus preventing them from purchasing our homes. Among other things, changes made by Fannie Mae, Freddie Mac and FHA / VA to sponsored mortgage programs, as well as changes made by private mortgage insurance companies, have reduced the ability of many potential homebuyers to qualify for mortgages. Principal among these are higher income requirements, larger required down payments, increased reserves, higher mortgage insurance premiums and higher required credit scores. In addition, there continues to be uncertainty regarding the future of Fannie Mae and Freddie Mac, including proposals that they reduce or terminate their role as the principal sources of liquidity in the secondary market for mortgage loans. It is not clear how, if Fannie Mae and Freddie Mac were to curtail their secondary market mortgage loan purchases, the liquidity they provide would be replaced. Because the availability of Fannie Mae, Freddie Mac, FHA- and VA- backed mortgage financing is an important factor in marketing and selling many of our homes, any limitations, restrictions or changes in the availability of such government- backed financing could reduce our home ~~- 16-~~ sales **and sales of mortgage loans originated by Tri Pointe Connect** , which could have a material adverse effect on our Financial Performance. Further, there is a substantial possibility that substituting an alternate source of liquidity would increase mortgage interest rates, which would increase the buyers' effective costs of the homes we sell, and therefore could reduce demand for our homes and have a material adverse effect on our Financial Performance. **- 16-** Raw material shortages and price fluctuations could cause delays and increase our costs. We require raw materials to build our homes. The residential construction industry experiences serious raw material shortages from time to time, including shortages in supplies of insulation, drywall, cement, steel, lumber and other building materials. For example, due to shortages of components, such as electronic chips that are commonly used in appliances and other building materials, as well as lingering supply chain disruptions associated with the COVID- 19 pandemic, **shipping delays, factory downtime, and other factors,** we have experienced and may continue to experience delays in our supply chain, including the ability to timely obtain the raw materials that we require to build our homes, as well as certain other construction materials. Any such shortages can be more severe during periods of strong demand for housing or during periods following natural disasters that have a significant impact on existing residential and commercial structures. The cost of raw materials may also be materially and adversely affected during periods of shortages or high inflation. Shortages and price increases could cause delays in and increase our costs of home construction. We generally are unable to pass on increases in construction costs to homebuyers who have already entered into home purchase contracts. Sustained increases in construction costs may adversely affect our gross margins, which in turn could materially and adversely affect our Financial Performance. Tax law changes that increase the after- tax costs of owning a home could prevent potential customers from buying our homes and adversely affect our Financial Performance. Significant expenses associated with owning a home, including mortgage interest expenses and real estate taxes, were generally deductible expenses for an individual' s federal and, in some cases, state income taxes, subject to limitations. Changes in federal or state income tax laws that eliminate or substantially limit these income tax deductions, could increase the after- tax costs of owning a new home for many of our potential homebuyers. The " Tax Cuts and Jobs Act ", which was enacted in December 2017, imposes significant limitations with respect to these income tax deductions. For example, through the end of 2025, the annual deduction for real estate property taxes and state and local income or sales taxes has been limited to a combined amount of $ 10, 000 ($ 5, 000 in the case of a separate return filed by a married individual). In addition, through the end of 2025, the deduction for mortgage interest will generally only be available with respect to acquisition indebtedness that does not exceed $ 750, 000 ($ 375, 000 in the case of a separate return filed by a married individual). These changes could adversely impact demand for and sales prices of homes, including ours, which could adversely affect our Financial Performance. We face numerous risks associated with controlling, purchasing, holding and developing land. We acquire land for expansion into new markets and for replacement of land inventory and expansion within our current markets. Risks inherent in controlling, purchasing, holding and developing land parcels for new home construction are substantial and increase when demand for new homes decreases. Moreover, the market value of our land and home inventories depends on market conditions and may decline after purchase, and the measures we employ to manage inventory risk may not be adequate to insulate our operations from a severe drop in inventory values. In addition, inventory carrying costs can be significant and can result in reduced margins or losses in a poorly performing community or market. As such, we may have bought and developed, or acquired options on, land at a cost that we will not be able to recover fully or on which we cannot build and sell homes profitably. When market conditions are such that land values are not appreciating, existing option agreements may become less desirable, at which time we may elect to forfeit deposits and pre- acquisition costs and terminate such agreements. The valuation of real property is inherently subjective and based on the individual characteristics of each property. Factors such as changes in regulatory requirements and applicable laws (including in relation to land development and building regulations, taxation and planning), political conditions, environmental conditions and requirements, the condition of financial markets, both local and national economic conditions, the financial condition of homebuyers, potentially adverse tax consequences, and interest and inflation rate fluctuations subject valuations of real property to uncertainty. Moreover, all valuations of real property are made on the basis of assumptions that may not prove to accurately reflect economic or demographic conditions. If housing demand decreases below what we anticipated when we acquired our inventory, our profitability may be materially and adversely affected and we may not be able to recover our costs when we build and sell houses, land and lots. ~~- 17-~~ The U. S. housing markets experience dynamic demand and supply patterns from time to time due to volatile economic conditions, including increased amounts of home and land inventory that entered certain housing markets from foreclosure sales or short sales. In certain periods of market weakness, we have sold homes and land for lower margins or at a loss and have recognized significant inventory impairment charges, and such conditions may recur. Write- downs and impairments have had an adverse effect on our Financial Performance. We review the value of our land holdings on a periodic basis. For the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~, we recorded real estate inventory impairment charges of **$ 11. 5 million,** zero ~~,~~ **and** $ 19. 6 ~~million and $ 1. 5~~ million, respectively. Further material write- downs and impairments in the value of inventory may be required, and we may sell land or homes at a loss, which could materially and adversely affect our Financial Performance. **- 17-** Adverse weather and natural disasters may increase costs, cause project delays and reduce consumer demand for housing. As a homebuilder and land developer, we are subject to the risks associated with numerous weather- related events and natural disasters that are beyond our control, which we have experienced and may in the future experience. These weather- related events and natural disasters include, but are not limited to, droughts, floods, wildfires, landslides, soil subsidence, hurricanes, tornadoes and earthquakes. The occurrence of any of these events could damage our land and projects, cause delays in, or prevent, completion of our projects, reduce consumer demand for housing, and cause shortages and price increases in labor or raw materials, any of which could materially and adversely affect our Financial Performance. We have substantial operations in Southern and Northern California that have historically experienced significant earthquake activity and seasonal wildfires. The incidence of large wildfires in California has substantially increased in recent years, attributed both to wet and dry period fluctuations and climate change. The risk of future wildfires is expected to increase. Our markets in Colorado have also experienced seasonal wildfires, floods and soil subsidence. In addition, our Washington market has historically experienced significant earthquake, volcanic and seismic activity and our Texas market occasionally experiences extreme weather conditions such as tornadoes, hurricanes and floods. In addition to directly damaging our land or projects, earthquakes, hurricanes, tornadoes, volcanoes, floods, wildfires or other natural events could damage roads and highways providing access to those assets or affect the desirability of our land or projects, thereby materially and adversely affecting our ability to market homes or sell land in those areas and possibly increasing the cost to complete construction of our homes. The housing markets in areas affected by California' s recent wildfires have been adversely affected by difficulties in obtaining homeowners' insurance and increased insurance costs. There are some risks of loss for which we may be unable to purchase insurance coverage. For example, losses associated with landslides, earthquakes and other geologic events may not be insurable and other losses, such as those arising from terrorism, may not be economically insurable. A sizeable uninsured loss could materially and adversely affect our Financial Performance. ~~Drought conditions~~ **The unavailability of water** in California **, Arizona,** and other areas in which we operate **, including due to drought conditions,** may negatively impact the economy, increase the risk of wildfires, cause us to incur additional costs, and delay or prevent new home deliveries. Certain of the areas in which we operate ~~, particularly in California,~~ experience drought conditions **and / or constrained access to water** from time to time ~~.