

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)



**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2022**

**or**



**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File Number: 001-36491**

**CENTURY COMMUNITIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**8390 East Crescent Parkway, Suite 650**

**Greenwood Village, CO**

(Address of principal executive offices)

**68-0521411**

(I.R.S. Employer  
Identification No.)

**80111**

(Zip Code)

(Registrant's telephone number, including area code): **(303) 770-8300**

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                      | Trading Symbol | Name of each exchange on which registered |
|------------------------------------------|----------------|-------------------------------------------|
| Common stock, par value \$0.01 per share | CCS            | New York Stock Exchange                   |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer



Non-accelerated filer



Accelerated filer



Smaller reporting company



Emerging growth company



If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On April 22, 2022, 32,924,190 shares of common stock, par value \$0.01 per share, were outstanding.

**CENTURY COMMUNITIES, INC.**  
**FORM 10-Q**  
**For the Three Months Ended March 31, 2022**

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# PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

### Century Communities, Inc. Condensed Consolidated Balance Sheets As of March 31, 2022 and December 31, 2021 (in thousands, except share and per share amounts)

|                                                                                                                                                                              | March 31,<br>2022   | December 31,<br>2021 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
|                                                                                                                                                                              | (unaudited)         | (audited)            |
| <b>Assets</b>                                                                                                                                                                |                     |                      |
| Cash and cash equivalents                                                                                                                                                    | \$ 209,046          | \$ 316,310           |
| Cash held in escrow                                                                                                                                                          | 45,212              | 52,297               |
| Accounts receivable                                                                                                                                                          | 46,038              | 41,932               |
| Inventories                                                                                                                                                                  | 2,680,195           | 2,456,614            |
| Mortgage loans held for sale                                                                                                                                                 | 198,985             | 353,063              |
| Prepaid expenses and other assets                                                                                                                                            | 236,567             | 200,087              |
| Property and equipment, net                                                                                                                                                  | 27,791              | 24,939               |
| Deferred tax assets, net                                                                                                                                                     | 21,272              | 21,239               |
| Goodwill                                                                                                                                                                     | 30,395              | 30,395               |
| Total assets                                                                                                                                                                 | <u>\$ 3,495,501</u> | <u>\$ 3,496,876</u>  |
| <b>Liabilities and stockholders' equity</b>                                                                                                                                  |                     |                      |
| Liabilities:                                                                                                                                                                 |                     |                      |
| Accounts payable                                                                                                                                                             | \$ 91,520           | \$ 84,679            |
| Accrued expenses and other liabilities                                                                                                                                       | 370,130             | 316,877              |
| Notes payable                                                                                                                                                                | 1,010,961           | 998,936              |
| Revolving line of credit                                                                                                                                                     | —                   | —                    |
| Mortgage repurchase facilities                                                                                                                                               | 193,028             | 331,876              |
| Total liabilities                                                                                                                                                            | <u>1,665,639</u>    | <u>1,732,368</u>     |
| Stockholders' equity:                                                                                                                                                        |                     |                      |
| Preferred stock, \$0.01 par value, 50,000,000 shares authorized, none outstanding                                                                                            | —                   | —                    |
| Common stock, \$0.01 par value, 100,000,000 shares authorized, 33,038,361 and 33,760,940 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively | 330                 | 338                  |
| Additional paid-in capital                                                                                                                                                   | 627,447             | 697,845              |
| Retained earnings                                                                                                                                                            | 1,202,085           | 1,066,325            |
| Total stockholders' equity                                                                                                                                                   | <u>1,829,862</u>    | <u>1,764,508</u>     |
| Total liabilities and stockholders' equity                                                                                                                                   | <u>\$ 3,495,501</u> | <u>\$ 3,496,876</u>  |

See Notes to Unaudited Condensed Consolidated Financial Statements

**Century Communities, Inc.**  
**Unaudited Condensed Consolidated Statements of Operations**  
**For the Three Months Ended March 31, 2022 and 2021**  
*(in thousands, except share and per share amounts)*

|                                                    | <b>Three Months Ended March 31,</b> |                   |
|----------------------------------------------------|-------------------------------------|-------------------|
|                                                    | <b>2022</b>                         | <b>2021</b>       |
| <b>Revenues</b>                                    |                                     |                   |
| Homebuilding revenues                              |                                     |                   |
| Home sales revenues                                | \$ 988,415                          | \$ 959,279        |
| Land sales and other revenues                      | 1,630                               | 15,670            |
| <b>Total homebuilding revenues</b>                 | <b>990,045</b>                      | <b>974,949</b>    |
| Financial services revenues                        | 26,305                              | 33,620            |
| <b>Total revenues</b>                              | <b>1,016,350</b>                    | <b>1,008,569</b>  |
| <b>Homebuilding cost of revenues</b>               |                                     |                   |
| Cost of home sales revenues                        | (709,073)                           | (756,507)         |
| Cost of land sales and other revenues              | (846)                               | (10,020)          |
| <b>Total homebuilding cost of revenues</b>         | <b>(709,919)</b>                    | <b>(766,527)</b>  |
| Financial services costs                           | (15,154)                            | (18,301)          |
| Selling, general and administrative                | (101,639)                           | (92,151)          |
| Other income (expense)                             | (862)                               | (541)             |
| Income before income tax expense                   | 188,776                             | 131,049           |
| Income tax expense                                 | (46,280)                            | (29,397)          |
| <b>Net income</b>                                  | <b>\$ 142,496</b>                   | <b>\$ 101,652</b> |
| <b>Earnings per share:</b>                         |                                     |                   |
| Basic                                              | \$ 4.25                             | \$ 3.03           |
| Diluted                                            | \$ 4.20                             | \$ 3.00           |
| <b>Weighted average common shares outstanding:</b> |                                     |                   |
| Basic                                              | 33,530,610                          | 33,563,903        |
| Diluted                                            | 33,942,234                          | 33,884,275        |

See Notes to Unaudited Condensed Consolidated Financial Statements

**Century Communities, Inc.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2022 and 2021**  
*(in thousands)*

|                                                                                   | <b>Three Months Ended March 31,</b> |             |
|-----------------------------------------------------------------------------------|-------------------------------------|-------------|
|                                                                                   | <b>2022</b>                         | <b>2021</b> |
| <b>Operating activities</b>                                                       |                                     |             |
| Net income                                                                        | \$ 142,496                          | \$ 101,652  |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                     |             |
| Depreciation and amortization                                                     | 2,606                               | 2,806       |
| Stock-based compensation expense                                                  | 4,064                               | 3,019       |
| Fair value of mortgage loans held for sale and other                              | 4,443                               | (15)        |
| Deferred income taxes                                                             | (33)                                | (2,763)     |
| Loss on disposition of assets                                                     | 384                                 | 329         |
| Changes in assets and liabilities:                                                |                                     |             |
| Cash held in escrow                                                               | 7,085                               | (31,071)    |
| Accounts receivable                                                               | 3,669                               | (3,075)     |
| Inventories                                                                       | (193,451)                           | 63,586      |
| Mortgage loans held for sale                                                      | 144,361                             | (25,662)    |
| Prepaid expenses and other assets                                                 | (28,084)                            | (14,900)    |
| Accounts payable                                                                  | 8,720                               | (23,533)    |
| Accrued expenses and other liabilities                                            | 13,173                              | 25,747      |
| Net cash provided by operating activities                                         | 109,433                             | 96,120      |
| <b>Investing activities</b>                                                       |                                     |             |
| Purchases of property and equipment                                               | (5,841)                             | (2,913)     |
| Other investing activities                                                        | 750                                 | 27          |
| Net cash used in investing activities                                             | (5,091)                             | (2,886)     |
| <b>Financing activities</b>                                                       |                                     |             |
| Borrowings under revolving credit facilities                                      | 141,500                             | —           |
| Payments on revolving credit facilities                                           | (141,500)                           | —           |
| Proceeds from issuance of insurance premium notes and other                       | 16,863                              | 4,124       |
| Principal payments on insurance premium notes and other                           | (5,235)                             | (1,602)     |
| Net (payments) proceeds for mortgage repurchase facilities                        | (138,848)                           | 26,000      |
| Withholding of common stock upon vesting of stock-based compensation awards       | (12,138)                            | (12,177)    |
| Repurchases of common stock under stock repurchase program                        | (62,377)                            | —           |
| Dividend payments                                                                 | (6,657)                             | —           |
| Other                                                                             | (34)                                | (30)        |
| Net cash (used in) provided by financing activities                               | (208,426)                           | 16,315      |
| Net (decrease) increase                                                           | \$ (104,084)                        | \$ 109,549  |
| Cash and cash equivalents and Restricted cash                                     |                                     |             |
| Beginning of period                                                               | 322,241                             | 398,081     |
| End of period                                                                     | \$ 218,157                          | \$ 507,630  |
| <b>Supplemental cash flow disclosure</b>                                          |                                     |             |
| Cash (refunds) paid for income taxes                                              | \$ (893)                            | \$ 10       |
| <b>Cash and cash equivalents and Restricted cash</b>                              |                                     |             |
| Cash and cash equivalents                                                         | \$ 209,046                          | \$ 502,906  |
| Restricted cash (Note 5)                                                          | 9,111                               | 4,724       |
| Cash and cash equivalents and Restricted cash                                     | \$ 218,157                          | \$ 507,630  |

See Notes to Unaudited Condensed Consolidated Financial Statements

**Century Communities, Inc.**  
**Unaudited Condensed Consolidated Statements of Stockholders' Equity**  
**For the Three Months Ended March 31, 2022 and 2021**  
*(in thousands)*

|                                                                             | <b>Common Stock</b> |               | <b>Additional Paid-In</b> | <b>Retained Earnings</b> | <b>Total Stockholders'</b> |
|-----------------------------------------------------------------------------|---------------------|---------------|---------------------------|--------------------------|----------------------------|
|                                                                             | <b>Shares</b>       | <b>Amount</b> | <b>Capital</b>            |                          | <b>Equity</b>              |
| <b>Balance at December 31, 2021</b>                                         | <u>33,761</u>       | <u>\$ 338</u> | <u>\$ 697,845</u>         | <u>\$ 1,066,325</u>      | <u>\$ 1,764,508</u>        |
| Vesting of stock-based compensation awards                                  | 480                 | 5             | (5)                       | —                        | —                          |
| Withholding of common stock upon vesting of stock-based compensation awards | (190)               | (3)           | (12,135)                  | —                        | (12,138)                   |
| Repurchases of common stock                                                 | (1,013)             | (10)          | (62,367)                  | —                        | (62,377)                   |
| Stock-based compensation expense                                            | —                   | —             | 4,064                     | —                        | 4,064                      |
| Cash dividends declared and dividend equivalents                            | —                   | —             | 79                        | (6,736)                  | (6,657)                    |
| Other                                                                       | —                   | —             | (34)                      | —                        | (34)                       |
| Net income                                                                  | —                   | —             | —                         | 142,496                  | 142,496                    |
| <b>Balance at March 31, 2022</b>                                            | <u>33,038</u>       | <u>\$ 330</u> | <u>\$ 627,447</u>         | <u>\$ 1,202,085</u>      | <u>\$ 1,829,862</u>        |
| <b>Balance at December 31, 2020</b>                                         | <u>33,351</u>       | <u>\$ 334</u> | <u>\$ 697,200</u>         | <u>\$ 583,171</u>        | <u>\$ 1,280,705</u>        |
| Vesting of stock-based compensation awards                                  | 601                 | 6             | (6)                       | —                        | —                          |
| Withholding of common stock upon vesting of stock-based compensation awards | (244)               | (3)           | (12,174)                  | —                        | (12,177)                   |
| Stock-based compensation expense                                            | —                   | —             | 3,019                     | —                        | 3,019                      |
| Other                                                                       | —                   | —             | (30)                      | —                        | (30)                       |
| Net income                                                                  | —                   | —             | —                         | 101,652                  | 101,652                    |
| <b>Balance at March 31, 2021</b>                                            | <u>33,708</u>       | <u>\$ 337</u> | <u>\$ 688,009</u>         | <u>\$ 684,823</u>        | <u>\$ 1,373,169</u>        |

*See Notes to Unaudited Condensed Consolidated Financial Statements*

**Century Communities, Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2022**

**1. Basis of Presentation**

Century Communities, Inc. (which we refer to as “we,” “CCS,” or the “Company”), together with its subsidiaries, is engaged in the development, design, construction, marketing and sale of single-family attached and detached homes in 17 states. In many of our projects, in addition to building homes, we are responsible for the entitlement and development of the underlying land. We build and sell homes under our Century Communities and Century Complete brands. Our Century Communities brand targets a wide range of buyer profiles including: entry-level, first and second time move-up, and lifestyle homebuyers, and provides our homebuyers with the ability to personalize their homes through certain option and upgrade opportunities. Our Century Complete brand targets entry-level homebuyers, primarily sells homes through retail studios and the internet, and generally provides no option or upgrade opportunities. We now have six states where both Century brands have a presence, and we believe there are more opportunities for increased penetration within our over 45 high-growth markets to enable both brands to benefit from increased scale and enhanced operational efficiencies.

Our homebuilding operations are organized into the following five reportable segments: West, Mountain, Texas, Southeast, and Century Complete. Our indirect wholly-owned subsidiaries, Inspire Home Loans Inc., Parkway Title, LLC, and IHL Home Insurance Agency, LLC, which provide mortgage, title, and insurance services, respectively, primarily to our homebuyers, have been identified as our Financial Services segment.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (which we refer to as “GAAP”) and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (which we refer to as the “SEC”). In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments consisting of normal recurring adjustments necessary for a fair presentation of our financial position and results of operations for the periods presented. Interim results of operations are not necessarily indicative of the results that may be achieved for the full year. The financial statements and related notes do not include all information and footnotes required by GAAP and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 that was filed with the SEC on February 3, 2022.