~~ **, including sustained periods of** ~~Drought~~ **drought** ~~conditions~~ **in California and Arizona. The unavailability of water** could negatively impact the economy and environment as well as increase greatly the risk of wildfires. In **both** 2014 **and 2021** , the Governor of California proclaimed a Drought State of Emergency ~~that lasted through 2017~~ . ~~In response,~~ **Executive orders issued in connection with** ~~the~~ **these drought emergency proclamations included both voluntary and mandatory restrictions on water use across the state. While most of these emergency orders have been rescinded or expired, the California** State Water Resources Control Board (" Water Board ") ~~adopted emergency~~ **and the Legislature have passed new** regulations **and laws** ~~imposing mandatory water restrictions~~ - **restricting** ~~across the state. When the Governor lifted the drought proclamation, the Water Board rescinded its emergency restrictions, but maintained urban~~ water use **in anticipation of more frequent** ~~reporting requirements and prohibitions on wasteful water practices. Additionally, the California State Legislature enacted legislation that institutes additional long- term water conservation measures and expands existing regulatory powers to prevent water waste and strengthen~~ drought ~~resilience at local levels~~ **conditions in the future** , including ~~requiring the Water Board to adopt long- term standards for efficient water use and performance measures and to propose a standard for indoor residential water use. In December 2022, the Water Board readopted emergency~~ regulations ~~that, among other things, restrict~~ **restricting or banning** the use of potable water **to irrigate** ~~for construction and on~~ decorative ~~or non- functional~~ grass ~~at~~ **in** commercial, industrial, and institutional ~~properties~~ **areas** . ~~Additionally, some~~ **Some** local jurisdictions and water suppliers are **also** adopting increasingly strict water conservation measures, such as moratoria on new connections ~~and~~ **,** building standards for water efficient fixtures **,** and requirements for drought- tolerant landscaping and the use of recycled water. In ~~2021~~ **drier years** , the ~~Governor proclaimed a new Drought State of Emergency throughout California, and asked Californians to voluntarily reduce water consumption by 15 percent. While the new drought proclamation fell short of imposing mandated statewide water conservation efforts, stricter orders may follow if the drought continues, and such mandates have been imposed in some local areas. The~~ Water Board **has** also ~~has~~ restricted **surface** water diversions, and the state, ~~- 18-~~ federal and local water projects that supply water to local water providers have significantly reduced their water supplies. In addition, development projects may face litigation challenges based on alleged failures to comply with water supply requirements **and associated environmental reviews. Further, in 2023, Arizona state officials took steps that may constrain the development of residential subdivisions in certain parts of Phoenix due to concerns over strained water supplies** . These and other measures that are instituted to respond to **anticipated or future** drought conditions in California **, Arizona** or other areas in which we operate could cause us to incur additional costs. In addition, new home deliveries in some areas may be delayed or prevented due to the unavailability of water, even when we have obtained water supply entitlements for those projects. **Drought conditions could also negatively impact the broader economy and environment as well as increase greatly the risk of wildfires.** We may be unable to find and retain suitable contractors and subcontractors at reasonable rates. Substantially all of our construction work is performed by subcontractors with us acting as the general contractor. Accordingly, the timing and quality of our construction depend on the availability, cost and skill of contractors and subcontractors and their employees. The residential construction industry experiences serious shortages of skilled labor from time to time. When homebuilding activity declines, skilled tradesmen may choose to leave the real estate industry to take jobs in other industries, **- 18-** which would result in shortages in the event that homebuilding activity later increases. These shortages can be more severe during periods of strong demand for housing or during periods following natural disasters that have a significant impact on existing residential and commercial structures. For example, since mid- 2020, the labor market has remained constrained, which has led to increases in both the competition for and costs of skilled labor. While we anticipate being able to obtain sufficient reliable contractors and subcontractors during times of material shortages and believe that our relationships with contractors and subcontractors are good, we do not have long- term contractual commitments with any contractors or subcontractors, and there can be no assurance that skilled contractors, subcontractors or tradesmen will continue to be available in the areas in which we conduct our operations. Further, due to rising inflation rates throughout 2022 and ~~into~~ 2023, we have experienced and may continue to experience increases in prevailing costs for skilled contractors and subcontractors. If skilled contractors and subcontractors are not available on a timely basis for a reasonable cost, or if contractors and subcontractors are not able to recruit sufficient numbers of skilled employees, our development and construction activities may suffer from delays and quality issues, which could lead to reduced levels of homebuyer satisfaction and materially and adversely affect our Financial Performance. Moreover, some of the subcontractors engaged by us are represented by labor unions or are subject to collective bargaining arrangements that require the payment of prevailing wages that are typically higher than normally expected on a residential construction site. A strike or other work stoppage involving any of our subcontractors could also make it difficult for us to retain subcontractors for their construction work. In addition, union activity could result in higher costs for us to retain our subcontractors. Access to qualified labor at reasonable rates may also be affected by other circumstances beyond our control, including: (i) shortages of qualified tradespeople, such as carpenters, roofers, electricians and plumbers; (ii) high inflation; (iii) changes in laws relating to employment wages and union organizing activity; (iv) changes in trends in labor force migration; and (v) increases in contractor, subcontractor and professional services costs. The inability to contract with skilled contractors and subcontractors at reasonable rates on a timely basis could materially and adversely affect our Financial Performance. In addition, the enactment of federal, state or local statutes, ordinances, rules or regulations requiring the payment of prevailing wages on private residential developments would materially increase our costs of development and construction. For example, California, where we conduct a significant portion of our business, generally requires that workers employed on public works projects in California be paid the applicable prevailing wage, as determined by the Department of Industrial Relations. Private residential projects built on private property are exempt unless the project is built pursuant to an agreement with a state agency, redevelopment agency, successor agency to a redevelopment agency when acting in that capacity, or local public housing authority. We expect that the imposition of a prevailing wage requirement to additional types of projects would materially increase our costs of development and construction for that project. Further extensions of prevailing wage requirements to private projects could materially and adversely affect our Financial Performance. ~~- 19-~~ The supply of skilled labor may be adversely affected by changes in immigration laws and policies. The timing and quality of our construction activities depend upon the availability, cost and skill of contractors and subcontractors and their employees. The supply of labor in the markets in which we operate could be adversely affected by changes in immigration laws and policies as well as changes in immigration trends. Accordingly, it cannot be assured that a sufficient supply of skilled labor will be available to us in the future. In addition, changes in federal and state immigration laws and policies, or in the enforcement of current laws and policies, as a result of the current presidential administration may have the effect of increasing our labor costs. The lack of adequate supply of skilled labor or a significant increase in labor costs could materially and adversely affect our Financial Performance. We could be responsible for employment- related liabilities with respect to our contractors' employees. Several other homebuilders have received inquiries from regulatory agencies concerning whether homebuilders using contractors are deemed to be employers of the employees of such contractors under certain circumstances. Although contractors are independent of the homebuilders that contract with them under normal management practices and the terms of trade contracts and subcontracts within the homebuilding industry, if regulatory agencies or courts reclassify the employees of contractors as employees of homebuilders, homebuilders using contractors could be responsible for wage and hour labor laws, workers' compensation and other employment- related liabilities of their contractors. Governmental rulings that make us responsible for labor practices by our subcontractors could create substantial exposure for us in situations that are not within our control. Even if we are not deemed to be joint employers with our contractors, we may be subject to legislation, such as California Labor Code Section 2810. 3 that requires us to share liability with our contractors for the payment of wages and the failure to secure valid workers' compensation coverage. In addition, a California law makes direct contractors liable for wages, fringe or other benefit payments or contributions, and interest owed by a subcontractor that does not make these payments or contributions to its employees. This liability could also extend to penalties and liquidated damages owed by a subcontractor. **- 19-** We may incur costs, liabilities and reputational damage if our subcontractors engage in improper construction practices or install defective materials. Despite our quality control efforts, we may discover that our subcontractors were engaging in improper construction practices or installing defective materials in our homes. When we discover these issues, we, generally through our subcontractors, repair the homes in accordance with our new home warranty and as required by law. We reserve a percentage of the sales price of each home that we sell to meet our warranty and other legal obligations to our homebuyers. These reserves are established based on market practices, our historical experiences, and our judgment of the qualitative risks associated with the types of homes built. However, the cost of satisfying our warranty and other legal obligations in these instances may be significantly higher than our warranty reserves, and we may be unable to recover the cost of repair from such subcontractors. Regardless of the steps we take, we can in some instances be subject to fines or other penalties, and our reputation may be materially and adversely affected. Utility shortages or price increases could have an adverse impact on operations. Certain of the markets in which we operate, including California, have experienced power shortages, including mandatory periods without electrical power, as well as significant increases in utility costs. For example, certain areas of California have experienced temporary disruptions of electrical power in response to wildfire conditions. Reduced water supplies as a result of drought conditions may negatively affect electric power generation. Additionally, municipalities may restrict or place moratoriums on the availability of utilities, such as water and sewer taps. We may incur additional costs and may not be able to complete construction on a timely basis if such utility shortages, restrictions, moratoriums and rate increases continue. In addition, these utility issues may adversely affect the local economies in which we operate, which may reduce demand for housing in those markets. Our Financial Performance may be materially and adversely impacted if further utility shortages, restrictions, moratoriums or rate increases occur in our markets. Some of our markets have been and in the future may be adversely affected by declining oil prices. Energy is an important employment sector in our Colorado and Houston markets. **A** ~~Although oil prices increased significantly in the first half of 2022 before declining somewhat,~~ significant ~~declines~~ **decline** in oil prices, such as those that **have previously** occurred ~~in 2014, 2015 and 2020~~, could adversely affect economic conditions in these markets. As a result, demand for our homes may be reduced in these markets and our Financial Performance could be materially and adversely affected. ~~- 20 -~~ Government regulations and legal challenges may delay the start or completion of our communities, increase our expenses or limit our building or other activities. The approval of numerous governmental authorities must be obtained in connection with our development activities, and these governmental authorities often have broad discretion in exercising their approval authority. We incur substantial costs related to compliance with legal and regulatory requirements, and any increase in legal and regulatory requirements may cause us to incur substantial additional costs, or in some cases cause us to determine that certain communities are not feasible for development. Government agencies also routinely initiate audits, reviews or investigations of our business practices to ensure compliance with applicable laws and regulations, which can cause us to incur costs or create other disruptions in our businesses that can be significant. Various federal, state and local statutes, ordinances, rules and regulations concerning building, health and safety, environment, land use, zoning, density requirements, labor and wages, sales and similar matters apply to or affect the housing industry. Projects that are not entitled may be subjected to periodic delays, changes in use, less intensive development or elimination of development in certain specific areas due to government regulations. We may also be subject to periodic delays or may be precluded entirely from developing in certain communities due to building moratoriums or " slow- growth " or " no- growth " initiatives that could be implemented in the future. Local governments also have broad discretion regarding the imposition of development fees and exactions for projects in their jurisdiction. Projects for which we have received land use and development entitlements or approvals may still require a variety of other governmental approvals and permits during the development process and can also be impacted adversely by unforeseen environmental, health, safety and welfare issues, which can further delay these projects or prevent their development. We may also be required to modify our existing approvals because of changes in local circumstances or applicable law. Further, we may experience delays and increased expenses as a result of legal challenges to our proposed communities, or to permits or approvals required for such communities, whether brought by governmental authorities or private parties. As a result, home sales could decline and costs could increase, which our Financial Performance.Laws and regulations governing the residential mortgage,title insurance,and property and casualty insurance industries could materially and adversely affect our Financial Performance. ~~- 20 -~~ We have established **a joint venture to** ~~Tri Pointe Solutions,which provides~~ **provide** mortgage ~~loans~~ **related services** to homebuyers ~~through Tri Pointe Connect~~, **along with a wholly owned** title **agency** and **a wholly owned** ~~escrow services through Tri Pointe Assurance,and~~ property and casualty insurance **agency** ~~through Tri Pointe Advantage~~.The residential mortgage lending,title insurance and property and casualty insurance industries are heavily regulated.Changes to existing laws or regulations or adoption of new laws or regulations could require us to incur significant compliance costs.A material failure to comply with any of these laws or regulations could result in the loss or suspension of required licenses or other approvals,the imposition of monetary penalties,and restitution awards or other relief.In addition,we could be subject to individual or class action litigation alleging violations of these laws and regulations.Any of these could result in substantial costs and we could incur judgments or enter into settlements of claims that could have a material adverse effect on our business. **Any of these outcomes could materially and adversely affect** could materially and adversely affect our Financial Performance. We may be unable to obtain suitable bonding for the development of our housing projects. We are often required to provide bonds to governmental authorities and others to ensure the completion of our projects. If we are unable to obtain required bonds in the future for our projects, or if we are required to provide credit enhancements with respect to our current or future bonds, our Financial Performance could be materially and adversely affected. We are subject to environmental laws and regulations that may impose significant costs, delays, restrictions or liabilities. We are subject to a variety of local, state and federal statutes, rules and regulations concerning land use and the protection of health and the environment, including those governing discharge of pollutants to water and air, impact on wetlands, protection of flora and fauna, handling of or exposure to hazardous materials, including asbestos, and cleanup of contaminated sites. We may be liable for the costs of removal, investigation, mitigation or remediation of hazardous or toxic substances located at any property currently or formerly owned, leased or occupied by us, or at third- party sites to which we have sent or send wastes for disposal, whether or not we caused or knew of such conditions. These conditions can also give rise to claims by governmental authorities or other third parties, including for personal injury, property damage and natural resources damages. Insurance coverage for such claims is nonexistent or impractical. The presence of any of these conditions, or the failure to address any of these conditions properly, or any significant environmental incident, may materially and adversely affect our ability to develop our properties or sell our homes, lots or land in affected communities or to borrow using the affected land as security, or impact our reputation. Environmental impacts have been identified at certain of our active communities, some of which will need to be addressed prior to or during development. We could incur substantial costs in excess of amounts budgeted by us to address such impacts or other environmental or hazardous material conditions that may be discovered in the future at our properties. Any failure to adequately address such impacts or conditions could delay, impede or prevent our development projects. The particular impact and requirements of environmental laws and regulations that apply to any given community vary greatly according to the community location, the site' s environmental conditions and the development and use of the site. Any failure to comply with applicable requirements could subject us to fines, penalties, third-party claims or other sanctions. We expect that these environmental requirements will become increasingly stringent in the future, particularly in California. For example, in November 2022, pursuant to the Global Warming Solutions Act of 2006 ( ~~AB32~~ **AB 32** ), the California Air Resources Board released a final scoping plan that, among other things, proposes to eliminate the installation of natural gas- powered appliances in favor of electric appliances in new residential construction effective in 2026. Further, in August 2021, the ~~- 21-~~ California Energy Commission (" CEC ") adopted updates to California' s energy code that, among other things, establish electric- ready requirements for electric heating, cooking and vehicle charging effective January 1, 2023 for new permit applications. Compliance with, or liability under, these and other environmental laws and regulations may result in delays, cause us to incur substantial compliance and other costs and prohibit or severely restrict development, particularly in environmentally sensitive areas. Further, local and state jurisdictions have adopted regulations that mandate the construction of new homes to increasingly stringent energy efficiency standards or the inclusion in new homes of energy efficient features, such as solar panels. For example, effective January 1, 2020, the CEC mandated the installation of solar panels on all new homes constructed in California. In ~~November~~ **December** 2022, however, the California Public Utilities Commission **adopted new rules reducing** ~~issued a proposal that would substantially reduce~~ the compensation provided to homeowners for excess power their solar systems send back to the grid. In the event that this **change,** or any similar **change** ~~proposal,~~ in ~~California or~~ any other jurisdiction in which we operate, impacts the ability of our homeowners to bear the cost of solar panels, including pursuant to a lease agreement, or we are otherwise unable to pass along such costs to homebuyers, we may incur additional construction costs to comply with applicable law. In cases where an endangered or threatened species is involved and related agency rulemaking and litigation are ongoing, the outcome of such rule- making and litigation can be unpredictable and can result in unplanned or unforeseeable restrictions on, or the prohibition of, development and building activity in identified environmentally sensitive areas. In addition, project opponents can delay or impede development activities by bringing challenges to the permits and other approvals required for **- 21-** projects and operations under environmental laws and regulations. As a result, we cannot assure that our costs, obligations and liabilities relating to environmental matters will not materially and adversely affect our Financial Performance. Changes in global or regional climate conditions and governmental response to such changes may limit, prevent or increase the costs of our planned or future growth activities. Projected climate change may exacerbate the scarcity or presence of water and other natural resources in affected regions, which could limit, prevent or increase the costs of residential development in certain areas. In addition, a variety of new laws and regulations have been, or are being considered for adoption, at the federal, state and local level relating to energy and climate change, and as climate change concerns continue to grow, legislation and regulations of this nature are expected to continue. This legislation relates to items such as carbon dioxide emissions control, emission disclosure requirements, and building codes that impose energy efficiency standards. Government mandates, standards or regulations intended to mitigate or reduce greenhouse gas emissions or projected climate change impacts could result in prohibitions or severe restrictions on land development in certain areas, increased energy and transportation costs, and increased compliance expenses and other financial obligations to meet permitting or land development or home construction- related requirements that we may be unable to fully recover (due to market conditions or other factors), any of which could cause a reduction in our homebuilding gross margins and materially and adversely affect our Financial Performance. Energy- related initiatives could similarly affect a wide variety of companies throughout the United States and the world, and because our results of operations are heavily dependent on significant amounts of raw materials, these initiatives could have an indirect adverse impact on our Financial Performance to the extent the manufacturers and suppliers of our materials are burdened with expensive cap and trade or other climate- related regulations. As a result, climate change impacts, and laws and land development and home construction standards, and / or the manner in which they are interpreted or