**Principles of Consolidation**

The condensed consolidated financial statements include the accounts of the Company, as well as all subsidiaries in which we have a controlling interest, and variable interest entities for which the Company is deemed to be the primary beneficiary. We do not have any variable interest entities in which we are deemed the primary beneficiary. All intercompany accounts and transactions have been eliminated.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**2. Reporting Segments**

Our homebuilding operations are engaged in the development, design, construction, marketing and sale of single-family attached and detached homes in 17 states. We build and sell homes under our Century Communities and Century Complete brands. Our Century Communities brand is managed by geographic location, and each of our four geographic regions offers a wide range of buyer profiles including: entry-level, first and second time move-up, and lifestyle homebuyers, and provides our homebuyers with the ability to personalize their homes through certain option and upgrade selections. Each of our four geographic regions is considered a separate operating segment. Our Century Complete brand targets entry-level homebuyers, primarily sells homes through retail studios and the internet, and generally provides no option or upgrade selections. Our Century Complete brand currently has operations in 11 states and is managed separately from our four geographic regions. Accordingly, it is considered a separate operating segment.

The management of our four Century Communities geographic regions and Century Complete reports to our chief operating decision makers (which we refer to as “CODMs”), the Co-Chief Executive Officers of our Company. The CODMs review the results of our operations, including total revenue and income before income tax expense to determine profitability and to allocate resources. Accordingly, we have presented our homebuilding operations as the following five reportable segments:

- West (California and Washington)
- Mountain (Arizona, Colorado, Nevada, and Utah)
- Texas
- Southeast (Florida, Georgia, North Carolina, South Carolina, and Tennessee)
- Century Complete (Alabama, Arizona, Florida, Georgia, Indiana, Kentucky, Michigan, North Carolina, Ohio, South Carolina, and Texas)

We have identified our Financial Services operations, which provide mortgage, title, and insurance services to our homebuyers, as a sixth reportable segment. Our Corporate operations are a non-operating segment, as they serve to support our homebuilding, and to a lesser extent our Financial Services operations, through functions, such as our executive, finance, treasury, human resources, accounting and legal departments.

The following table summarizes total revenue and income before income tax expense by segment (in thousands):

|                                          | Three Months Ended March 31, |              |
|------------------------------------------|------------------------------|--------------|
|                                          | 2022                         | 2021         |
| Revenue:                                 |                              |              |
| West                                     | \$ 262,710                   | \$ 185,826   |
| Mountain                                 | 281,360                      | 305,313      |
| Texas                                    | 124,577                      | 87,735       |
| Southeast                                | 149,600                      | 220,406      |
| Century Complete                         | 171,798                      | 175,669      |
| Financial Services                       | 26,305                       | 33,620       |
| Corporate                                | —                            | —            |
| Total revenue                            | \$ 1,016,350                 | \$ 1,008,569 |
| Income (loss) before income tax expense: |                              |              |
| West                                     | \$ 71,242                    | \$ 27,461    |
| Mountain                                 | 56,999                       | 51,980       |
| Texas                                    | 20,570                       | 8,531        |
| Southeast                                | 30,865                       | 23,440       |
| Century Complete                         | 24,692                       | 21,730       |
| Financial Services                       | 11,151                       | 15,319       |
| Corporate                                | (26,743)                     | (17,412)     |
| Total income before income tax expense   | \$ 188,776                   | \$ 131,049   |

The following table summarizes total assets by segment (in thousands):

|                    | March 31,<br>2022 | December 31,<br>2021 |
|--------------------|-------------------|----------------------|
| West               | \$ 724,968        | \$ 668,830           |
| Mountain           | 1,016,202         | 1,008,481            |
| Texas              | 365,114           | 322,302              |
| Southeast          | 401,522           | 360,644              |
| Century Complete   | 424,854           | 371,096              |
| Financial Services | 396,178           | 533,159              |
| Corporate          | 166,663           | 232,364              |
| Total assets       | \$ 3,495,501      | \$ 3,496,876         |

Corporate assets primarily include certain cash and cash equivalents, certain property and equipment, prepaid insurance, and deferred financing costs on our revolving line of credit.



### 3. Inventories

Inventories included the following (in thousands):

|                           | March 31,<br>2022   | December 31,<br>2021 |
|---------------------------|---------------------|----------------------|
| Homes under construction  | \$ 1,298,771        | \$ 1,188,270         |
| Land and land development | 1,326,172           | 1,214,965            |
| Capitalized interest      | 55,252              | 53,379               |
| Total inventories         | <u>\$ 2,680,195</u> | <u>\$ 2,456,614</u>  |

### 4. Financial Services

Our Financial Services are principally comprised of our mortgage lending operations, Inspire Home Loans Inc. (which we refer to as “Inspire”). Inspire is a full-service mortgage lender and primarily originates mortgage loans for our homebuyers. Inspire sells substantially all of the loans it originates either as loans with servicing rights released, or with servicing rights retained, in the secondary mortgage market within a short period of time after origination, generally within 30 days. Inspire primarily finances these loans using its mortgage repurchase facilities. Mortgage loans in process for which interest rates were locked by borrowers, or interest rate lock commitments, totaled approximately \$230.7 million and \$164.3 million at March 31, 2022 and December 31, 2021, respectively, and carried a weighted average interest rate of approximately 4.4% and 3.3%, respectively. As of March 31, 2022 and December 31, 2021, Inspire had mortgage loans held for sale with an aggregate fair value of \$199.0 million and \$353.1 million, respectively, and an aggregate outstanding principal balance of \$197.6 million and \$342.0 million, respectively. Our net gains on the sale of mortgage loans were \$0.7 million and \$18.0 million for the three months ended March 31, 2022 and 2021, respectively, and are included in the financial services revenue on the condensed consolidated statements of operations. Interest rate risks related to these obligations are typically mitigated by the preselling of loans to investors or through our interest rate hedging program.

Mortgage loans held for sale, including the rights to service the mortgage loans, mortgage loans in process for which interest rates were committed to the borrowers (referred to as “interest rate lock commitments”), as well as the derivative instruments used to economically hedge our interest rate risk, which are typically forward commitments on mortgage-backed securities and interest rate lock commitments, are carried at fair value. Management believes carrying loans held for sale at fair value improves financial reporting by mitigating volatility in reported earnings caused by measuring the fair value of the loans and the derivative instruments used to economically hedge them. Gains and losses from the changes in fair value are reflected in financial services revenue on the condensed consolidated statements of operations. Losses from the change in fair value for mortgage loans held for sale were \$9.7 million and \$4.9 million for the three months ended March 31, 2022 and 2021, respectively. Refer to Note 11 – Fair Value Disclosures for further information regarding our derivative instruments.

### 5. Prepaid Expenses and Other Assets

Prepaid expenses and other assets included the following (in thousands):

|                                                           | March 31,<br>2022 | December 31,<br>2021 |
|-----------------------------------------------------------|-------------------|----------------------|
| Prepaid insurance                                         | \$ 35,968         | \$ 37,814            |
| Lot option and escrow deposits                            | 67,068            | 61,649               |
| Performance deposits                                      | 11,606            | 11,196               |
| Deferred financing costs on revolving line of credit, net | 5,411             | 5,135                |
| Restricted cash <sup>(1)</sup>                            | 9,111             | 5,931                |
| Right of use assets                                       | 16,899            | 16,939               |
| Other assets and prepaid expenses                         | 46,362            | 28,322               |
| Mortgage loans held for investment                        | 16,509            | 13,456               |
| Derivative assets and mortgage servicing rights           | 27,633            | 19,645               |
| Total prepaid expenses and other assets                   | <u>\$ 236,567</u> | <u>\$ 200,087</u>    |

(1) Restricted cash consists of earnest money deposits for home sale contracts held by third parties as required by various jurisdictions, and certain pledge balances associated with our mortgage repurchase facilities.

## 6. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities included the following (in thousands):

|                                                 | March 31,<br>2022 | December 31,<br>2021 |
|-------------------------------------------------|-------------------|----------------------|
| Earnest money deposits                          | \$ 65,553         | \$ 56,811            |
| Warranty reserve                                | 13,503            | 13,343               |
| Accrued compensation costs                      | 43,665            | 81,604               |
| Land development and home construction accruals | 115,940           | 88,155               |
| Accrued interest                                | 13,765            | 9,653                |
| Lease liabilities - operating leases            | 17,555            | 17,359               |
| Income taxes payable                            | 46,036            | 1,684                |
| Derivative liabilities                          | —                 | 359                  |
| Other accrued liabilities                       | 54,113            | 47,909               |
| Total accrued expenses and other liabilities    | <u>\$ 370,130</u> | <u>\$ 316,877</u>    |

## 7. Warranties

Estimated future direct warranty costs are accrued and charged to cost of home sales revenues in the period when the related home sales revenues are recognized. Amounts accrued, which are included in accrued expenses and other liabilities on the condensed consolidated balance sheets, are based upon historical experience rates. We subsequently assess the adequacy of our warranty accrual on a quarterly basis through a model that incorporates historical payment trends and adjust the amounts recorded, if necessary. Based on warranty payment trends relative to our estimates at the time of home closing, we reduced our warranty reserve by \$0.6 million and \$1.8 million during the three months ended March 31, 2022 and 2021, respectively. These adjustments are included in cost of home sales revenues on our condensed consolidated statements of operations. Changes in our warranty accrual for the three months ended March 31, 2022 and 2021 are detailed in the table below (in thousands):

|                             | Three Months Ended March 31, |                  |
|-----------------------------|------------------------------|------------------|
|                             | 2022                         | 2021             |
| Beginning balance           | \$ 13,343                    | \$ 13,824        |
| Warranty expense provisions | 1,902                        | 2,298            |
| Payments                    | (1,185)                      | (839)            |
| Warranty adjustment         | (557)                        | (1,803)          |
| Ending balance              | <u>\$ 13,503</u>             | <u>\$ 13,480</u> |

## 8. Debt

Our outstanding debt obligations included the following as of March 31, 2022 and December 31, 2021 (in thousands):

|                                                     | March 31,<br>2022   | December 31,<br>2021 |
|-----------------------------------------------------|---------------------|----------------------|
| 3.875% senior notes, due August 2029 <sup>(1)</sup> | \$ 494,310          | \$ 494,117           |
| 6.750% senior notes, due May 2027 <sup>(1)</sup>    | 495,785             | 495,581              |
| Other financing obligations                         | 20,866              | 9,238                |
| Notes payable                                       | 1,010,961           | 998,936              |
| Revolving line of credit                            | —                   | —                    |
| Mortgage repurchase facilities                      | 193,028             | 331,876              |
| Total debt                                          | <u>\$ 1,203,989</u> | <u>\$ 1,330,812</u>  |

<sup>(1)</sup> The carrying value of senior notes reflects the impact of premiums, discounts, and issuance costs that are amortized to interest expense over the respective terms of the senior notes.

### *Revolving Line of Credit*

On May 21, 2021, we entered into a Second Amended and Restated Credit Agreement (which we refer to as the “Second A&R Credit Agreement”) with Texas Capital Bank, National Association, as Administrative Agent and L/C Issuer, and the lenders party thereto. The Second A&R Credit Agreement, which amended and restated our prior Amended and Restated Credit Agreement, provides us with

a senior unsecured revolving line of credit (which we refer to as the “Credit Facility”) of up to \$800 million, and unless terminated earlier, will mature on April 30, 2026. The Credit Facility includes a \$250.0 million sublimit for standby letters of credit. Under the terms of the Second A&R Credit Agreement, the Company is entitled to request an increase in the size of the Credit Facility by an amount not exceeding \$200 million. Our obligations under the Second A&R Credit Agreement are guaranteed by certain of our subsidiaries. The Second A&R Credit Agreement contains customary affirmative and negative covenants (including limitations on our ability to grant liens, incur additional debt, pay dividends, redeem our common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions), as well as customary events of default. Borrowings under the Second A&R Credit Agreement bear interest at a floating rate equal to the adjusted Eurodollar Rate plus an applicable margin between 2.05% and 2.65% per annum, and if made available in the Administrative Agent’s discretion, a base rate plus an applicable margin between 1.05% and 1.65% per annum.

As of March 31, 2022 and December 31, 2021, no amounts were outstanding under the Credit Facility, and we were in compliance with all covenants.

### ***Mortgage Repurchase Facilities – Financial Services***

On May 4, 2018, September 14, 2018, and August 1, 2019, Inspire entered into mortgage warehouse facilities, with Comerica Bank, J.P. Morgan, and Wells Fargo, respectively. The mortgage warehouse lines of credit (which we refer to as the “Repurchase Facilities”), which were increased in 2020, provide Inspire with uncommitted repurchase facilities of up to \$325 million as of March 31, 2022, secured by the mortgage loans financed thereunder. The Repurchase Facilities have varying short term maturity dates through August 23, 2022 and bear a weighted average interest rate of 2.17%.

Amounts outstanding under the Repurchase Facilities are not guaranteed by us or any of our subsidiaries, and the agreements contain various affirmative and negative covenants applicable to Inspire that are customary for arrangements of this type. As of March 31, 2022 and December 31, 2021, we had \$193.0 million and \$331.9 million outstanding under the Repurchase Facilities, respectively, and were in compliance with all covenants thereunder.

During the three months ended March 31, 2022 and 2021, we incurred interest expense on the Repurchase Facilities of \$0.4 million and \$0.8 million, respectively, which are included in financial services costs on our condensed consolidated statements of operations.

## **9. Interest**

Interest is capitalized to inventories while the related communities are being actively developed and until homes are completed. As our qualifying assets exceeded our outstanding debt during the three months ended March 31, 2022 and 2021, we capitalized all interest costs incurred during these periods, except for interest incurred on our Repurchase Facilities.

Our interest costs were as follows (in thousands):

|                                             | Three Months Ended March 31, |          |      |          |
|---------------------------------------------|------------------------------|----------|------|----------|
|                                             | 2022                         |          | 2021 |          |
| Interest capitalized beginning of period    | \$                           | 53,379   | \$   | 60,838   |
| Interest capitalized during period          |                              | 14,019   |      | 15,048   |
| Less: capitalized interest in cost of sales |                              | (12,146) |      | (18,377) |
| Interest capitalized end of period          | \$                           | 55,252   | \$   | 57,509   |

## **10. Income Taxes**

At the end of each interim period we are required to estimate our annual effective tax rate for the fiscal year and to use that rate to provide for income taxes for the current year-to-date reporting period. Our 2022 estimated annual effective tax rate, before discrete items, of 25.5% is driven by our blended federal and state statutory rate of 24.7%, and certain permanent differences between GAAP and tax, including disallowed deductions for executive compensation which increased our rate by 0.8%.

For the three months ended March 31, 2022, our estimated annual rate of 25.5% was impacted by discrete items which had a net impact of decreasing our rate by 1.0%, including excess tax benefits for vested stock-based compensation and federal energy tax credits claimed on prior year home deliveries in excess of previous estimates.

Our estimated annual rate for the three months ended March 31, 2022 of 25.5% increased by 330 basis points as compared to our effective tax rate for the year ended December 31, 2021 of 22.2%. The increase in our estimated rate is driven by the expiration of the

Energy Efficient Home Credit on December 31, 2021. The Energy Efficient Home Credit provided a \$2,000 tax credit for each home delivered that met the energy saving and certification requirements under the statute.

For the three months ended March 31, 2022 and 2021, we recorded income tax expense of \$46.3 million and \$29.4 million, respectively.

## 11. Fair Value Disclosures

Fair value measurements are used for the Company's mortgage loans held for sale, mortgage loans held for investment, mortgage servicing rights, interest rate lock commitments and other derivative instruments on a recurring basis. We also utilize fair value measurements on a non-recurring basis for inventories and intangible assets when events and circumstances indicate that the carrying value is not recoverable. The fair value hierarchy and its application to the Company's assets and liabilities is as follows:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are inactive; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets at the measurement date.

- *Mortgage loans held for sale* – Fair value is based on quoted market prices for committed and uncommitted mortgage loans.
- *Derivative assets and liabilities* – Derivative assets are interest rate lock commitments and derivative liabilities are associated with forward commitments and investor commitments on loans. Fair value is based on market prices for similar instruments.

Level 3 – Valuations derived from techniques where one or more significant inputs or significant value drivers are unobservable in active markets at the measurement date.

- *Mortgage servicing rights* - The fair value of the mortgage servicing rights is calculated using third-party valuations. The key assumptions, which are generally unobservable inputs, used in the valuation of the mortgage servicing rights include mortgage prepayment rates, discount rates and cost to service.
- *Mortgage loans held for investment* – The fair value of mortgage loans held for investment is calculated based on Level 3 analysis which incorporates information including the value of underlying collateral, from markets where there is little observable trading activity.

The following outlines the Company's assets and liabilities measured at fair value on a recurring basis at March 31, 2022 and December 31, 2021, respectively (in thousands):

|                                                   | Balance Sheet Classification           | Hierarchy | March 31,<br>2022 | December 31,<br>2021 |
|---------------------------------------------------|----------------------------------------|-----------|-------------------|----------------------|
| Mortgage loans held for sale                      | Mortgage loans held for sale           | Level 2   | \$ 198,985        | \$ 353,063           |
| Mortgage loans held for investment <sup>(1)</sup> | Prepaid expenses and other assets      | Level 3   | \$ 16,509         | \$ 13,456            |
| Derivative assets                                 | Prepaid expenses and other assets      | Level 2   | \$ 9,583          | \$ 5,944             |
| Mortgage servicing rights <sup>(2)</sup>          | Prepaid expenses and other assets      | Level 3   | \$ 18,050         | \$ 13,701            |
| Derivative liabilities                            | Accrued expenses and other liabilities | Level 2   | \$ —              | \$ 359               |

<sup>(1)</sup> The unobservable inputs used in the valuation of the mortgage loans held for investment include, among other items, the value of underlying collateral, from markets where there is little observable trading activity.

<sup>(2)</sup> The unobservable inputs used in the valuation of the mortgage servicing rights include mortgage prepayment rates, discount rates and cost to service, which were 7.1%, 9.9%, and \$0.090 per year per loan, respectively as of March 31, 2022, and 8.5%, 9.9%, and \$0.085 per year per loan, respectively, as of December 31, 2021. The high and low end of the range of unobservable inputs used in the valuation did not result in a significant change to the fair value measurement.

The following table represents the reconciliation of the beginning and ending balance for the Level 3 recurring fair value measurements, with gains and losses from the changes in fair value reflected in financial services revenue on the condensed consolidated statements of operations (in thousands):

|                                           | Three Months Ended March 31, |           |
|-------------------------------------------|------------------------------|-----------|
|                                           | 2022                         | 2021      |
| <b>Mortgage servicing rights</b>          |                              |           |
| Beginning of period                       | \$ 13,701                    | \$ 4,115  |
| Originations                              | 3,406                        | 3,882     |
| Settlements                               | (305)                        | (126)     |
| Changes in fair value                     | 1,248                        | 378       |
| End of period                             | \$ 18,050                    | \$ 8,249  |
|                                           |                              |           |
|                                           | Three Months Ended March 31, |           |
|                                           | 2022                         | 2021      |
| <b>Mortgage loans held-for-investment</b> |                              |           |
| Beginning of period                       | \$ 13,456                    | \$ 8,727  |
| Transfers from loans held for sale        | 4,166                        | 1,400     |
| Settlements                               | (975)                        | —         |
| Reduction in unpaid principal balance     | (64)                         | (49)      |
| Changes in fair value                     | (74)                         | —         |
| End of period                             | \$ 16,509                    | \$ 10,078 |

For the financial assets and liabilities that the Company does not reflect at fair value, the following present both their respective carrying value and fair value at March 31, 2022 and December 31, 2021, respectively (in thousands).

|                                               | Hierarchy | March 31, 2022 |            | December 31, 2021 |            |
|-----------------------------------------------|-----------|----------------|------------|-------------------|------------|
|                                               |           | Carrying       | Fair Value | Carrying          | Fair Value |
| Cash and cash equivalents                     | Level 1   | \$ 209,046     | \$ 209,046 | \$ 316,310        | \$ 316,310 |
| 3.875% senior notes <sup>(1)(2)</sup>         | Level 2   | \$ 494,310     | \$ 446,250 | \$ 494,117        | \$ 504,375 |
| 6.750% senior notes <sup>(1)(2)</sup>         | Level 2   | \$ 495,785     | \$ 515,000 | \$ 495,581        | \$ 526,875 |
| Revolving line of credit <sup>(3)</sup>       | Level 2   | \$ —           | \$ —       | \$ —              | \$ —       |
| Other financing obligations <sup>(3)(4)</sup> | Level 3   | \$ 20,866      | \$ 20,866  | \$ 9,238          | \$ 9,238   |
| Mortgage repurchase facilities <sup>(3)</sup> | Level 2   | \$ 193,028     | \$ 193,028 | \$ 331,876        | \$ 331,876 |

(1) Estimated fair value of the senior notes is based on recent trading activity in inactive markets.

(2) Carrying amounts include any associated unamortized deferred financing costs, premiums and discounts. As of March 31, 2022, these amounts totaled \$5.7 million and \$4.2 million for the 3.875% senior notes and 6.750% senior notes, respectively. As of December 31, 2021, these amounts totaled \$5.9 million and \$4.4 million for the 6.750% senior notes and 5.875% senior notes, respectively.

(3) Carrying amount approximates fair value due to short-term nature and interest rate terms.

(4) Other financing obligations included insurance premium notes and certain secured borrowings and generally bore interest rates ranging from 2.40% to 3.24% during the period ended March 31, 2022 and from 2.99% to 3.24% during the period ended December 31, 2021.

Non-financial assets and liabilities include items such as inventory and property and equipment that are measured at fair value when acquired and as a result of impairments, if deemed necessary. No impairment charges were recorded in the three months ended March 31, 2022 and 2021, respectively. When impairment charges are recognized, the estimated fair value of communities are determined through a discounted cash flow approach utilizing Level 3 inputs. Changes in our cash flow projections in future periods related to these communities may change our conclusions on the recoverability of inventory in the future.

## 12. Stock-Based Compensation

During the three months ended March 31, 2022 and 2021, we granted performance share units (which we refer to as “PSUs”) covering up to 0.5 million and 0.2 million shares of common stock, respectively, assuming maximum level of performance, with a grant date fair value of \$55.93 and \$58.28 per share, respectively, that are subject to both service and performance vesting conditions. The quantity of shares that will ultimately vest for the PSUs ranges from 0% to up to 250% of a targeted number of shares for each participant and will be determined based on an achievement of a three year adjusted pre-tax income performance goal. During the three months ended March 31, 2022 and 2021, we issued 0.3 million and 0.3 million shares of common stock, respectively, upon the vesting and settlement of PSUs that were granted in previous periods. Approximately 0.9 million shares will vest in 2022 to 2024 if the defined maximum performance targets are met, and no shares will vest if the defined minimum performance targets are not met. During the three months ended March 31, 2022 and 2021, we granted restricted stock units (which we refer to as “RSUs”) covering 0.2 million and 0.2 million shares of

common stock, respectively, with a grant date fair value of \$64.37 and \$52.74 per share, respectively, that primarily vest over a three year period.

A summary of our outstanding PSUs, assuming the current estimated level of performance achievement, and RSUs are as follows (in thousands, except years):

|                                                        | As of March 31, 2022 |        |
|--------------------------------------------------------|----------------------|--------|
| Unvested units                                         |                      | 1,026  |
| Unrecognized compensation cost                         | \$                   | 34,672 |
| Weighted-average period to recognize compensation cost |                      | 1.97   |

During the three months ended March 31, 2022 and 2021, we recognized stock-based compensation expense of \$4.1 million and \$3.0 million, respectively. Stock-based compensation expense is included in selling, general, and administrative expense on our condensed consolidated statements of operations.

### 13. Stockholders' Equity

Our authorized capital stock consists of 100.0 million shares of common stock, par value \$0.01 per share, and 50.0 million shares of preferred stock, par value \$0.01 per share. As of March 31, 2022 and December 31, 2021, there were 33.0 million and 33.8 million shares of common stock issued and outstanding, respectively, and no shares of preferred stock outstanding.

On May 10, 2017, our stockholders approved the adoption of the Century Communities, Inc. 2017 Omnibus Incentive Plan (which we refer to as our "2017 Incentive Plan"), which replaced our First Amended & Restated 2013 Long-Term Incentive Plan. We had reserved a total of 1.8 million shares of our common stock for issuance under our First Amended & Restated 2013 Long-Term Incentive Plan, of which approximately 0.6 million shares rolled over into the 2017 Incentive Plan when it became effective. On May 8, 2019, our stockholders approved the Century Communities, Inc. Amended and Restated 2017 Omnibus Incentive Plan (which we refer to as our "Amended 2017 Incentive Plan"), which increased the number of shares of our common stock authorized for issuance under the 2017 Incentive Plan by an additional 1.6 million shares. We issued 0.5 million and 0.6 million shares of common stock related to the vesting and settlement of RSUs and PSUs during the three months ended March 31, 2022 and 2021, respectively. As of March 31, 2022, approximately 0.3 million shares of common stock remained available for issuance under the Amended 2017 Incentive Plan.

On May 19, 2021, our Board of Directors announced the approval of the initiation of a quarterly cash dividend. The following table sets forth cash dividends declared by our Board of Directors to holders of record of our common stock during the three months ended March 31, 2022 (in thousands, except per share information):

| Declaration Date  | Record Date   | Payable Date   | Cash Dividends Declared |          |
|-------------------|---------------|----------------|-------------------------|----------|
|                   |               |                | Per Share               | Amount   |
| February 16, 2022 | March 2, 2022 | March 16, 2022 | \$ 0.20                 | \$ 6,657 |

Under the Amended 2017 Incentive Plan, at the discretion of the Compensation Committee of the Board of Directors, RSUs and PSUs granted under the plan have the right to earn dividend equivalents, which entitles the holders of such RSUs and PSUs to additional RSUs and PSUs equal to the same dividend value per share as holders of common stock. Dividend equivalents are subject to the same vesting and other terms and conditions as the underlying RSUs and PSUs.

On November 27, 2019, we entered into a Distribution Agreement with J.P. Morgan Securities LLC, BofA Securities, Inc., Citigroup Global Markets Inc., and Fifth Third Securities, Inc. (which we refer to as the "Distribution Agreement"), as sales agents pursuant to which we may offer and sell shares of our common stock having an aggregate offering price of up to \$100.0 million from time to time through any of the sales agents party thereto in "at-the-market" offerings, in accordance with the terms and conditions set forth in the Distribution Agreement. This Distribution Agreement, which superseded and replaced a prior similar distribution agreement, and was amended in July 2021 to acknowledge our filing of a new registration statement on Form S-3 registering the issuance and sale of shares of our common stock under the Distribution Agreement and replace Citigroup Global Markets Inc. with Wells Fargo Securities, LLC as a sales agent, had all \$100.0 million available for sale as of March 31, 2022. We did not sell or issue any shares of our common stock during the three months ended March 31, 2022 and 2021, respectively. The Distribution Agreement will remain in full force and effect until terminated by either party pursuant to the terms of the agreement or such date that the maximum offering amount has been sold in accordance with the terms of the agreement.

On November 6, 2018, we authorized a stock repurchase program, under which we may repurchase up to 4,500,000 shares of our outstanding common stock. During the three months ended March 31, 2022, an aggregate of 1.0 million shares were repurchased for a total purchase price of approximately \$62.4 million and a weighted average price of \$61.52 per share. During the three months ended

March 31, 2021 we did not repurchase any shares of common stock. The maximum number of shares available to be purchased under the stock repurchase program as of March 31, 2022 was 2,799,552 shares.

During the three months ended March 31, 2022 and 2021, shares of common stock at a total cost of \$12.1 million and \$12.2 million, respectively, were netted and surrendered as payment for minimum statutory withholding obligations in connection with the vesting of outstanding stock-based compensation awards. Shares surrendered by the participants in accordance with the applicable award agreements and plan are deemed repurchased and retired by us but are not part of publicly announced share repurchase programs.

#### 14. Earnings Per Share

We use the treasury stock method to calculate earnings per share as our currently issued non-vested RSUs and PSUs do not have participating rights.

The following table sets forth the computation of basic and diluted EPS for the three months ended March 31, 2022 and 2021 (in thousands, except share and per share information):

|                                                      | Three Months Ended March 31, |            |
|------------------------------------------------------|------------------------------|------------|
|                                                      | 2022                         | 2021       |
| <b>Numerator</b>                                     |                              |            |
| Net income                                           | \$ 142,496                   | \$ 101,652 |
| <b>Denominator</b>                                   |                              |            |
| Weighted average common shares outstanding - basic   | 33,530,610                   | 33,563,903 |
| Dilutive effect of restricted stock units            | 411,624                      | 320,372    |
| Weighted average common shares outstanding - diluted | 33,942,234                   | 33,884,275 |
| <b>Earnings per share:</b>                           |                              |            |
| Basic                                                | \$ 4.25                      | \$ 3.03    |
| Diluted                                              | \$ 4.20                      | \$ 3.00    |

Stock-based awards are excluded from the calculation of diluted EPS in the event they are subject to unsatisfied performance conditions or are antidilutive. We excluded 0.6 million and 0.8 million common stock unit equivalents from diluted earnings per share during each of the three months ended March 31, 2022 and 2021, respectively, related to the PSUs for which performance conditions remained unsatisfied.