implemented, to address potential climate change concerns could increase our costs and have a long- term adverse impact on our Financial Performance. This is a particular concern in the western United States, where some of the most extensive and stringent environmental laws and residential building construction standards in the country have been enacted. For example, California has enacted numerous laws, including the Global Warming Solutions Act of 2006, that are intended to achieve the goal of reducing greenhouse gas emissions. California is expected to continue to adopt significant regulations and additional legislation to achieve reductions in greenhouse gas emissions. In addition, federal and state legislation and regulations are being considered that would mandate reporting and / or auditing of greenhouse gas emissions. If adopted, such requirements could impose significant additional compliance costs and / or burdens on us and our suppliers. We may be unable to develop our communities successfully or within expected timeframes. Before a community generates any revenue, time and material expenditures are required to acquire land, obtain development approvals and construct significant portions of project infrastructure, amenities, model homes and sales facilities. It can take several years from the time we acquire control of a property to the time we make our first home sale on the site. Our costs or the time required to complete development of our communities could increase beyond our estimates after commencing the development process. Delays in the development of communities expose us to the risk of changes in market conditions for homes. A decline in our ability to successfully develop and market our communities and to generate positive cash flow from ~~- 22-~~ these operations in a timely manner could materially and adversely affect our Financial Performance and our ability to service our debt and to meet our working capital requirements. Negative publicity or poor relations with our homebuyers could negatively impact our sales and reputation. Unfavorable media or investor and analyst reports related to our industry, company, brands, marketing, personnel, operations, business performance, or prospects may affect our stock price and the performance of our business. Additionally, our ability to maintain and expand our brands depends on our capacity to adapt to a rapidly changing media environment. Adverse publicity or negative commentary on social media outlets, such as blogs, websites or other digital platforms, could materially and adversely affect our Financial Performance, as potential customers might avoid or protest one or more of our brands that receives bad press or negative reviews. In addition, our homebuyers in communities developed by us sometimes rely on us to resolve issues or disputes that may arise in connection with the operation or development of such communities. Efforts that we make to resolve these issues or disputes could be deemed unsatisfactory by the affected homebuyers, and subsequent actions by these homebuyers could materially and adversely affect our sales and reputation. In addition, we could be required to make significant expenditures related to the settlement of such issues or disputes or to modify our community development plans, which could materially and adversely affect our Financial Performance. **- 22-** The homebuilding industry is highly competitive, and if our competitors are more successful or offer better value to potential homebuyers, our business could decline. We operate in a very competitive environment that is characterized by competition from a number of other homebuilders and land developers in each geographical market in which we operate. There are relatively low barriers to entry into our business. We compete with numerous large national and regional homebuilding companies and with smaller local homebuilders and land developers for, among other things, homebuyers, desirable land parcels, financing, raw materials and skilled management and labor resources. If we are unable to compete effectively in our markets, our business could decline disproportionately to the businesses of our competitors and our Financial Performance could be materially and adversely affected. Increased competition could hurt our business by preventing us from acquiring attractive land parcels on which to build homes or making acquisitions more expensive, hindering our market share expansion and causing us to increase our selling incentives and reduce our prices. Additionally, an oversupply of homes available for sale or a discounting of home prices could materially and adversely affect pricing for homes in the markets in which we operate. We also compete with the resale, or " previously owned, " home market, the size of which may change significantly as a result of changes in the rate of home foreclosures, which is affected by changes in economic conditions both nationally and locally. We may be at a competitive disadvantage with respect to larger competitors whose operations are more geographically diversified than ours, as these competitors may be better able to withstand any future regional downturn in the housing market. Due to historical and other factors, some competitors may have a competitive advantage in marketing their products, securing materials and labor at lower prices and allowing their homes to be delivered to homebuyers more quickly and at more favorable prices. This competitive advantage could materially and adversely reduce our market share and limit our ability to continue to expand our business as planned. ~~- 23-~~ Increases in our cancellation rate could have a negative impact on our home sales revenue and homebuilding margins. Our backlog reflects homes that may close in future periods. We have received a deposit from a homebuyer for each home reflected in our backlog, and generally we have the right, subject to certain exceptions, to retain the deposit if the homebuyer fails to comply with his or her obligations under the purchase contract, including as a result of state and local law, the homebuyer' s inability to sell his or her current home or the homebuyer' s inability to make additional deposits required under the purchase contract. Home order cancellations can result from a number of factors, including declines or slow appreciation in the market value of homes, increases in the supply of homes available to be purchased, increased competition and use of sales incentives by competitors, higher mortgage interest rates, homebuyers' inability to sell their existing homes, homebuyers' inability to obtain suitable mortgage financing, including providing sufficient down payments, and adverse changes in local, regional or national economic conditions. In these circumstances, homebuyers may terminate their existing purchase contracts in order to negotiate for a lower price or because they cannot, or will not, complete the purchase. Our cancellation rate was **10 % and** 19 % ~~and 8 %~~ for ~~each of~~ the years ended December 31, **2023 and** 2022 ~~and 2021~~, respectively. Cancellation rates may rise significantly in the future. If economic conditions become more uncertain, mortgage financing becomes less available or more expensive, or current homeowners find it difficult to sell their current homes, more homebuyers may cancel their purchase contracts. An increase in the level of home order cancellations could have a material and adverse impact on our Financial Performance. Homebuilding is subject to products liability, home warranty and construction defect claims and other litigation in the ordinary course of business that can be significant and may not be covered by insurance. As a homebuilder, we are currently subject to products liability, home warranty, and construction defect claims arising in the ordinary course of business, in addition to other potentially significant lawsuits, arbitration proceedings and other claims, including breach of contract claims, contractual disputes, claims pursuant to consumer privacy or protection laws, personal injury claims and disputes relating to defective title or property misdescription. In connection with our merger with Weyerhaeuser Real Estate Company (" WRECO ") in 2014, we also assumed responsibility for a substantial amount of WRECO' s pending and potential lawsuits, arbitration proceedings and other claims, as well as any future claims relating to WRECO. Furthermore, since WRECO self- insured a significant portion of its general liability exposure relating to its operations outside of California and Nevada prior to the merger, it is likely that most of these claims will not be covered by insurance. There can be no assurance that any current or future developments undertaken by us will be free from defects once completed. Construction defects may occur on projects and developments and may arise during a significant period of time after completion. Defects arising on a development attributable to us may lead to significant contractual or other liabilities. For these **- 23-** and other reasons, we establish warranty, claim and litigation reserves that we believe are adequate based on historical experience in the markets in which we operate and judgment of the risks associated with the types of homes, lots and land we sell. We also obtain indemnities from contractors and subcontractors generally covering claims related to damages resulting from faulty workmanship and materials and enroll a majority of these contractors and subcontractors in our Owner Controlled Insurance Program (" OCIP "), which provides general liability coverage for these types of claims, subject to self- insured retentions, which may be substantial. With respect to certain general liability exposures, including construction defects and related claims and product liability claims, interpretation of underlying current and future trends, assessment of claims and the related liability and reserve estimation process require us to exercise significant judgment due to the complex nature of these exposures, with each exposure often exhibiting unique circumstances. Furthermore, once claims are asserted against us for construction defects, it is difficult to determine the extent to which the assertion of these claims will expand geographically. Plaintiffs may seek to consolidate multiple parties in one lawsuit or seek class action status in some of these legal proceedings with potential class sizes that vary from case to case. Consolidated and class action lawsuits can be costly to defend and, if we were to lose any consolidated or certified class action suit, it could result in substantial liability. In addition to difficulties with respect to claim assessment and liability and reserve estimation, some types of claims may not be covered by insurance or may exceed applicable coverage limits. Furthermore, contractual indemnities with contractors and subcontractors can be difficult, or impossible, to enforce, and we may also be responsible for applicable self- insured retentions with respect to our insurance policies. This is particularly true in our markets where we include our subcontractors on our OCIP and our ability to seek indemnity for insured claims is significantly limited, and it may be difficult for us to collect self- insured retention contributions from these subcontractors. Furthermore, any product liability or warranty claims made against us, whether or not they are viable, may lead to negative publicity, which could impact our reputation and future home sales. ~~- 24-~~ We also currently conduct a material portion of our business in California, one of the most highly regulated and litigious jurisdictions in the United States, which imposes a ten year, strict liability tail on many construction liability claims. As a result, our potential losses and expenses due to litigation, new laws and regulations may be greater than those of our competitors who have