#### 15. Commitments and Contingencies

##### Letters of Credit and Performance Bonds

In the normal course of business, we post letters of credit and performance and other bonds primarily related to our land development performance obligations with local municipalities. As of March 31, 2022 and December 31, 2021, we had \$528.9 million and \$492.5 million, respectively, in letters of credit and performance and other bonds issued and outstanding.

##### Legal Proceedings

We are subject to claims and lawsuits that arise primarily in the ordinary course of business, which consist primarily of construction claims. It is the opinion of our management that if the claims have merit, parties other than the Company would be, at least in part, liable for the claims, and the eventual outcome of these claims will not have a material adverse effect upon our consolidated financial condition, results of operations, or cash flows. When we believe that a loss is probable and estimable, we record a charge to selling, general, and administrative expense on our condensed consolidated statements of operations for our estimated loss.

Under various insurance policies, we have the ability to recoup costs in excess of applicable self-insured retentions. Estimates of such amounts are recorded in other assets on our condensed consolidated balance sheet when recovery is probable.

We do not believe that the ultimate resolution of any claims and lawsuits will have a material adverse effect upon our consolidated financial position, results of operations, or cash flows.



## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Some of the statements included in this Quarterly Report on Form 10-Q (which we refer to as this "Form 10-Q") constitute forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, forecasts, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. These statements are only predictions. We caution that forward-looking statements are not guarantees. Actual events and results of operations could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements are typically identified by the use of terms such as "may," "will," "should," "expect," "could," "intend," "plan," "anticipate," "estimate," "believe," "continue," "predict," "potential," the negative of such terms and other comparable terminology and the use of future dates. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors.

The forward-looking statements included in this Form 10-Q reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement. Statements regarding the following subjects, among others, may be forward-looking and subject to risks and uncertainties including among others:

- the impact of the COVID-19 pandemic and measures taken in response to the COVID-19 pandemic on our business operations, operating results and financial condition, as well as the general economy and housing market in particular;
- economic changes, either nationally or in the markets in which we operate, including declines in employment, volatility of mortgage interest rates and inflation;
- shortages of or increased prices for labor, land or raw materials, including lumber, used in housing construction and resource shortages;
- a downturn in the homebuilding industry, including a reduction in demand or a decline in real estate values or market conditions resulting in an adverse impact on our business, operating results and financial conditions, including an impairment of our assets;
- changes in assumptions used to make industry forecasts, population growth rates or trends affecting housing demand or prices;
- continued volatility and uncertainty in the credit markets and broader financial markets;
- our future operating results and financial condition;
- our business operations;
- changes in our business and investment strategy;
- availability and price of land to acquire, and our ability to acquire such land on favorable terms or at all;
- availability, terms and deployment of capital;
- availability or cost of mortgage financing or an increase in the number of foreclosures in the market;
- delays in land development or home construction resulting from adverse weather conditions or other events outside our control;
- impact of construction defect, product liability, and/or home warranty claims, including the adequacy of accruals and the applicability and sufficiency of our insurance coverage;
- changes in, or the failure or inability to comply with, governmental laws and regulations;
- the timing of receipt of regulatory approvals and the opening of projects;
- the impact and cost of compliance with evolving environmental, health and safety and other laws and regulations and third-party challenges to required permits and other approvals and potential legal liability in connection therewith;
- the degree and nature of our competition;
- our leverage, debt service obligations and exposure to changes in interest rates and our ability to refinance our debt when needed or on favorable terms;
- our ability to continue to fund and succeed in our mortgage lending business and the additional risks involved in that business;
- availability of qualified personnel and contractors and our ability to retain key personnel and contractor relationships;
- our ability to pay dividends in the future;
- taxation and tax policy changes, tax rate changes, new tax laws, new or revised tax law interpretations or guidance; and
- changes in United States generally accepted accounting principles (which we refer to as "GAAP").

Forward-looking statements are based on our beliefs, assumptions and expectations of future events, taking into account all information currently available to us. Forward-looking statements are not guarantees of future events or of our performance. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these events and factors are described above and in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K, and other risks and uncertainties detailed in this report, including "Part II, Item 1A. Risk Factors", and our other reports and filings with the SEC. If a change occurs, our business, financial condition, liquidity, cash flows and results of operations may vary materially from those expressed in or implied by our forward-looking statements. New risks and uncertainties arise over time, and it is not possible for us to predict the occurrence of those matters or the manner in which they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or



revise any forward-looking statements, whether as a result of new information, future events or otherwise. Therefore, you should not rely on these forward-looking statements as of any date subsequent to the date of this Form 10-Q.

As used in this Form 10-Q, references to “we,” “us,” “our,” “Century” or the “Company” refer to Century Communities, Inc., a Delaware corporation, and, unless the context otherwise requires, its subsidiaries and affiliates.

The following discussion and analysis of our financial condition and results of operations is intended to help the reader understand our Company, business, operations and present business environment and is provided as a supplement to, and should be read in conjunction with, our condensed consolidated financial statements and the related notes to those statements included elsewhere in this Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. We use certain non-GAAP financial measures that we believe are important for purposes of comparison to prior periods. This information is also used by our management to measure the profitability of our ongoing operations and analyze our business performance and trends. Some of the numbers included herein have been rounded for the convenience of presentation.

## Overview

Century is engaged in the development, design, construction, marketing and sale of single-family attached and detached homes in 17 states. In many of our projects, in addition to building homes, we are responsible for the entitlement and development of the underlying land. We build and sell homes under our Century Communities and Century Complete brands.

Our Century Communities brand offers a wide range of buyer profiles including: entry-level, first and second time move-up, and lifestyle homebuyers, and provides our homebuyers with the ability to personalize their homes through certain option and upgrade opportunities. Our Century Complete brand targets entry-level homebuyers, primarily sells homes through retail studios and the internet and generally provides no option or upgrade opportunities. We now have six states where both Century brands have a presence and we believe there are more opportunities for increased penetration within our over 45 high-growth markets to enable both brands to benefit from increased scale and enhanced operational efficiencies.

Our homebuilding operations are organized into the following five reportable segments: West, Mountain, Texas, Southeast, and Century Complete. Our indirect wholly-owned subsidiaries, Inspire Home Loans Inc., Parkway Title, LLC, and IHL Home Insurance Agency, LLC, which provide mortgage, title, and insurance services, respectively, primarily to our homebuyers have been identified as our Financial Services segment.

While we offer homes that appeal to a broad range of entry-level, move-up, and lifestyle homebuyers, our offerings are heavily weighted towards providing affordable housing options in each of our homebuyer segments. Additionally, we prefer building move-in-ready homes over built-to-order homes, which we believe allows for a faster construction process, advantageous pricing with subcontractors, and shortened time period from home sale to home delivery, thus allowing us to more appropriately price the homes and deploy our capital. Of the 2,348 homes delivered during the first quarter of 2022, approximately 80% of our deliveries were made to entry-level homebuyers and approximately 97% of homes delivered were built as move-in ready homes.

We anticipate the homebuilding markets in each of our operating segments will continue to be tied to both the local economy and the macro-economic environment. Despite overall strong demand and sales of our homes during the first quarter of 2022, continued future demand is uncertain as economic conditions are uncertain, in particular with respect to inflation; the impact of raising the federal funds interest rate by the Federal Reserve; the extent to which and how long COVID-19 and related government directives, actions, and economic relief efforts will impact the U.S. economy, financial markets, credit and mortgage markets; consumer confidence; interest rates; availability and cost of mortgage loans to homebuyers; wage growth; household formations; levels of new and existing homes for sale; availability and cost of land, labor and construction materials; demographic trends; housing demand; and other factors, including those described elsewhere in this Form 10-Q. A decrease in demand for our homes would adversely affect our operating results in future periods, including our net sales, home deliveries, and average sales price, as well as have a direct effect on the origination volume of and revenues from our Financial Services segment. As a result, our past performance may not be indicative of future results.

Additionally, our operating results could be impacted by a decrease in home affordability as a result of price appreciation, mortgage interest rate increases or tightening of mortgage lending standards. While interest rates on 30-year fixed mortgages have risen in recent months, they still remain near historic lows and we believe housing demographics and buyer demand will continue to remain strong at least in the short term and that we are well-positioned to benefit from the ongoing shortage of both new and resale homes available for purchase. Subject to deteriorating market conditions, we believe our operations are well-positioned for future growth as a result of the markets in which we operate, our product offerings which span the home buying segment, but focus on affordable price points, and our current and future inventories of attractive land positions. As we have grown, we have continued to focus on maintaining prudent leverage, and, as a result, we believe we are well positioned to execute on our growth strategy in order to optimize stockholder returns.

## Results of Operations

During the three months ended March 31, 2022, we generated total revenues of \$1.0 billion, with home sales revenues of \$988.4 million, an increase of 3.0% over the prior year period, and financial services revenue of \$26.3 million, a decrease of 21.8% over the prior year period. The increase in home sales revenue was fueled by a 22.7% increase in the average sales price per home to \$421,000, partially offset by a 16.1% decrease in the number of homes delivered to 2,348 due to ongoing supply chain and labor challenges. This increase in home sales revenue combined with a 720 basis point increase in homebuilding gross margin percent resulted in a \$188.8 million in income before income tax expense, net income of \$142.5 million, or \$4.20 per diluted share, compared to \$101.7 million, or \$3.00 per diluted share in the prior year period, and driving our return on equity to 33.7% on an annualized basis for the first quarter of 2022. During the first quarter of 2022, we paid cash dividends to our stockholders of \$0.20 per share, an increase of 33.0% over previously paid quarterly dividends. We also returned capital to our stockholders via share repurchases of 1.0 million shares for \$62.4 million or a weighted average price of \$61.52 per share.

As of March 31, 2022, we had a backlog of 5,247 homes, a 28.1% increase as compared to March 31, 2021, representing approximately \$2.2 billion in sales value, a 37.4% increase as compared to March 31, 2021.

Driven by the continued strong demand for our homes through the first quarter of 2022, we ended the first quarter of 2022 with no amounts outstanding under our revolving line of credit, \$209.0 million of cash and cash equivalents, \$45.2 million of cash held in escrow, and a net homebuilding debt to net capital ratio of 29.3%. Additionally, we increased our land acquisition and development activities during the first quarter of 2022 to bolster our lot pipeline and support future community growth, which resulted in 85,577 lots owned and controlled at March 31, 2022, a 48.7% increase as compared to March 31, 2021 and a 7.2% increase as compared to December 31, 2021. Although the trajectory and strength of our markets have continued to remain strong and allowed us to pass on higher costs through selling price increases and thereby positively affecting our margins during the first quarter of 2022, we continued to experience labor, land and raw material shortages and delays, and material and labor supply cost pressures, and elongated construction cycle times to build homes in many of our markets, caused in part by increased demand, global supply chain disruptions, inflation, and municipal and utility delays, that could negatively impact our sales and margins in future periods.

The following table summarizes our results of operations for the three months ended March 31, 2022 and 2021.

(in thousands, except per share amounts)

|                                                                                                         | Three Months Ended March 31, |              | Increase (Decrease) |         |
|---------------------------------------------------------------------------------------------------------|------------------------------|--------------|---------------------|---------|
|                                                                                                         | 2022                         | 2021         | Amount              | %       |
| <b>Consolidated Statements of Operations:</b>                                                           |                              |              |                     |         |
| Revenue                                                                                                 |                              |              |                     |         |
| Home sales revenues                                                                                     | \$ 988,415                   | \$ 959,279   | \$ 29,136           | 3.0 %   |
| Land sales and other revenues                                                                           | 1,630                        | 15,670       | (14,040)            | (89.6)% |
| Total homebuilding revenues                                                                             | 990,045                      | 974,949      | 15,096              | 1.5 %   |
| Financial services revenues                                                                             | 26,305                       | 33,620       | (7,315)             | (21.8)% |
| Total revenues                                                                                          | 1,016,350                    | 1,008,569    | 7,781               | 0.8 %   |
| Homebuilding cost of revenues                                                                           |                              |              |                     |         |
| Cost of home sales revenues                                                                             | (709,073)                    | (756,507)    | 47,434              | (6.3)%  |
| Cost of land sales and other revenues                                                                   | (846)                        | (10,020)     | 9,174               | (91.6)% |
|                                                                                                         | (709,919)                    | (766,527)    | 56,608              | (7.4)%  |
| Financial services costs                                                                                | (15,154)                     | (18,301)     | 3,147               | (17.2)% |
| Selling, general, and administrative                                                                    | (101,639)                    | (92,151)     | (9,488)             | 10.3 %  |
| Other income (expense)                                                                                  | (862)                        | (541)        | (321)               | 59.3 %  |
| Income before income tax expense                                                                        | 188,776                      | 131,049      | 57,727              | 44.0 %  |
| Income tax expense                                                                                      | (46,280)                     | (29,397)     | (16,883)            | 57.4 %  |
| Net income                                                                                              | \$ 142,496                   | \$ 101,652   | \$ 40,844           | 40.2 %  |
| <b>Earnings per share:</b>                                                                              |                              |              |                     |         |
| Basic                                                                                                   | \$ 4.25                      | \$ 3.03      | \$ 1.22             | 40.3 %  |
| Diluted                                                                                                 | \$ 4.20                      | \$ 3.00      | \$ 1.20             | 40.0 %  |
| Adjusted diluted earnings per share <sup>(1)</sup>                                                      | \$ 4.20                      | \$ 3.00      | \$ 1.20             | 40.0 %  |
| <b>Other Operating Information (dollars in thousands):</b>                                              |                              |              |                     |         |
| Number of homes delivered                                                                               | 2,348                        | 2,797        | (449)               | (16.1)% |
| Average sales price of homes delivered                                                                  | \$ 421.0                     | \$ 343.0     | \$ 78               | 22.7 %  |
| Homebuilding gross margin percentage <sup>(2)</sup>                                                     | 28.3 %                       | 21.1 %       | 7.2 %               | 34.1 %  |
| Adjusted homebuilding gross margin excluding interest and inventory impairment and other <sup>(1)</sup> | 29.5 %                       | 23.1 %       | 6.4 %               | 27.7 %  |
| Backlog at end of period, number of homes                                                               | 5,247                        | 4,097        | 1,150               | 28.1 %  |
| Backlog at end of period, aggregate sales value                                                         | \$ 2,170,865                 | \$ 1,579,599 | \$ 591,266          | 37.4 %  |
| Average sales price of homes in backlog                                                                 | \$ 413.7                     | \$ 385.6     | \$ 28.1             | 7.3 %   |
| Net new home contracts                                                                                  | 2,944                        | 3,455        | (511)               | (14.8)% |
| Selling communities at period end                                                                       | 197                          | 188          | 9                   | 4.8 %   |
| Average selling communities                                                                             | 198                          | 194          | 4                   | 2.1 %   |
| Total owned and controlled lot inventory                                                                | 85,577                       | 57,536       | 28,041              | 48.7 %  |
| Adjusted EBITDA <sup>(1)</sup>                                                                          | \$ 203,663                   | \$ 152,121   | \$ 51,542           | 33.9 %  |
| Adjusted income before income tax expense <sup>(1)</sup>                                                | \$ 188,776                   | \$ 131,049   | \$ 57,727           | 44.0 %  |
| Adjusted net income <sup>(1)</sup>                                                                      | \$ 142,496                   | \$ 101,652   | \$ 40,844           | 40.2 %  |
| Net homebuilding debt to net capital <sup>(1)</sup>                                                     | 29.3 %                       | 19.9 %       | 9.4 %               | 47.2 %  |

<sup>(1)</sup> This is a non-GAAP financial measure and should not be used as a substitute for the Company's operating results prepared in accordance with GAAP. See the reconciliations to the most comparable GAAP measure and other information under "Non-GAAP Financial Measures." An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP.

<sup>(2)</sup> Homebuilding gross margin percentage includes inventory impairment, which is included within inventory impairment and other on our condensed consolidated financial statements. No inventory impairments were recognized for the three months ended March 31, 2022 and 2021.

## Results of Operations by Segment

(dollars in thousands)

|                    | New Homes Delivered          |       | Average Sales Price of Homes Delivered |          | Home Sales Revenues          |            | Income before Income Tax Expense |            |
|--------------------|------------------------------|-------|----------------------------------------|----------|------------------------------|------------|----------------------------------|------------|
|                    | Three Months Ended March 31, |       | Three Months Ended March 31,           |          | Three Months Ended March 31, |            | Three Months Ended March 31,     |            |
|                    | 2022                         | 2021  | 2022                                   | 2021     | 2022                         | 2021       | 2022                             | 2021       |
| West               | 396                          | 319   | \$ 663.5                               | \$ 582.4 | \$ 262,732                   | \$ 185,790 | \$ 71,242                        | \$ 27,461  |
| Mountain           | 514                          | 685   | 546.0                                  | 423.5    | 280,655                      | 290,065    | 56,999                           | 51,980     |
| Texas              | 366                          | 328   | 339.5                                  | 267.5    | 124,256                      | 87,739     | 20,570                           | 8,531      |
| Southeast          | 366                          | 568   | 408.4                                  | 387.5    | 149,477                      | 220,081    | 30,865                           | 23,440     |
| Century Complete   | 706                          | 897   | 242.6                                  | 195.8    | 171,295                      | 175,604    | 24,692                           | 21,730     |
| Financial Services | —                            | —     | —                                      | —        | —                            | —          | 11,151                           | 15,319     |
| Corporate          | —                            | —     | —                                      | —        | —                            | —          | (26,743)                         | (17,412)   |
| Total              | 2,348                        | 2,797 | \$ 421.0                               | \$ 343.0 | \$ 988,415                   | \$ 959,279 | \$ 188,776                       | \$ 131,049 |

### West

During the three months ended March 31, 2022, our West segment generated income before income tax expense of \$71.2 million, a 159.4% increase over the prior year period. This increase was driven by an increase in home sales revenue of \$76.9 million and an increase of 1,234 basis points in the percentage of income before income tax expense to home sales revenues, as a result of (1) increased revenue on a partially fixed cost base and (2) increased gross margins on home sales. The revenue increase during the three months ended March 31, 2022 was primarily generated by a 24.1% increase in the number of homes delivered, as well as a 13.9% increase in the average sales price per home. During the three months ended March 31, 2022, the increase in the number of homes delivered was driven by favorable market dynamics across our markets, in the midst of ongoing supply chain and labor challenges. The average sales price increase was driven by the mix of deliveries within individual communities, as well as increased pricing power as a result of strong market dynamics.

### Mountain

During the three months ended March 31, 2022, our Mountain segment generated income before income tax expense of \$57.0 million, a 9.7% increase over the prior year period. This increase was driven by an increase of 239 basis points in the percentage of income before income tax expense to home sales revenues as a result of increased gross margins on home sales, partially offset by a decrease in home sales revenue of \$9.4 million. The revenue decrease during the three months ended March 31, 2022 was primarily generated by a 25.0% decrease in the number of homes delivered, partially offset by a 28.9% increase in the average sales price per home. During the three months ended March 31, 2022, the decrease in the number of homes delivered was driven by ongoing supply chain and labor challenges, and the average sales price increase was driven by the mix of deliveries within individual communities, as well as increased pricing power as a result of strong market dynamics.

### Texas

During the three months ended March 31, 2022, our Texas segment generated income before income tax expense of \$20.6 million, a 141.1% increase over the prior year period. This increase was driven by an increase in home sales revenue of \$36.5 million and an increase of 683 basis points in the percentage of income before income tax expense to home sales revenues, as a result of (1) increased revenue on a partially fixed cost base and (2) increased gross margins on home sales. The revenue increase during the three months ended March 31, 2022 was primarily generated by a 11.6% increase in the number of homes delivered, as well as a 26.9% increase in the average sales price per home. During the three months ended March 31, 2022, the increase in the number of homes delivered was driven by favorable market dynamics across our markets, in the midst of ongoing supply chain and labor challenges. The average sales price increase was driven by the mix of deliveries within individual communities, as well as increased pricing power as a result of strong market dynamics.

### Southeast

During the three months ended March 31, 2022, our Southeast segment generated income before income tax expense of \$30.9 million, a 31.7% increase over the prior year period. This increase was driven by an increase of 1,000 basis points in the percentage of income before income tax expense to home sales revenues as a result of increased gross margins on home sales, partially offset by a decrease in home sales revenue of \$70.6 million. The revenue decrease during the three months ended March 31, 2022 was primarily generated by a 35.6% decrease in the number of homes delivered, partially offset by a 5.4% increase in the average sales price per home. During the

three months ended March 31, 2022, the decrease in the number of homes delivered was driven ongoing supply chain and labor challenges, and the average sales price increase was driven by the mix of deliveries within individual communities, as well as increased pricing power as a result of strong market dynamics.

### ***Century Complete***

During the three months ended March 31, 2022, our Century Complete segment generated income before income tax expense of \$24.7 million, a 13.6% increase over the prior year period. This increase was driven by an increase of 204 basis points in the percentage of income before income tax expense to home sales revenues as a result of increased gross margins on home sales, partially offset by a decrease in home sales revenue of \$4.3 million. The revenue decrease during the three months ended March 31, 2022 was primarily generated by a 21.3% decrease in the number of homes delivered, partially offset by a 23.9% increase in the average sales price per home. During the three months ended March 31, 2022, the decrease in the number of homes delivered was driven ongoing supply chain and labor challenges, and the average sales price increase was driven by the mix of deliveries within individual communities, as well as increased pricing power as a result of strong market dynamics.

### ***Financial Services***

Our Financial Services segment originates mortgages for primarily our homebuyers, and as such, performance typically correlates to the number of homes delivered. Our Financial Services segment generated income before income tax of \$11.2 million for the three months ended March 31, 2022, a 27.2% decrease over the prior year period. This decrease was primarily the result of a \$7.3 million decrease in financial services revenue during the three months ended March 31, 2022 compared to the prior year period, due to (1) a 33.9% decrease to 1,520 in the number of mortgages originated during the three months ended March 31, 2022, due to the decrease in the number of homes delivered by our Century Communities and Century Complete brands over the prior year period, and (2) reduced gain on sale margins on loans sold to third parties period over period due to market conditions driving increased interest rates.

The following table presents selected operational data for our Financial Services segment in relation to our loan origination activities (dollars in thousands):

|                                            | Three Months Ended March 31, |            |
|--------------------------------------------|------------------------------|------------|
|                                            | 2022                         | 2021       |
| <b><u>Total originations:</u></b>          |                              |            |
| Number of loans                            | 1,520                        | 2,301      |
| Principal                                  | \$ 552,056                   | \$ 709,291 |
| Capture rate of Century homebuyers         | 77 %                         | 76 %       |
| Century Communities                        | 81 %                         | 84 %       |
| Century Complete                           | 64 %                         | 58 %       |
| Average FICO score                         | 732                          | 737        |
| Century Communities                        | 739                          | 744        |
| Century Complete                           | 708                          | 710        |
| <b><u>Loans sold to third parties:</u></b> |                              |            |
| Number of loans sold                       | 1,959                        | 2,279      |
| Principal                                  | \$ 692,064                   | \$ 681,157 |

### ***Corporate***

During the three months ended March 31, 2022, our Corporate segment generated a loss of \$26.7 million as compared to a loss of \$17.4 million for the same period in 2021. This increase in loss is primarily attributed to higher compensation costs, including estimated bonuses.

### ***Homebuilding Gross Margin***

(dollars in thousands)

Homebuilding gross margin represents home sales revenues less cost of home sales revenues and inventory impairment and other. Our homebuilding gross margin percentage, which represents homebuilding gross margin divided by home sales revenues, increased during the three months ended March 31, 2022 to 28.3% as compared to 21.1% for the same period in 2021. This increase was driven by (1) the positive homebuilding sales environment across our markets, which resulted in increased demand, (2) our ability to increase sales

price in excess of an increase in our labor and direct costs period over period, (3) benefits from our increased scale driving building efficiencies and streamlined production processes, and (4) the realization of less interest in cost of home sales revenue over the prior period.

In the following table, we calculate our homebuilding gross margin, as adjusted to exclude inventory impairment and other and interest in cost of home sales revenues.

|                                                                                                         | Three Months Ended March 31, |          |            |          |
|---------------------------------------------------------------------------------------------------------|------------------------------|----------|------------|----------|
|                                                                                                         | 2022                         | %        | 2021       | %        |
| Home sales revenues                                                                                     | \$ 988,415                   | 100.0 %  | \$ 959,279 | 100.0 %  |
| Cost of home sales revenues                                                                             | (709,073)                    | (71.7) % | (756,507)  | (78.9) % |
| Inventory impairment and other                                                                          | —                            | — %      | —          | — %      |
| Gross margin from home sales                                                                            | 279,342                      | 28.3 %   | 202,772    | 21.1 %   |
| Add: Inventory impairment and other                                                                     | —                            | — %      | —          | — %      |
| Add: Interest in cost of home sales revenues                                                            | 12,146                       | 1.2 %    | 18,377     | 1.9 %    |
| Adjusted homebuilding gross margin excluding interest and inventory impairment and other <sup>(1)</sup> | \$ 291,488                   | 29.5 %   | \$ 221,149 | 23.1 %   |

- (1) This non-GAAP financial measure should not be used as a substitute for the Company's operating results in accordance with GAAP. See the reconciliations to the most comparable GAAP measure and other information under "—Non-GAAP Financial Measures." An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP.

For the three months ended March 31, 2022, excluding inventory impairment and other, and interest in cost of home sales revenues, our adjusted homebuilding gross margin percentage was 29.5% as compared to 23.1% for the same period in 2021. We believe the above information is meaningful as it isolates the impact that inventory impairment, indebtedness and acquisitions (if applicable) have on our homebuilding gross margin and allows for comparability of our homebuilding gross margins to previous periods and our competitors.

## Selling, General and Administrative Expense

(dollars in thousands)

|                                       | Three Months Ended March 31, |           | Increase |        |
|---------------------------------------|------------------------------|-----------|----------|--------|
|                                       | 2022                         | 2021      | Amount   | %      |
| Selling, general and administrative   | \$ 101,639                   | \$ 92,151 | \$ 9,488 | 10.3 % |
| As a percentage of home sales revenue | 10.3 %                       | 9.6 %     |          |        |

Our selling, general and administrative expense increased \$9.5 million for the three months ended March 31, 2022 as compared to the prior year period. This increase was primarily attributable to an increase of \$9.0 million in salaries and wages expense as compared to the same period in 2021 due to increased headcount, increased base pay due to market conditions, and increased incentive based compensation accruals, as well as increases in expenses in numerous areas to support our growth. The increase for the three months ended March 31, 2022 was partially offset by a decrease in internal and external commission expense of \$5.7 million. During the three months ended March 31, 2022, our selling, general, and administrative expense increased 70 basis points as a percentage of home sales revenue as compared to the prior year period, that was partially mitigated as a result of increased revenues on a partially fixed cost base.

## Income Tax Expense

At the end of each interim period we are required to estimate our annual effective tax rate for the fiscal year, and to use that rate to provide for income taxes for the current year-to-date reporting period. Our 2022 estimated annual effective tax rate, before discrete items, of 25.5% is driven by our blended federal and state statutory rate of 24.7%, and certain permanent differences between GAAP and tax, including disallowed deductions for executive compensation which increased our rate by 0.8%.

For the three months ended March 31, 2022, our estimated annual rate of 25.5% was impacted by discrete items which had a net impact of decreasing our rate by 1.0%, including excess tax benefits for vested stock-based compensation and federal energy tax credits claimed on prior year home deliveries in excess of previous estimates.

Our estimated annual rate for the three months ended March 31, 2022 of 25.5% increased by 330 basis points as compared to our effective tax rate for the year ended December 31, 2021 of 22.2%. The increase in our estimated rate is driven by the expiration of the Energy Efficient Home Credit on December 31, 2021. The Energy Efficient Home Credit provided a \$2,000 tax credit for each home delivered that met the energy saving and certification requirements under the statute.

For the three months ended March 31, 2022 and 2021, we recorded income tax expense of \$46.3 million and \$29.4 million, respectively.