smaller California operations. For these reasons, although we actively manage our claims and litigation and actively monitor our reserves and insurance coverage, because of the uncertainties inherent in these matters, we cannot provide assurance that our insurance coverage, indemnity arrangements and reserves will be adequate to cover liability for any damages, the cost of repairs and litigation, or any other related expenses surrounding the current claims to which we are subject or any future claims that may arise. Such damages and expenses, to the extent that they are not covered by insurance or redress against contractors and subcontractors, could materially and adversely affect our Financial Performance. Our ability to promptly sell one or more properties for reasonable prices in response to changing economic, financial and investment conditions may be limited and we may be forced to hold non- income producing properties for extended periods of time. Real estate investments are relatively difficult to sell quickly. As a result, our ability to promptly sell one or more properties in response to changing economic, financial and investment conditions is limited and we may be forced to hold non- income producing assets for an extended period of time. We cannot predict whether we will be able to sell any property for the price or on the terms that we set or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. Fluctuations in real estate values may require us to write- down the book value of our real estate assets. The homebuilding industry is subject to significant variability and fluctuations in real estate values. As a result, we may be required to write- down the book value of our real estate assets in accordance with U. S. generally accepted accounting principles (“ GAAP ”), and some of those write- downs could be material. Any material write- downs of assets could have a material adverse effect on our Financial Performance. The geographic concentration of our operations in certain regions subjects us to an increased risk of loss of revenue or decreases in the market value of our land and homes in those regions from factors which may affect any of those regions. During the year ended December 31, ~~2022~~ **2023**, we had active selling communities in the states of Arizona, California, Colorado, Maryland, Nevada, North Carolina, South Carolina, Texas, Virginia and Washington, as well as the District of Columbia. **Additionally, in September 2023, we announced our expansion into the greater Salt Lake City region with the launch of a new division in Utah.** Because our operations currently are limited to these areas, a prolonged economic downturn in one or more of these areas could have a material adverse effect on our Financial Performance and could have a disproportionately **- 24-** greater impact on us than other homebuilders with more diversified operations. Moreover, some or all of these regions could be affected by: • severe weather; • natural disasters (such as earthquakes, hurricanes, floods or fires); • shortages in the availability of, or increased costs in obtaining, land, equipment, labor or building supplies; • changes to the population growth rates and, therefore, the demand for homes in these regions; • changes in foreign buyer demand; and • changes in the regulatory and fiscal environment. Inflation could materially and adversely affect us by increasing the costs of land, raw materials and labor, negatively impacting housing demand, raising our costs of capital, and decreasing our purchasing power. The inflation rate in the United States increased significantly in **both** 2022 **and 2023**. Inflation affects us directly by increasing costs of land, raw materials and labor. We may respond to inflation by increasing the sales prices of land or homes in order to offset any such increases in costs, maintain satisfactory margins or realize a satisfactory return on our investment. However, if the market has an oversupply of homes relative to demand, prevailing market prices may prevent us from doing so. In addition, inflation is often accompanied by higher interest rates, which historically have had a negative impact on housing demand and the real estate industry generally and which could materially and adversely impact potential homebuyers’ ability to obtain mortgage financing on favorable terms. In such an environment, we may not be able to raise prices sufficiently to keep up with the rate of inflation and our margins and returns could decrease. Additionally, if we are required to lower home prices to meet demand, the value of our land inventory may decrease. Inflation may also raise our costs of capital and decrease our purchasing power, making it ~~- 25-~~ more difficult to maintain sufficient funds to operate our business. Significant inflation, including as a result of efforts by the government to stimulate the economy, could materially and adversely impact our Financial Performance. Acts of war, terrorism, civil unrest or public health emergencies, including outbreaks of contagious disease, may seriously harm our business. Acts of war, any outbreak or escalation of hostilities or geopolitical conflict (such as the ongoing ~~war~~ **wars** between Russia and Ukraine **and Israel and Hamas, respectively**), acts of terrorism (including cyber- terrorism), civil unrest or public health emergencies, including outbreaks of contagious diseases, such as COVID- 19 or other major epidemics or pandemics, have caused and may in the future cause disruption to the U. S. economy, or the local economies of the markets in which we operate, result in sanctions or export controls that could adversely impact our supply chain, cause shortages of building materials, disrupt utilities, increase costs associated with obtaining building materials, increase the price of gasoline and other fuels, result in building code changes that could increase costs of construction, affect job growth and consumer confidence, affect public health and public perception of health risk, or cause economic changes and / or social instability or distress that we cannot anticipate, all of which could reduce demand for our homes and materially and adversely impact our Financial Performance. Laws and regulations...... these outcomes could materially and adversely affect our Financial Performance. We are subject to litigation and claims that could materially and adversely affect us. Lawsuits, claims and proceedings have been, or in the future may be, instituted or asserted against us in the normal course of business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to defend ourselves vigorously. However, litigation is inherently uncertain and we cannot be certain of the ultimate outcomes of any claims that may arise. To resolve these matters, we may have to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby materially and adversely affect our Financial Performance. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could materially and adversely impact us, expose us to increased risks that would be uninsured, and materially and adversely impact our ability to attract directors and officers. Uncertainty with respect to claims or litigation may adversely affect the availability and costs of future financings and may materially and adversely affect the trading prices of our outstanding securities. Information technology failures and data security breaches could harm our business. We use information technology and other computer resources to carry out important operational and marketing activities as well as maintain our business records. Many of these resources are provided to us or are maintained on our behalf by third- party service providers pursuant to agreements that specify certain security and service level standards. Our ability to conduct **- 25-** our business may be materially and adversely impaired if our or our service providers' computer resources are compromised, degraded, damaged or fail, whether due to a virus or other harmful circumstance, intentional penetration or disruption of our information technology resources by a third- party, natural disaster, hardware or software corruption or failure or error (including a failure of security controls incorporated into or applied to such hardware or software), telecommunications system failure, service provider error or failure, intentional or unintentional personnel actions (including the failure to follow our security protocols), loss of portable devices, or lost connectivity to our networked resources. Cyber threats are ongoing, rapidly evolving and becoming increasingly sophisticated. As the breadth and complexity of the technologies we use continue to grow, the risk of security breaches and cyber attacks also increases. Criminals, nation state actors and activist hackers (collectively, " malicious persons ") may target our information technology and computer resources ~~- 26-~~ and those of our service providers. If malicious persons should succeed in circumventing our, or a service provider' s, cyber security measures, they may deploy viruses, worms, ransomware and other malicious software programs; misappropriate, alter or destroy our confidential information or that of third parties; create system disruptions; or cause shutdowns. We may incur significant remediation costs in the event of a successful attack. Our policies, procedures and technical safeguards may be insufficient to prevent or detect timely an attack, assess its impact, or appropriately and timely respond. We may also face substantial penalties and other potential liabilities under existing or future data privacy regulations, including but not limited to the California Consumer Privacy Act, as amended, in the event of a data breach that results in the disclosure of protected consumer information. Further, our existing insurance coverage may be insufficient to protect us against such risks and we may be unable to recover in whole or in part from our service providers or other responsible parties or their insurers in the event of a breach or attack. A successful attack could have a material and adverse effect on our Financial Performance. A significant and extended disruption in the functioning of our technology resources for any reason could damage our reputation; cause us to lose homebuyers, sales and revenue; result in the unintended public disclosure or the misappropriation of proprietary, personal and confidential information (including information about our homebuyers and business partners); disrupt our ability to record, process, summarize and report information required to be disclosed in SEC filings such that our disclosure controls and procedures may be ineffective; and require us to incur significant expense to address and resolve these kinds of issues. The release of proprietary, personal or confidential information may also lead to litigation or other proceedings against us by affected individuals, business partners and / or regulators. The outcome of any such proceeding, which could include penalties or fines, could materially and adversely affect our Financial Performance. In addition, the costs of maintaining adequate protection against such threats to our technology resources, depending on their evolution, pervasiveness and frequency and / or government- mandated standards or obligations regarding protective efforts, could be material to **our Financial Performance. Tri Pointe Connect depends materially on vendors that we do not control. Tri Pointe Connect materially depends upon third- party vendors, including but not limited to consultants, services, platforms, and technologies, that we do not control. In particular, we rely on a third- party vendor to materially assist Tri Pointe Connect with the infrastructure and expertise required to operate a mortgage lending business. If any of these third- party vendors cease or are unable to provide their services, we would have to obtain similar services from