## Segment Assets

(dollars in thousands)

|                    | March 31,<br>2022 | December 31<br>2021 | Increase (Decrease) |         |
|--------------------|-------------------|---------------------|---------------------|---------|
|                    |                   |                     | Amount              | Change  |
| West               | \$ 724,968        | \$ 668,830          | \$ 56,138           | 8.4 %   |
| Mountain           | 1,016,202         | 1,008,481           | 7,721               | 0.8 %   |
| Texas              | 365,114           | 322,302             | 42,812              | 13.3 %  |
| Southeast          | 401,522           | 360,644             | 40,878              | 11.3 %  |
| Century Complete   | 424,854           | 371,096             | 53,758              | 14.5 %  |
| Financial Services | 396,178           | 533,159             | (136,981)           | (25.7)% |
| Corporate          | 166,663           | 232,364             | (65,701)            | (28.3)% |
| Total assets       | \$ 3,495,501      | \$ 3,496,876        | \$ (1,375)          | 0.0%    |

Total assets remained relatively consistent at \$3.5 billion as of March 31, 2022 as compared to December 31, 2021, primarily as a result of a decrease in mortgage loans held for sale period over period, partially offset by overall growth of the Company and the increase in the number of lots owned period over period.

#### *Lots owned and controlled*

|                  | March 31, 2022 |            |        | December 31, 2021 |            |        | % Change |            |        |
|------------------|----------------|------------|--------|-------------------|------------|--------|----------|------------|--------|
|                  | Owned          | Controlled | Total  | Owned             | Controlled | Total  | Owned    | Controlled | Total  |
| West             | 4,835          | 3,789      | 8,624  | 4,440             | 4,877      | 9,317  | 8.9%     | (22.3)%    | (7.4)% |
| Mountain         | 11,752         | 7,980      | 19,732 | 11,860            | 8,039      | 19,899 | (0.9)%   | (0.7)%     | (0.8)% |
| Texas            | 6,518          | 9,099      | 15,617 | 5,340             | 8,159      | 13,499 | 22.1%    | 11.5%      | 15.7%  |
| Southeast        | 6,185          | 16,677     | 22,862 | 5,928             | 14,195     | 20,123 | 4.3%     | 17.5%      | 13.6%  |
| Century Complete | 5,521          | 13,221     | 18,742 | 5,287             | 11,734     | 17,021 | 4.4%     | 12.7%      | 10.1%  |
| Total            | 34,811         | 50,766     | 85,577 | 32,855            | 47,004     | 79,859 | 6.0%     | 8.0%       | 7.2%   |

Of our total lots owned and controlled as of March 31, 2022, 40.7% were owned and 59.3% were controlled, as compared to 41.1% owned and 58.9% controlled as of December 31, 2021.

#### *Other Homebuilding Operating Data*

|                  | Three Months Ended<br>March 31, |       | Increase (Decrease) |          |
|------------------|---------------------------------|-------|---------------------|----------|
|                  | 2022                            | 2021  | Amount              | % Change |
| West             | 417                             | 394   | 23                  | 5.8%     |
| Mountain         | 586                             | 947   | (361)               | (38.1)%  |
| Texas            | 412                             | 518   | (106)               | (20.5)%  |
| Southeast        | 409                             | 476   | (67)                | (14.1)%  |
| Century Complete | 1,120                           | 1,120 | —                   | —%       |
| Total            | 2,944                           | 3,455 | (511)               | (14.8)%  |

Net new home contracts (new home contracts net of cancellations) for the three months ended March 31, 2022 decreased by 511 homes, or 14.8%, to 2,944, as compared to 3,455 for the three months ended March 31, 2021. The decrease was primarily driven by having fewer homes available to sell compared to the prior year period.

#### *Monthly Absorption Rate*

Our overall monthly “absorption rate” (the rate at which home orders are contracted, net of cancelations) for the three months ended March 31, 2022 and 2021 by segment are included in the tables below:

|                  | Three Months Ended March 31, |      | Increase (Decrease) |          |
|------------------|------------------------------|------|---------------------|----------|
|                  | 2022                         | 2021 | Amount              | % Change |
| West             | 6.3                          | 6.9  | (0.6)               | (8.7)%   |
| Mountain         | 5.6                          | 8.1  | (2.5)               | (30.9)%  |
| Texas            | 7.6                          | 13.3 | (5.7)               | (42.9)%  |
| Southeast        | 6.2                          | 7.9  | (1.7)               | (21.5)%  |
| Century Complete | 3.7                          | 3.8  | (0.1)               | (2.6)%   |
| Total            | 5.0                          | 6.1  | (1.1)               | (18.0)%  |



During the three months ended March 31, 2022, our absorption rates decreased by 18.0% to 5.0 per month as compared to the same period in 2021. The decrease was primarily driven by the decrease in net new home contracts primarily as a result of having fewer homes available to sell compared to the prior year period. Absorption rates, however, continued to be strong across all of our markets driven by favorable market dynamics across our markets.

#### *Selling communities at period end*

|                  | As of March 31, |      | Increase/(Decrease) |          |
|------------------|-----------------|------|---------------------|----------|
|                  | 2022            | 2021 | Amount              | % Change |
| West             | 22              | 19   | 3                   | 15.8 %   |
| Mountain         | 35              | 39   | (4)                 | (10.3) % |
| Texas            | 18              | 13   | 5                   | 38.5 %   |
| Southeast        | 22              | 20   | 2                   | 10.0 %   |
| Century Complete | 100             | 97   | 3                   | 3.1 %    |
| Total            | 197             | 188  | 9                   | 4.8 %    |

Our selling communities increased to 197 communities at March 31, 2022 as compared to 188 at March 31, 2021. This increase was a result of new community openings.

#### *Backlog*

(dollars in thousands)

|                          | As of March 31, |              |                     |       |              |                     | % Change |              |                     |
|--------------------------|-----------------|--------------|---------------------|-------|--------------|---------------------|----------|--------------|---------------------|
|                          | 2022            |              |                     | 2021  |              |                     |          |              |                     |
|                          | Homes           | Dollar Value | Average Sales Price | Homes | Dollar Value | Average Sales Price | Homes    | Dollar Value | Average Sales Price |
| West                     | 545             | \$ 412,519   | \$ 756.9            | 561   | \$ 342,688   | \$ 610.9            | (2.9)%   | 20.4 %       | 23.9 %              |
| Mountain                 | 1,117           | 641,820      | 574.6               | 1,051 | 520,004      | 494.8               | 6.3 %    | 23.4 %       | 16.1 %              |
| Texas                    | 432             | 156,391      | 362.0               | 575   | 187,594      | 326.3               | (24.9)%  | (16.6)%      | 10.9 %              |
| Southeast                | 756             | 356,413      | 471.4               | 709   | 279,904      | 394.8               | 6.6 %    | 27.3 %       | 19.4 %              |
| Century Complete         | 2,397           | 603,722      | 251.9               | 1,201 | 249,409      | 207.7               | 99.6 %   | 142.1 %      | 21.3 %              |
| Total / Weighted Average | 5,247           | \$ 2,170,865 | \$ 413.7            | 4,097 | \$ 1,579,599 | \$ 385.6            | 28.1 %   | 37.4 %       | 7.3 %               |

Backlog reflects the number of homes, net of cancellations, for which we have entered into a sales contract with a customer but for which we have not yet delivered the home. At March 31, 2022, we had 5,247 homes in backlog with a total value of \$2.2 billion, which represents increases of 28.1% and 37.4%, respectively, as compared to 4,097 homes in backlog with a total value of \$1.6 billion at March 31, 2021. The increase in backlog dollar value is primarily attributable to the increase in backlog units and a 7.3% increase in the average sales price of homes in backlog, partially offset by a decreases in backlog units for our Texas and West segments.

#### **Supplemental Guarantor Information**

Our 6.750% senior notes due 2027 (which we collectively refer to as our “2027 Notes”) and our 3.875% senior notes due 2029 (which we collectively refer to as our “2029 Notes”) and together with the 2027 Notes, the “Senior Notes”) are our unsecured senior obligations and are fully and unconditionally guaranteed on an unsecured basis, jointly and severally, by substantially all of our direct and indirect wholly-owned operating subsidiaries (which we refer to collectively as “Guarantors”). In addition, our former 5.875% senior notes due 2025 (which we collectively refer to as our “2025 Notes”), which were extinguished during the year ended December 31, 2021, were our unsecured senior obligations and were fully and unconditionally guaranteed on an unsecured basis, jointly and severally, by the Guarantors. Our subsidiaries associated with our Financial Services operations (referred to as “Non-Guarantors”) do not guarantee the Senior Notes. The guarantees are senior unsecured obligations of the Guarantors that rank equal with all existing and future senior debt of the Guarantors and senior to all subordinated debt of the Guarantors. The guarantees are effectively subordinated to any secured debt of the Guarantors. As of March 31, 2022, Century Communities, Inc. had outstanding \$1.0 billion in total principal amount of Senior Notes.

Each of the indentures governing our Senior Notes provides that the guarantees of a Guarantor will be automatically and unconditionally released and discharged: (1) upon any sale, transfer, exchange or other disposition (by merger, consolidation or otherwise) of all of the equity interests of such Guarantor after which the applicable Guarantor is no longer a “Restricted Subsidiary” (as defined in the respective indentures), which sale, transfer, exchange or other disposition does not constitute an “Asset Sale” (as defined in the respective

indentures) or is made in compliance with applicable provisions of the applicable indenture; (2) upon any sale, transfer, exchange or other disposition (by merger, consolidation or otherwise) of all of the assets of such Guarantor, which sale, transfer, exchange or other disposition does not constitute an Asset Sale or is made in compliance with applicable provisions of the applicable indenture; provided, that after such sale, transfer, exchange or other disposition, such Guarantor is an “Immaterial Subsidiary” (as defined in the respective indentures); (3) unless a default has occurred and is continuing, upon the release or discharge of such Guarantor from its guarantee of any indebtedness for borrowed money of the Company and the Guarantors so long as such Guarantor would not then otherwise be required to provide a guarantee pursuant to the applicable indenture; provided that if such Guarantor has incurred any indebtedness in reliance on its status as a Guarantor in compliance with applicable provisions of the applicable Indenture, such Guarantor’s obligations under such indebtedness, as the case may be, so incurred are satisfied in full and discharged or are otherwise permitted to be incurred by a Restricted Subsidiary (other than a Guarantor) in compliance with applicable provisions of the applicable Indenture; (4) upon the designation of such Guarantor as an “Unrestricted Subsidiary” (as defined in the respective Indentures), in accordance with the applicable indenture; (5) if the Company exercises its legal defeasance option or covenant defeasance option under the applicable indenture or if the obligations of the Company and the Guarantors are discharged in compliance with applicable provisions of the applicable indenture, upon such exercise or discharge; or (6) in connection with the dissolution of such Guarantor under applicable law in accordance with the applicable indenture. The indenture governing our former 2025 Notes contained a similar provision.

If a guarantor were to become a debtor in a case under the US Bankruptcy Code, a court may decline to enforce its guarantee of the Senior Notes. This may occur when, among other factors, it is found that the guarantor originally received less than fair consideration for the guarantee and the guarantor would be rendered insolvent by enforcement of the guarantee. On the basis of historical financial information, operating history and other factors, we believe that each of the guarantors, after giving effect to the issuance of its guarantee of the Senior Notes when the guarantee was issued, was not insolvent and did not and has not incurred debts beyond its ability to pay such debts as they mature. The Company cannot predict, however, what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard.

Only the 2027 Notes and the related guarantees are, and the former 2025 Notes and the related guarantees were, registered securities under the Securities Act of 1933, as amended (the “Securities Act”). The offer and sale of the 2029 Notes and the related guarantees were not and will not be registered under the Securities Act or the securities laws of any other jurisdiction and instead were issued in reliance upon an exemption from such registration. Unless they are subsequently registered under the Securities Act, neither the 2029 Notes nor the related guarantees may be offered and sold only in transactions that are exempt from the registration requirements under the Securities Act and the applicable securities laws of any other jurisdiction.

As the guarantees for the 2027 Notes and the guarantees for the former 2025 Notes were made in connection with the issuance of the 2027 Notes and former 2025 Notes and exchange offers effected under the Securities Act in February 2015, October 2015 and April 2017, the Guarantors’ condensed supplemental financial information is presented in this report as if the guarantees existed during the periods presented pursuant to applicable SEC rules and guidance. If any Guarantors are released from the guarantees in future periods, the changes are reflected prospectively. We have determined that separate, full financial statements of the Guarantors would not be material to investors, and accordingly, supplemental financial information is presented below.

The following summarized financial information is presented for Century Communities, Inc. and the Guarantor Subsidiaries on a combined basis after eliminating intercompany transactions and balances among Century Communities, Inc. and the Guarantor Subsidiaries, as well as their investment in, and equity in earnings from Non-Guarantor Subsidiaries.

### Century Communities, Inc. and Guarantor Subsidiaries

| Summarized Balance Sheet Data (in thousands)                   | March 31, 2022                               | December 31, 2021                       |
|----------------------------------------------------------------|----------------------------------------------|-----------------------------------------|
| <b>Assets</b>                                                  |                                              |                                         |
| Cash and cash equivalents                                      | \$ 67,618                                    | \$ 180,843                              |
| Cash held in escrow                                            | 45,212                                       | 52,297                                  |
| Accounts receivable                                            | 43,189                                       | 39,492                                  |
| Inventories                                                    | 2,680,195                                    | 2,456,614                               |
| Prepaid expenses and other assets                              | 186,556                                      | 160,999                                 |
| Property and equipment, net                                    | 27,171                                       | 24,220                                  |
| Deferred tax assets, net                                       | 21,272                                       | 21,239                                  |
| Goodwill                                                       | 30,395                                       | 30,395                                  |
| Total assets                                                   | <u>\$ 3,101,608</u>                          | <u>\$ 2,966,099</u>                     |
| <b>Liabilities and stockholders' equity</b>                    |                                              |                                         |
| Liabilities:                                                   |                                              |                                         |
| Accounts payable                                               | \$ 89,815                                    | \$ 82,734                               |
| Accrued expenses and other liabilities                         | 349,702                                      | 288,229                                 |
| Notes payable                                                  | 1,010,961                                    | 998,936                                 |
| Revolving line of credit                                       | —                                            | —                                       |
| Total liabilities                                              | 1,450,478                                    | 1,369,899                               |
| Stockholders' equity:                                          | 1,651,130                                    | 1,596,200                               |
| <b>Total liabilities and stockholders' equity</b>              | <u>\$ 3,101,608</u>                          | <u>\$ 2,966,099</u>                     |
| <b>Summarized Statements of Operations Data (in thousands)</b> | <b>Three Months Ended<br/>March 31, 2022</b> | <b>Year Ended<br/>December 31, 2021</b> |
| Total homebuilding revenues                                    | \$ 990,045                                   | \$ 4,092,576                            |
| Total homebuilding cost of revenues                            | (709,919)                                    | (3,095,363)                             |
| Selling, general and administrative                            | (101,639)                                    | (389,610)                               |
| Loss on debt extinguishment                                    | —                                            | (14,458)                                |
| Inventory impairment and other                                 | —                                            | (41)                                    |
| Other income (expense)                                         | (1,099)                                      | (3,307)                                 |
| Income before income tax expense                               | 177,388                                      | 589,797                                 |
| Income tax expense                                             | (43,488)                                     | (131,201)                               |
| Net income                                                     | <u>\$ 133,900</u>                            | <u>\$ 458,596</u>                       |

## **Critical Accounting Policies**

Critical accounting estimates are those that we believe are both significant and require us to make difficult, subjective or complex judgments, often because we need to estimate the effect of inherently uncertain matters. We base our estimates and judgments on historical experiences and various other factors that we believe to be appropriate under the circumstances. Actual results may differ from these estimates, and the estimates included in our financial statements might be impacted if we used different assumptions or conditions. A summary of our critical accounting policies is included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on February 3, 2022, in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies.”

## **Liquidity and Capital Resources**

### ***Overview***

Our liquidity, consisting of our cash and cash equivalents and cash held in escrow and Credit Facility availability, was \$1.1 billion as of March 31, 2022, compared to \$1.2 billion as of December 31, 2021.

Our principal uses of capital for the three months ended March 31, 2022 were our land purchases, land development, home construction, share repurchases, and the payment of routine liabilities. We increased our land acquisition and development activities during 2022, which resulted in 34,811 lots owned at March 31, 2022, a 6.0% increase as compared to December 31, 2021.

Cash flows for each of our communities depend on the stage in the development cycle and can differ substantially from reported earnings. Early stages of development or expansion require significant cash outlays for land acquisitions, entitlements and other approvals, and construction of model homes, roads, utilities, general landscaping and other amenities. Because these costs are a component of our inventory and not recognized in our consolidated statements of operations until a home closes, we incur significant cash outlays prior to our recognition of earnings. In the later stages of community development, cash inflows may significantly exceed earnings reported for financial statement purposes, as the cash outflow associated with home and land construction was previously incurred. From a liquidity standpoint, we are actively acquiring and developing lots in our markets to maintain and grow our lot supply and active selling communities. As we continue to expand our business, our cash outlays for land purchases and land development to grow our lot inventory may exceed our cash generated by operations.

Under our shelf registration statement, which we filed with the SEC on July 1, 2021 and was automatically effective upon filing, we have the ability to access the debt and equity capital markets in registered transactions from time to time and as needed as part of our ongoing financing strategy and subject to market conditions. In August 2021, we filed a prospectus supplement to offer up to \$100.0 million under the shelf registration statement under our at-the-market facility described below.

### ***Short-term Liquidity and Capital Resources***

We use funds generated by operations, available borrowings under our Credit Facility, and proceeds from issuances of debt or equity, including our current at-the-market facility, to fund our short term working capital obligations and fund our purchases of land, as well as land development, home construction activities, and other cash needs.

Our Financial Services operations use funds generated from operations, and availability under our mortgage repurchase facilities to finance its operations including originations of mortgage loans to our homebuyers.

We believe that we will be able to fund our current liquidity needs for at least the next twelve months with our cash on hand, cash generated from operations, and cash expected to be available from our revolving line of credit or through accessing debt or equity capital, as needed or appropriate, although no assurance can be provided that such additional debt or equity capital will be available or on acceptable terms, especially in light of the current COVID-19 pandemic, its impact on the macro-economy, and market conditions at the time. While the impact of the COVID-19 pandemic will continue to evolve, we believe we are well positioned from a cash and liquidity standpoint to not only operate in an uncertain environment, but also continue to grow with the market and pursue other ways to properly deploy capital to enhance returns, which may include taking advantage of strategic opportunities as they arise.

### ***Long-term Liquidity and Capital Resources***

Beyond the next twelve months, we believe that our principal uses of capital will be land and inventory purchases and other expenditures to invest in our future growth, as well as principal and interest payments on our long-term debt obligations. We believe that we will be able to fund our long-term liquidity needs with cash generated from operations and cash expected to be available from our revolving line of credit or through accessing debt or equity capital, as needed or appropriate, although no assurance can be provided that such additional debt or equity capital will be available. To the extent these sources of capital are insufficient to meet our needs, we may also

conduct additional public or private offerings of our securities, refinance debt, or dispose of certain assets to fund our operating activities and capital needs.

### **Material Cash Requirements**

In the normal course of business, we enter into contracts and commitments that obligate us to make payments in the future. These obligations impact our short-term and long-term liquidity and capital resource needs. For the three months ended March 31, 2022, there were no material changes to the contractual obligations we previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 that was filed with the SEC on February 3, 2022.

In the ordinary course of business, we enter into land purchase contracts in order to procure lots for the construction of our homes. We are subject to customary obligations associated with entering into contracts for the purchase of land and improved lots. Purchase and option contracts for the purchase of land enable us to defer acquiring portions of properties owned by third parties until we have determined whether to exercise our option, which may serve to reduce our financial risks associated with long-term land holdings. These purchase contracts typically require a cash deposit, and the purchase of properties under these contracts is generally contingent upon satisfaction of certain requirements, including obtaining applicable property and development entitlements. We also utilize option contracts with land sellers and others as a method of acquiring land in staged takedowns, to help us manage the financial and market risk associated with land holdings, and to reduce the use of funds from our corporate financing sources. Option contracts generally require payment by us of a non-refundable deposit for the right to acquire lots over a specified period of time at pre-determined prices. Our obligations with respect to purchase contracts and option contracts are generally limited to the forfeiture of the related non-refundable cash deposits.

As of March 31, 2022, we had outstanding purchase contracts and option contracts for 50,766 lots totaling approximately \$2.2 billion and we had \$67.1 million of deposits for land contracts, of which \$38.4 million were non-refundable cash deposits pertaining to land contracts. While our performance, including the timing and amount of purchase, if any, under these outstanding purchase and option contracts is subject to change, we currently anticipate performing on the majority of the purchase and option contracts during the next twelve to eighteen months, with performance on the remaining purchase and option contracts occurring in future periods.

Our utilization of land option contracts is dependent on, among other things, the availability of land sellers willing to enter into option takedown arrangements, the availability of capital to financial intermediaries to finance the development of optioned lots, general housing market conditions, and local market dynamics. Options may be more difficult to procure from land sellers in strong housing markets and are more prevalent in certain geographic regions.

### **Outstanding Debt Obligations and Debt Service Requirements**

Our outstanding debt obligations included the following as of March 31, 2022 and December 31, 2021 (in thousands):

|                                                     | March 31,<br>2022   | December 31,<br>2021 |
|-----------------------------------------------------|---------------------|----------------------|
| 3.875% senior notes, due August 2029 <sup>(1)</sup> | \$ 494,310          | \$ 494,117           |
| 6.750% senior notes, due May 2027 <sup>(1)</sup>    | 495,785             | 495,581              |
| Other financing obligations                         | 20,866              | 9,238                |
| Notes payable                                       | 1,010,961           | 998,936              |
| Revolving line of credit                            | —                   | —                    |
| Mortgage repurchase facilities                      | 193,028             | 331,876              |
| <b>Total debt</b>                                   | <b>\$ 1,203,989</b> | <b>\$ 1,330,812</b>  |

<sup>(1)</sup> The carrying value of the senior notes reflects the impact of premiums, discounts, and issuance costs that are amortized to interest cost over the respective terms of the senior notes.

A summary of our debt obligations is included in Note 9 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on February 3, 2022 and in Note 8 to our condensed consolidated financial statements in this Form 10-Q.

We may from time to time seek to refinance or increase our outstanding debt or retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may or may not be material during any particular reporting period.

### ***Letters of Credit and Performance Bonds***

In the normal course of business, we post letters of credit and performance and other bonds primarily related to our land development performance obligations with local municipalities. As of March 31, 2022 and December 31, 2021, we had \$528.9 million and \$492.5 million, respectively, in letters of credit and performance and other bonds issued and outstanding. Although significant development and construction activities have been completed related to the improvements at these sites, the letters of credit and performance and other bonds are not generally released until all development and construction activities are completed.

### ***Revolving Line of Credit***

On June 5, 2018, we entered into an Amended and Restated Credit Agreement with Texas Capital Bank, National Association, as Administrative Agent and L/C Issuer, the lenders party thereto and certain of our subsidiaries (which we refer to as the “Amended and Restated Credit Agreement”), which provided us with a revolving line of credit of up to \$640.0 million, and unless terminated earlier, was scheduled to mature on April 30, 2023.

On May 21, 2021, we entered into a Second Amended and Restated Credit Agreement (the “Second A&R Credit Agreement”) with, Texas Capital Bank, National Association, as Administrative Agent and L/C Issuer, and the lenders party thereto. The Second A&R Credit Agreement, which amended and restated the Amended and Restated Credit Agreement, provides us with a senior unsecured revolving line of credit (the “Credit Facility”) of up to \$800 million, and unless terminated earlier, will mature on April 30, 2026. The Credit Facility includes a \$250.0 million sublimit for standby letters of credit. Under the terms of the Second A&R Credit Agreement, the Company is entitled to request an increase in the size of the Credit Facility by an amount not exceeding \$200 million. Our obligations under the Second A&R Credit Agreement are guaranteed by certain of our subsidiaries. The Second A&R Credit Agreement contains customary affirmative and negative covenants (including limitations on our ability to grant liens, incur additional debt, pay dividends, redeem our common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions), as well as customary events of default. Borrowings under the Second A&R Credit Agreement bear interest at a floating rate equal to the adjusted Eurodollar Rate plus an applicable margin between 2.05% and 2.65% per annum, and if made available in the Administrative Agent’s discretion, a base rate plus an applicable margin between 1.05% and 1.65% per annum.

As of March 31, 2022, we had no amounts outstanding under the Credit Facility and were in compliance with all covenants under the Second A&R Credit Agreement.

### ***Mortgage Repurchase Facilities – Financial Services***

On May 4, 2018, September 14, 2018, and August 1, 2019, Inspire entered into mortgage warehouse facilities, with Comerica Bank, J.P. Morgan, and Wells Fargo, respectively. The mortgage warehouse lines of credit (which we refer to as the “Repurchase Facilities”), which were increased during 2020, provide Inspire with uncommitted repurchase facilities of up to an aggregate of \$325 million as of March 31, 2022, secured by the mortgage loans financed thereunder. The Repurchase Facilities have varying short term maturity dates through August 23, 2022 and bear a weighted average interest rate of 2.172%.

Amounts outstanding under the Repurchase Facilities are not guaranteed by us or any of our subsidiaries and the agreements contain various affirmative and negative covenants applicable to Inspire that are customary for arrangements of this type. As of March 31, 2022, we had \$193.0 million outstanding under these Repurchase Facilities and were in compliance with all covenants thereunder.

During the three months ended March 31, 2022 and 2021, we incurred interest expense on the Repurchase Facilities of \$0.4 million and \$0.8 million, respectively. Interest expense on the Repurchase Facilities is included in financial services costs on our condensed consolidated statements of operations.

### ***At-the-Market Offerings***

On November 27, 2019, we entered into a Distribution Agreement with J.P. Morgan Securities LLC, BofA Securities, Inc., Citigroup Global Markets Inc., and Fifth Third Securities, Inc. (which we refer to as the “Distribution Agreement”), as sales agents pursuant to which we may offer and sell shares of our common stock having an aggregate offering price of up to \$100.0 million from time to time through any of the sales agents party thereto in “at-the-market” offerings, in accordance with the terms and conditions set forth in the Distribution Agreement. This Distribution Agreement, which superseded and replaced a prior similar distribution agreement, and was amended in July 2021 to acknowledge our filing of a new registration statement on Form S-3 registering the issuance and sale of shares of our common stock under the Distribution Agreement and replace Citigroup Global Markets Inc. with Wells Fargo Securities, LLC as a sales agent, had all \$100 million available for sale as of March 31, 2022. We did not sell or issue any shares of our common stock during the three months ended March 31, 2022 and 2021, respectively. The Distribution Agreement will remain in full force and effect until terminated by either party pursuant to the terms of the agreement or such date that the maximum offering amount has been sold in accordance with the terms of the agreement.

### **Stock Repurchase Program**

On November 6, 2018, our Board of Directors authorized a stock repurchase program, under which we may repurchase up to 4,500,000 shares of our outstanding common stock. The shares may be repurchased from time to time in open market transactions at prevailing market prices, in privately negotiated transactions or by other means in accordance with federal securities laws. The actual manner, timing, amount and value of repurchases under the stock repurchase program will be determined by management at its discretion and will depend on a number of factors, including the market price of our common stock, trading volume, other capital management objectives and opportunities, applicable legal requirements, and general market and economic conditions.

We intend to finance any stock repurchases through available cash and our Credit Facility. Repurchases also may be made under a trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, which would permit shares to be repurchased when we otherwise may be precluded from doing so because of self-imposed trading blackout periods or other regulatory restrictions. The stock repurchase program has no expiration date and may be extended, suspended or discontinued by our Board of Directors at any time without notice at our discretion. All shares of common stock repurchased under the program will be cancelled and returned to the status of authorized but unissued shares of common stock.

During the three months ended March 31, 2022, an aggregate of 1.0 million shares of our common stock were repurchased for a total purchase price of approximately \$62.4 million and a weighted average price of \$61.52 per share. During the three months ended March 31, 2021, we did not repurchase any shares of our common stock. The maximum number of shares available to be purchased under the stock repurchase program as of March 31, 2022 was 2,799,552 shares.