other sources, either within or without our organization, which may not be available on commercially reasonable terms, if at all. Any interruption in the ability of Tri Pointe Connect to offer mortgage financing to our homebuyers may adversely affect our ability to sell or close homes, which could materially and adversely affect** our Financial Performance. A major health and safety incident relating to our business could be costly in terms of potential liabilities and reputational damage. Building sites are inherently dangerous, and operating in the homebuilding and land development industry poses certain inherent health and safety risks. Due to health and safety regulatory requirements and the number of our projects, health and safety performance is critical to the success of all areas of our business. Any failure in health and safety performance may result in penalties for non- compliance with relevant regulatory requirements or litigation, and a failure that results in a major or significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result. Such a failure could generate significant negative publicity and have a corresponding impact on our reputation, our relationships with relevant regulatory agencies, governmental authorities and local communities, and our ability to win new business, which in turn could materially and adversely affect our Financial Performance. Increases in tariffs and retaliatory responses may cause increases in the prices of some of the construction materials that we use and may negatively affect the national and local economies. **- 26-** The prices that we pay for home construction materials and their availability are affected by changes in United States government trade policies and the responses of other countries to those changes. Previously, the federal government has taken tariff actions with respect to appliances, flooring, countertops, solar panels / modules, steel and aluminum and finished manufactured building materials, raising our costs for some of these items. Other countries and the European Union have responded to these actions with retaliatory measures. Although we attempt to pass on cost increases to homebuyers through increased prices, we are generally unable to do so after we have entered into a contract to sell a home or when weak housing market conditions exist. Continued or escalating trading conflicts could further increase our home construction costs, disrupt or cause shortages in our supply chains, or negatively affect the U. S. or state economies. As a result, our Financial Performance could be materially and adversely affected. Increases in taxes or government fees could increase our costs, which could materially and adversely affect us. Increases in real estate taxes and other state and local government fees, such as development or impact fees, fees imposed on developers to fund schools, open space, road improvements, and other public improvements, and fees imposed on developers to provide low- and moderate- income housing, could increase our costs and have an adverse effect on our operations, which could have a material adverse effect on our Financial Performance. In addition, increases in local real estate taxes could adversely affect the purchasing decisions of potential homebuyers, who may consider those costs in determining ~~- 27-~~ whether to make a new home purchase and decide, as a result, not to purchase one of our homes, which could have a material adverse effect on our Financial Performance. Risks Related to Our Indebtedness Our use of leverage in executing our business strategy exposes us to significant risks. We employ what we believe to be prudent levels of leverage to finance the acquisition and development of our lots and construction of our homes. Our existing indebtedness is recourse to us and we anticipate that future indebtedness will likewise be recourse. Our board of directors considers a number of factors when evaluating our level of indebtedness and when making decisions regarding the incurrence of new indebtedness, including the purchase price of assets to be acquired with debt financing, the estimated market value of such assets and the ability of the particular assets, and our company as a whole, to generate cash flow to cover the expected debt service. Incurring substantial debt subjects us to many risks that, if realized, would materially and adversely affect our Financial Performance, including the risks that: • it may be more difficult for us to satisfy our obligations with respect to our debt or to our other creditors; • our cash flow from operations may be insufficient to make required payments of principal of and interest on our debt, which is likely to result in acceleration of our debt; • our debt may increase our vulnerability to adverse economic and industry conditions, including fluctuations in market interest rates, with no assurance that investment yields will increase with higher financing cost, particularly in the case of debt with a floating interest rate; • our debt may limit our ability to obtain additional financing to fund capital expenditures and acquisitions, particularly when the availability of financing in the capital markets is limited; • we may be required to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing funds available for operations and capital expenditures, future investment opportunities or other purposes; • in the case of secured indebtedness, we could lose our ownership interests in our land parcels or other assets because defaults thereunder may result in foreclosure actions initiated by lenders; • our debt may limit our ability to buy back our common stock or pay cash dividends; • our debt may limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, thereby limiting our ability to compete with companies that are not as highly leveraged; and • the terms of any refinancing may not be as favorable as the terms of the debt being refinanced. We cannot make any assurances that our business will generate sufficient cash flow from operations or that future borrowings will be available to us through capital markets financings or otherwise in an amount sufficient to enable us to service or refinance our indebtedness, or to fund our other liquidity needs. We may also need to refinance all or a portion of our existing or future indebtedness on or before its maturity, and we cannot make any assurances that we will be able to refinance **- 27-** any of our indebtedness on commercially reasonable terms or at all. If, at the time of any refinancing, prevailing interest rates or other factors result in higher interest rates on the refinanced debt, increases in interest expense could materially and adversely affect our Financial Performance. If we are unable to refinance our debt on acceptable terms, we may be forced to dispose of our assets on disadvantageous terms, potentially resulting in significant losses. We may incur additional indebtedness in order to finance our operations or to repay existing indebtedness. If we cannot service our indebtedness, we will risk losing to foreclosure some or all of our assets that may be pledged to secure our obligations and we may have to take actions such as selling assets, seeking additional debt or equity financing or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. We cannot make any assurances that any such actions, if necessary, could be effected on commercially reasonable terms or at all, or on terms that would be advantageous to our stockholders or on terms that would not require us to breach the terms and conditions of our existing or future debt agreements. Additionally, unsecured debt agreements may contain specific cross- default provisions with respect to specified other indebtedness, giving the unsecured lenders the right to declare a default if we are in default under other loans in some circumstances. Defaults under our debt agreements could materially and adversely affect our Financial Performance. ~~- 28-~~ We may require significant additional capital in the future and may not be able to secure adequate funds on acceptable terms. The expansion and development of our business may require significant additional capital, which we may be unable to obtain, to fund our operating expenses, including working capital needs. We may fail to generate sufficient cash flow from the sales of our homes and land to meet our cash requirements. To a large extent, our cash flow generation ability is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Further, our capital requirements may vary materially from those currently planned if, for example, our revenues do not reach expected levels or we have to incur unforeseen capital expenditures and make investments to maintain our competitive position. If this is the case, we may need to refinance all or a portion of our debt on or before its maturity, or obtain additional equity or debt financing sooner than anticipated, which could materially and adversely affect our liquidity and financial condition if financing cannot be secured on reasonable terms. As a result, we may have to delay or abandon some or all of our development and expansion plans or otherwise forgo market opportunities. Our access to additional third- party sources of financing will depend, in part, on: • general market conditions; • the market' s perception of our growth potential, including relative to other opportunities; • with respect to acquisition and / or development financing, the market' s perception of the value of the land parcels to be acquired and / or developed; • our corporate credit rating and ratings of our senior notes; • our current debt levels; • our current and expected future earnings; • our cash flow; • pending litigation and claims; and • the market price per share of our common stock. During the economic downturn from 2008 to 2010, as well as the immediate aftermath of the onset of the COVID- 19 pandemic, domestic financial markets experienced unusual volatility, uncertainty and a restricting of liquidity in both the debt and equity capital markets. Credit spreads for major sources of capital widened significantly during the U. S. credit crisis as investors demanded a higher risk premium. In the event of another economic downturn or if general economic conditions should worsen, potential lenders may be unwilling or unable to provide us with suitable financing or may charge us prohibitively high fees in order to obtain financing. As a result, depending on market conditions at the relevant time, we may have to rely more heavily on less efficient forms of debt financing that require a larger portion of our cash flow from operations to service, thereby reducing funds available for our operations, future business opportunities and other purposes. Investment returns on our assets and our ability to make acquisitions could be materially and adversely affected by our inability to secure additional financing on reasonable terms, if at all. Additionally, if we cannot obtain additional financing to fund the purchase of land under our option contracts or purchase contracts, we may incur contractual penalties and fees. Any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays and any such delay could result in cost increases. Any of the foregoing factors could materially and adversely affect our Financial Performance. **Tri Pointe Connect will finance its mortgage lending activities through cash on hand as well as the sale of mortgage loans to investors. If Tri Pointe Connect is unable to sell mortgage loans to investors on favorable terms, its ability to originate and sell mortgage loans at competitive prices or at all could be reduced, which would negatively affect our business. In- 28- addition, Tri Pointe Connect may depend upon one or more warehouse loan facilities to finance our lending activities. We cannot make any assurances that any available sources will be sufficient to fund Tri Pointe Connect' s mortgage lending activities and / or that Tri Pointe Connect will be able to obtain or renew its warehouse lines on commercially reasonable terms or at all.** Our access to capital and our ability to obtain additional financing could be affected by any downgrade of our credit ratings. Our corporate credit rating and ratings of our senior notes affect, among other things, our ability to access new capital, especially debt, and the costs of that new capital. A substantial portion of our access to capital is through the issuance of senior notes, of which we have $ 1. 1 billion outstanding, net of debt issuance costs, as of December 31, ~~2022~~ **2023** . Among other things, we may rely on proceeds of debt issuances to pay the principal of existing senior notes when they mature. Negative changes in the ratings of our senior notes could make it difficult for us to sell senior notes in the future and could result in more stringent covenants and higher interest rates with regard to new senior notes we issue. Our current financing arrangements contain, and our future financing arrangements likely will contain, restrictive covenants relating to our operations. Our current financing arrangements contain, and the financing arrangements we may enter into in the future will likely contain, covenants affecting our ability to, among other things: ~~- 29-~~ • incur or guarantee additional indebtedness; • make certain investments; • reduce liquidity below certain levels; • pay dividends or make distributions on our capital stock; • sell assets, including capital stock of restricted subsidiaries; • agree to payment restrictions affecting our restricted subsidiaries; • consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; • enter into transactions with our affiliates; • incur liens; • engage in sale- leaseback transactions; and • designate any of our subsidiaries as unrestricted subsidiaries. If we fail to meet or satisfy any of these covenants in our debt agreements, we would be in default under these agreements, which could result in a cross- default under other debt agreements, and our lenders could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral and enforce their respective interests against existing collateral. A default also could significantly limit our financing alternatives, which could cause us to curtail our investment activities and / or dispose of assets when we otherwise would not choose to do so. If we default on several of our debt agreements or any single significant debt agreement, it could materially and adversely affect our Financial Performance. These and certain other restrictions could also limit our ability to plan for or react to market conditions, meet capital needs or make acquisitions or otherwise restrict our activities or business plans. Higher interest rates on our debt may materially and adversely affect our Financial Performance. We employ what we believe to be prudent levels of leverage to finance the acquisition and development of our lots and construction of our homes. Some of our current debt has, and any additional debt we subsequently incur may have, a floating rate of interest. U. S. interest rates have increased during the last ~~two~~ **several** years and **could** ~~are expected to~~ increase in the ~~current year~~ **future, particularly if inflation increases or remains high** . Higher interest rates could increase debt service requirements on our current floating rate debt and on any floating rate debt we may subsequently incur, and could reduce funds available for operations, future business opportunities or other purposes. If we need to repay existing debt during periods of rising interest rates, we could be required to refinance our then- existing debt on unfavorable terms, or liquidate one or more of our assets to repay such debt at times which may not permit realization of the maximum return on such assets and could result in a loss. The occurrence of either or both of these events could materially and adversely affect our Financial Performance. Failure to hedge effectively against interest rate changes may materially and adversely affect our Financial Performance. **- 29-** We may obtain one or more forms of interest rate protection — in the form of swap agreements, interest rate cap contracts or similar agreements — to hedge against the possible negative effects of interest rate fluctuations. However, we cannot assure stockholders that any hedging will adequately relieve the adverse effects of interest rate increases or that counterparties under these agreements will honor their obligations thereunder. In addition, we may be subject to risks of default by hedging counterparties. Adverse economic conditions could also cause the terms on which we borrow to be unfavorable. We could be required to liquidate one or more of our assets at times which may not permit us to receive an attractive return on our assets in order to meet our debt service obligations. Failure of our hedging mechanisms could materially and adversely affect our Financial Performance. Risks Related to Our Organization and Structure We are and will continue to be dependent on key personnel and certain members of our management team. Our business involves complex operations and requires a management team and employee workforce that is knowledgeable and expert in many areas necessary for its operations. Our success and ability to obtain, generate and manage opportunities depends to a significant degree upon the contributions of key personnel, including, but not limited to, Douglas Bauer, our Chief Executive Officer, and Thomas Mitchell, our President and Chief Operating Officer. Our investors must rely to a significant extent upon the ability, expertise, judgment and discretion of this management team and other key personnel, and their loss or departure could be detrimental to our future success. We have entered into employment agreements with Messrs. Bauer and Mitchell. The current term of these agreements will expire on March 20, 2024 and automatically renews for ~~- 30-~~ additional one- year periods unless either party gives written notice of non- renewal at least 60 days in advance. There is no assurance that these executives will remain employed with us. Additionally, key employees working in the real estate, homebuilding and construction industries are highly sought after and failure to attract and retain such personnel may materially and adversely affect the standards of our future service and may have a material and adverse impact on our Financial Performance. Our ability to retain our management team and key personnel or to attract suitable replacements should any members of our management team leave is dependent on the competitive nature of the employment market. The loss of services from any member of our management team or key personnel could materially and adversely impact our Financial Performance. Further, the process of attracting and retaining suitable replacements for key personnel whose services we may lose would result in transition costs and would divert the attention of other members of our management from existing operations. Moreover, such a loss could be negatively perceived in the capital markets, which could, in turn, materially and adversely affect the market price of our common stock. We have not obtained key man life insurance that would provide us with proceeds in the event of death or disability of any of our key personnel. Termination of the employment agreements with the members of our management team could be costly and prevent a change in control of our company. Our employment agreements with Messrs. Bauer and Mitchell each provide that if their employment with us terminates under certain circumstances, we may be required to pay them significant amounts of severance compensation, thereby making it costly to terminate their employment. Furthermore, these provisions could delay or prevent a transaction or a change in control of our company that might involve a premium paid for shares of our common stock or otherwise be in the best interests of our stockholders, which could materially and adversely affect the market price of our common stock. Certain anti- takeover defenses and applicable law may limit the ability of a third- party to acquire control of us. Our charter, bylaws and Delaware law contain provisions that may delay or prevent a transaction or a change in control of our company that might involve a premium paid for shares of our common stock or otherwise be in the best interests of our stockholders, which could materially and adversely affect the market price of our common stock. Certain of these provisions are described below. Selected provisions of our charter and bylaws. Our charter and / or bylaws contain anti- takeover provisions that: • authorize our board of directors, without further action by the stockholders, to issue up to 50, 000, 000 shares of preferred stock in one or more series, and with respect to each series, to fix the number of shares constituting that series and establish the rights and other terms of that series; **- 30-** • require that actions to be taken by our stockholders may be taken only at an annual or special meeting of our stockholders and not by written consent; • specify that special meetings of our stockholders can be called only by our board of directors, the chairman of our board of directors or our chief executive officer (or if there is no chief executive officer, the president); • establish advance notice procedures for stockholders to submit nominations of candidates for election to our board of directors and other proposals to be brought before a stockholders meeting; • provide that our bylaws may be amended by our board of directors without stockholder approval; • allow our directors to establish the size of our board of directors by action of our board, subject to a minimum of three members; • provide that vacancies on our board of directors or newly created directorships resulting from an increase in the number of our directors may be filled only by a majority of directors then in office, even though less than a quorum; • do not give the holders of our common stock cumulative voting rights with respect to the election of directors; and • prohibit us from engaging in certain business combinations with any " interested stockholder " unless specified conditions are satisfied as described below. Selected provisions of Delaware law. ~~- 31-~~ We have opted out of Section 203 of the Delaware General Corporation Law, which regulates corporate takeovers. However, our charter contains provisions that are similar to Section 203. Specifically, our charter provides that we may not engage in certain " business combinations " with any " interested stockholder " for a three- year period following the time that the person became an interested stockholder, unless: • prior to the time that person became an interested stockholder, our board of directors approved either the business combination or the transaction which resulted in the person becoming an interested stockholder; • upon consummation of the transaction which resulted in the person becoming an interested stockholder, the interested stockholder owned at least 85 % of the voting stock of the corporation outstanding at the time the transaction commenced, excluding certain shares; or • at or subsequent to the time the person became an interested stockholder, the business combination is approved by our board of directors and by the affirmative vote of at least 66 2 / 3 % of the outstanding voting stock which is not owned by the interested stockholder. Generally, a business combination includes a merger, consolidation, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an interested stockholder is a person who, together with that person' s affiliates and associates, owns, or within the previous three years owned, 15 % or more of our voting stock. This provision could prohibit or delay mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us. We may change our operational policies, investment guidelines and our business and growth strategies without stockholder consent, which may subject us to different and more significant risks in the future. Our board of directors will determine our operational policies, investment guidelines and our business and growth strategies. Our board of directors may make changes to, or approve transactions that deviate from, those policies, guidelines and strategies without a vote of, or notice to, our stockholders. This could result in us conducting operational matters, making investments or pursuing different business or growth strategies than those contemplated currently. Under any of these circumstances, we may expose ourselves to different and more significant risks in the future, which could have a material adverse effect on our Financial Performance. If we fail to maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial results, which could materially and adversely affect us and the market price of our common stock. A system of internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of control systems reflects resource constraints and the benefits of controls must be considered in relationship to their costs. Accordingly, there can be no assurance that all control issues or fraud will be detected. We cannot be certain that we will be successful in maintaining adequate internal control over our financial reporting and financial processes. Furthermore, as we continue to grow our **- 31-** business, our internal controls will become more complex, and we will require significantly more resources to ensure that our internal controls remain effective. Additionally, the existence of any material weakness or significant deficiency may require management to devote significant time and incur significant expense to remediate any such material weaknesses, or significant deficiencies and management may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner. There is no assurance that our independent auditor will be able to provide an unqualified attestation report on internal control over financial reporting in future years. If our independent auditor is unable to provide an unqualified attestation report, investors could lose confidence in the reliability of our financial statements, and our stock price could be materially and adversely affected. The existence of any material weakness in our internal control over financial reporting could result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations, and cause stockholders to lose confidence in our reported financial information, all of which could materially and adversely affect us and the market price for our common stock. Changes in accounting rules, assumptions and / or judgments could delay the dissemination of our financial statements and cause us to restate prior period financial statements. Accounting rules and interpretations for certain aspects of our operations are highly complex and involve significant assumptions and judgment. These complexities could lead to a delay in the preparation and dissemination of our financial statements. Furthermore, changes in accounting rules and interpretations or in our accounting assumptions and / or judgments, such as asset impairments, could significantly impact our financial statements. In some cases, we could be required to apply a ~~- 32-~~ new or revised standard retroactively, resulting in restating prior period financial statements. Any of these circumstances could have a material adverse effect on our Financial Performance. Our joint venture investments could be materially and adversely affected by lack of sole decision making authority, reliance on co- venturers' financial condition and disputes between us and our co- venturers. We have co- invested, and we may co- invest in the future, with third parties through partnerships, joint ventures or other entities, acquiring noncontrolling interests in or sharing responsibility for managing the affairs of land acquisition and / or developments. We will not be in a position to exercise sole decision- making authority regarding the land acquisitions and / or developments undertaken by our current joint ventures and any future joint ventures in which we may co- invest, and our investment may be illiquid due to our lack of control. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present when a third- party is not involved, including the possibility that partners or co- venturers might become bankrupt, fail to fund their share of required capital contributions or otherwise meet their contractual obligations, make poor business decisions or block or delay necessary decisions. Partners or co- venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither us nor the partner or co- venturer would have full control over the partnership or joint venture. Disputes between us and partners or co- venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and / or directors from focusing their time and effort on our business. In addition, we may in certain circumstances be liable for the actions of its third- party partners or co- venturers. Risks Related to Ownership of Our Common Stock We do not intend to pay dividends on our common stock for the foreseeable future. We currently intend to retain our future earnings, if any, to finance the development and expansion of our business and, therefore, do not intend to pay cash dividends on our common stock for 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, legal requirements, restrictions contained in any financing instruments and such other factors as our board of directors deems relevant. Accordingly, stockholders may need to sell their shares of our common stock to realize a return on their investment, and stockholders may not be able to sell their shares at or above the price they paid for them. Future sales of our common stock or other securities convertible into our common stock could cause the market value of our common stock to decline and could result in dilution of stockholders' shares. Our board of directors is authorized, without stockholder approval, to cause us to issue additional shares of our common stock or to raise capital through the issuance of preferred stock (including equity or debt securities convertible into common stock), options, warrants and other rights, on terms and for consideration as our board of directors in its sole discretion may determine. Sales of substantial amounts of our common stock could cause the market price of our common stock to decrease significantly. We cannot predict the effect, if any, of future sales of our common stock, or the availability of our common stock for future sales, on the value of our common stock. **- 32-** Future offerings of debt securities, which would rank senior to our common stock in the event of our bankruptcy or liquidation, and future offerings of equity securities that may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market price of our common stock. In the future, we may make additional offerings of debt securities or additional offerings of equity securities. Upon bankruptcy or liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock, or both. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments or both that could limit our ability to make a dividend distribution to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control. As a result, we cannot predict or estimate the amount, timing or nature of our future offerings, and purchasers of our common stock bear the risk of our future offerings reducing the market price of our common stock and diluting their ownership interest in our company. Non- U. S. holders may be subject to United States federal income tax on gain realized on the sale or disposition of shares of our common stock. ~~- 33-~~ We believe that we are, and will remain, a " United States real property holding corporation " for United States federal income tax purposes. As a result, a non- U. S. holder generally will be subject to United States federal income tax on any gain realized on a sale or disposition of shares of our common stock unless our common stock is regularly traded on an established securities market (such as the NYSE) and such non- U. S. holder did not actually or constructively hold more than 5 % of our common stock at any time during the shorter of (a) the five- year period preceding the date of the sale or disposition and (b) the non- U. S. holder' s holding period in such stock. A non- U. S. holder also will be required to file a United States federal income tax return for any taxable year in which it realizes a gain from the disposition of our common stock that is subject to United States federal income tax. A purchaser of the stock in a United States real property holding corporation from a non- U. S. holder generally will be required to withhold and remit to the Internal Revenue Service (the " IRS ") 15 % of the purchase price. However, a purchaser of our stock from a non- U. S. holder will generally not be required to withhold tax on the sale if our common stock is regularly traded on an established securities market (such as the NYSE), even if the non- U. S. transferor holds or has held more than 10 % of our common stock and thus is taxed on any gain under the rules described above. No assurance can be given that our common stock will remain regularly traded on an established securities market in the future. Non- U. S. holders should consult their tax advisors concerning the consequences of disposing of shares of our common stock. There is no assurance that the existence of a stock repurchase program will result in repurchases of our common stock or enhance long term stockholder value, and repurchases, if any, could affect our stock price and increase its volatility and will diminish our cash reserves. On ~~February 15~~ **December 19** , 2023, our board of directors approved a share repurchase program (the " ~~2023~~ **2024** Repurchase Program "), authorizing the repurchase of shares of common stock with an aggregate value of up to $ 250 million through December 31, ~~2023~~ **2024** . Purchases of common stock pursuant to the ~~2023~~ **2024** Repurchase Program may be made in open market transactions effected through a broker- dealer at prevailing market prices, in block trades, or by other means in accordance with federal securities laws, including pursuant to any trading plan that may be adopted in accordance with Rule 10b5- 1 under the Exchange Act. We are not obligated under the ~~2023~~ **2024** Repurchase Program to repurchase any specific number or dollar amount of shares of common stock, and we may modify, suspend or discontinue the ~~2023~~ **2024** Repurchase Program at any time. Our management will determine the timing and amount of repurchase in its discretion based on a variety of factors, such as the market price of our common stock, corporate requirements, general market economic conditions, legal requirements and applicable tax effects. Repurchases pursuant to the ~~2023~~ **2024** Repurchase Program or any other stock repurchase program we adopt in the future could affect our stock price and increase its volatility and will reduce the market liquidity for our stock. The existence of a stock repurchase program could also cause our stock price to be higher than it would be in the absence of such a program. Additionally, these repurchases will diminish our cash reserves and may subject us to additional taxes, which could impact our ability to pursue possible future strategic opportunities and acquisitions and would result in lower overall returns on our cash balances. There can be no assurance that any stock repurchases will, in fact, occur, or, if they occur, that they will enhance stockholder value. Although stock repurchase programs is intended to enhance long term stockholder value, short- term stock price fluctuations could reduce the effectiveness of these repurchases.