### **Dividends**

On May 19, 2021, our Board of Directors announced the approval of the initiation of a quarterly cash dividend. The following table sets forth cash dividends declared by our Board of Directors to holders of record of our common stock during the three months ended March 31, 2022, an increase of 33.0% over previously paid quarterly dividends (in thousands, except per share information):

| Declaration Date  | Record Date   | Payable Date   | Cash Dividends Declared |          |
|-------------------|---------------|----------------|-------------------------|----------|
|                   |               |                | Per Share               | Amount   |
| February 16, 2022 | March 2, 2022 | March 16, 2022 | \$ 0.20                 | \$ 6,657 |

The declaration and payment of future cash dividends on our common stock, whether at current levels or at all, are at the discretion of our Board of Directors and depend upon, among other things, our expected future earnings, cash flows, capital requirements, access to external financing, debt structure and any adjustments thereto, operational and financial investment strategy and general financial condition, as well as general business conditions.

***Cash Flows— Three Months Ended March 31, 2022 Compared to the Three Months Ended March 31, 2021***

For the three months ended March 31, 2022 and 2021, the comparison of cash flows is as follows:

- Our primary sources of cash flows from operations are from the sale of single-family attached and detached homes and mortgages. Our primary uses of cash flows from operations are the acquisition of land and expenditures associated with the construction of our single-family attached and detached homes and the origination of mortgages held for sale. Net cash provided by operating activities was \$109.4 million during the three months ended March 31, 2022 as compared to net cash provided by operating activities of \$96.1 million during 2021. The increase in cash provided by operations is primarily a result of increased investment in our homebuilding inventories for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, partially offset by a decrease in mortgage loans held for sale and a \$40.8 million increase in net income during three months ended March 31, 2022 as compared to the three months ended March 31, 2021.
- Net cash used in investing activities increased to \$5.1 million during the three months ended March 31, 2022, compared to \$2.9 million used during the same period in 2021. The increase was primarily related to more purchases of property and equipment during the current year period.
- Net cash used in financing activities increased to \$208.4 million during the three months ended March 31, 2022, compared to net cash provided by financing activities of \$16.3 million during the same period in 2021. The increase in cash used in financing activities was primarily attributable to (1) a \$164.8 million increase in net payments on the Repurchase Facilities (2) a \$62.4 million increase in repurchases of our common stock and (3) \$6.7 million in dividend payments during the three months ended March 31, 2022 compared to no dividend payments during the prior year period.

As of March 31, 2022, our cash and cash equivalents and restricted cash balance was \$218.2 million.



## Non-GAAP Financial Measures

In this Form 10-Q, we use certain non-GAAP financial measures, including EBITDA, Adjusted EBITDA, net homebuilding debt to net capital, and adjusted net earnings per diluted common shares. These non-GAAP financial measures are presented to provide investors additional information to facilitate the comparison of our past and present operations. We believe these non-GAAP financial measures provide useful information to investors because they are used to evaluate our performance on a comparable year-over-year basis. These non-GAAP financial measures are not in accordance with, or an alternative for, GAAP measures and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive or standard set of accounting rules or principles. Accordingly, the calculation of our non-GAAP financial measures may differ from the definitions of other companies using the same or similar names limiting, to some extent, the usefulness of such measures for comparison purposes. Non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with our financial results as determined in accordance with GAAP. These measures should only be used to evaluate our financial results in conjunction with the corresponding GAAP measures. Accordingly, we qualify our use of non-GAAP financial information in a statement when non-GAAP financial information is presented.

### EBITDA and Adjusted EBITDA

The following table presents EBITDA and Adjusted EBITDA for the three months ended March 31, 2022 and 2021. Adjusted EBITDA is a non-GAAP financial measure we use as a supplemental measure in evaluating operating performance. We define Adjusted EBITDA as consolidated net income before (i) income tax expense, (ii) interest in cost of home sales revenues, (iii) other interest expense, (iv) depreciation and amortization expense, (v) loss on debt extinguishment, and (vi) inventory impairment and other. We believe Adjusted EBITDA provides an indicator of general economic performance that is not affected by fluctuations in interest rates or effective tax rates, levels of depreciation or amortization, and items considered to be non-recurring. Accordingly, our management believes that this measurement is useful for comparing general operating performance from period to period. Adjusted EBITDA should be considered in addition to, and not as a substitute for, consolidated net income in accordance with GAAP as a measure of performance. Our presentation of Adjusted EBITDA should not be construed as an indication that our future results will be unaffected by unusual or non-recurring items. Our Adjusted EBITDA is limited as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

(dollars in thousands)

|                                         | Three Months Ended March 31, |            |           |
|-----------------------------------------|------------------------------|------------|-----------|
|                                         | 2022                         | 2021       | % Change  |
| Net income                              | \$ 142,496                   | \$ 101,652 | 40.2 %    |
| Income tax expense                      | 46,280                       | 29,397     | 57.4 %    |
| Interest in cost of home sales revenues | 12,146                       | 18,377     | (33.9) %  |
| Interest expense (income)               | 135                          | (111)      | (221.6) % |
| Depreciation and amortization expense   | 2,606                        | 2,806      | (7.1) %   |
| EBITDA                                  | 203,663                      | 152,121    | 33.9 %    |
| Inventory impairment and other          | —                            | —          | NM        |
| Adjusted EBITDA                         | \$ 203,663                   | \$ 152,121 | 33.9 %    |

NM – Not Meaningful

## Net Homebuilding Debt to Net Capital

The following table presents our ratio of net homebuilding debt to net capital, which is a non-GAAP financial measure. We calculate this by dividing net homebuilding debt (notes payable and borrowings under our revolving line of credit less cash and cash equivalents, and cash held in escrow) by net capital (net homebuilding debt plus total stockholders' equity). Homebuilding debt is our total debt minus outstanding borrowings under our mortgage repurchase facilities. The most directly comparable GAAP measure is the ratio of debt to total capital. We believe the ratio of net homebuilding debt to net capital is a relevant and useful financial measure to investors in understanding the leverage employed in our operations and as an indicator of our ability to obtain external financing.

(dollars in thousands)

|                                      | March 31,<br>2022 | December 31,<br>2021 |
|--------------------------------------|-------------------|----------------------|
| Notes payable                        | \$ 1,010,961      | \$ 998,936           |
| Revolving line of credit             | —                 | —                    |
| Total homebuilding debt              | 1,010,961         | 998,936              |
| Total stockholders' equity           | 1,829,862         | 1,764,508            |
| Total capital                        | \$ 2,840,823      | \$ 2,763,444         |
| Homebuilding debt to capital         | 35.6%             | 36.1%                |
| Total homebuilding debt              | \$ 1,010,961      | \$ 998,936           |
| Cash and cash equivalents            | (209,046)         | (316,310)            |
| Cash held in escrow                  | (45,212)          | (52,297)             |
| Net homebuilding debt                | 756,703           | 630,329              |
| Total stockholders' equity           | 1,829,862         | 1,764,508            |
| Net capital                          | \$ 2,586,565      | \$ 2,394,837         |
| Net homebuilding debt to net capital | 29.3%             | 26.3%                |

## Adjusted Net Income and Adjusted Diluted Earnings per Share

Adjusted Net Income and Adjusted Diluted Earnings per Share (which we refer to as “Adjusted EPS”) are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating our operating results and understanding our operating trends without the effect of certain non-recurring items. We believe excluding certain non-recurring items provides more comparable assessment of our financial results from period to period. We define Adjusted Net Income as consolidated net income before (i) income tax expense, (ii) inventory impairment and other (iii) restructuring costs, and (iv) loss on debt extinguishment, less adjusted income tax expense, calculated using the Company’s estimated annual effective tax rate after discrete items for the applicable period. Adjusted Diluted EPS is calculated by excluding the effect of loss on inventory impairment and other, restructuring costs and loss on debt extinguishment from the calculation of reported EPS.

(in thousands, except per share amounts)

|                                                      | Three Months Ended March 31, |            |
|------------------------------------------------------|------------------------------|------------|
|                                                      | 2022                         | 2021       |
| <b>Numerator</b>                                     |                              |            |
| Net income                                           | \$ 142,496                   | \$ 101,652 |
| <b>Denominator</b>                                   |                              |            |
| Weighted average common shares outstanding - basic   | 33,530,610                   | 33,563,903 |
| Dilutive effect of restricted stock units            | 411,624                      | 320,372    |
| Weighted average common shares outstanding - diluted | 33,942,234                   | 33,884,275 |
| <b>Earnings per share:</b>                           |                              |            |
| Basic                                                | \$ 4.25                      | \$ 3.03    |
| Diluted                                              | \$ 4.20                      | \$ 3.00    |
| <b>Adjusted earnings per share</b>                   |                              |            |
| <b>Numerator</b>                                     |                              |            |
| Net income                                           | \$ 142,496                   | \$ 101,652 |
| Income tax expense                                   | 46,280                       | 29,397     |
| Income before income tax expense                     | 188,776                      | 131,049    |
| Inventory impairment and other                       | —                            | —          |
| Adjusted income before income tax expense            | 188,776                      | 131,049    |
| Adjusted income tax expense <sup>(1)</sup>           | (46,280)                     | (29,397)   |
| Adjusted net income                                  | \$ 142,496                   | \$ 101,652 |
| <b>Denominator - Diluted</b>                         | 33,942,234                   | 33,884,275 |
| <b>Adjusted diluted earnings per share</b>           | \$ 4.20                      | \$ 3.00    |

(1) The tax rate used in calculating adjusted net income for the three months ended March 31, 2022 and March 31, 2021 was 24.5% and 22.4%, respectively, which is reflective of the Company’s estimated annual effective tax rate after discrete items for the applicable period.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

#### **Interest Rates**

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risks associated with our Second A&R Credit Agreement.

Borrowings under the Second A&R Credit Agreement bear interest at a floating rate equal to the adjusted Eurodollar Rate plus an applicable margin between 2.05% and 2.65% per annum, and if made available in the Administrative Agent's discretion, a base rate plus an applicable margin between 1.05% and 1.65% per annum. The "applicable margins" described above are determined by a schedule based on the leverage ratio of the Company, as defined in the Second A&R Credit Agreement. The Second A&R Credit Agreement also provides for fronting fees and letter of credit fees payable to the L/C Issuer and commitment fees payable to the Administrative Agent equal to 0.20% of the unused portion of the senior unsecured revolving line of credit.

For fixed rate debt, such as our senior notes, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. As interest rates increase, the fair value of the debt instrument will decrease.

Our Financial Services business utilizes mortgage backed securities forward commitments, option contracts and investor commitments to protect the value of rate-locked commitments and loans held for sale from fluctuations in mortgage-related interest rates. To mitigate interest risk associated with loans held for sale, we typically use derivative financial instruments to hedge our exposure to risk from the time a borrower locks a loan until the time the loan is securitized. We also typically hedge our interest rate exposure through entering into interest rate swap futures.

#### **Inflation**

Our homebuilding operations can be adversely impacted by inflation, primarily from higher land, financing, labor, material, particularly lumber, and construction costs. In addition, inflation can lead to higher mortgage rates, which can significantly affect the affordability of mortgage financing to homebuyers. As inflation remained elevated during the three months ended March 31, 2022, interest rates on 30-year fixed mortgages have risen, coupled with the Federal Reserve raising the federal funds interest rate in March 2022. During the three months ended March 31, 2022, we were generally able to pass on cost increases from inflationary impacts to customers through increased prices; however, when weak housing market conditions exist, we are often unable to offset cost increases with higher selling prices.

#### **Seasonality**

Historically, the homebuilding industry experiences seasonal fluctuations in quarterly operating results and capital requirements. We typically experience the highest new home order activity during the spring, although this activity is also highly dependent on the number of active selling communities, timing of new community openings and other market factors. Since it historically has taken four to eight months to construct a new home, we typically deliver more homes in the second half of the year as spring and summer home orders convert to home deliveries. Because of this seasonality, home starts, construction costs and related cash outflows have historically been highest in the second and third quarters, and the majority of cash receipts from home deliveries occurs during the second half of the year. We expect this seasonal pattern to continue over the long term, although it may be affected by volatility in the homebuilding industry, supply chain challenges, and the COVID-19 pandemic.

### **ITEM 4. CONTROLS AND PROCEDURES.**

#### **Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our co-principal executive officers and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined under Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (which we refer to as the "Exchange Act")) as of March 31, 2022, the end of the period covered by this Form 10-Q. Based on this evaluation, our co-principal executive officers and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2022 in providing reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

**Changes in Internal Control over Financial Reporting**

There were no changes during the first quarter of 2022 in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

**PART II – OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS.**

Because of the nature of the homebuilding business, we and certain of our subsidiaries and affiliates have been named as defendants in various claims, complaints and other legal actions arising in the ordinary course of business. In the opinion of our management, the outcome of these ordinary course matters will not have a material adverse effect upon our financial condition, results of operations or cash flows.

**ITEM 1A. RISK FACTORS.**

There have been no material changes to the risk factors we previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 that was filed with the SEC on February 3, 2022.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

The following table summarizes the number of shares of our common stock that were purchased by the Company during each of the three fiscal months in our first quarter ended March 31, 2022.

|                                   | Total number of<br>shares purchased<br>(1) | Average price paid<br>per share | Total number of shares<br>purchased as part of<br>publicly announced plans<br>or programs | Maximum number of shares that may<br>yet be purchased under the plans or<br>programs |
|-----------------------------------|--------------------------------------------|---------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| January                           |                                            |                                 |                                                                                           |                                                                                      |
| <i>Purchased 1/1 through 1/31</i> | —                                          | \$ —                            | —                                                                                         | 3,812,939                                                                            |
| February                          |                                            |                                 |                                                                                           |                                                                                      |
| <i>Purchased 2/1 through 2/28</i> | 739,628                                    | 62.73                           | 739,628                                                                                   | 3,073,311                                                                            |
| March                             |                                            |                                 |                                                                                           |                                                                                      |
| <i>Purchased 3/1 through 3/31</i> | 273,759                                    | 58.26                           | 273,759                                                                                   | 2,799,552                                                                            |
| <b>Total</b>                      | <u>1,013,387</u>                           | <u>\$ 61.52</u>                 |                                                                                           |                                                                                      |

- (1) On November 6, 2018, the Company's Board of Directors authorized a stock repurchase program, under which we may repurchase up to 4,500,000 shares of our outstanding common stock. Under the terms of the program, the shares may be repurchased from time to time in open market transactions at prevailing market prices, in privately negotiated transactions or by other means in accordance with federal securities laws. This program has no expiration date but may be terminated by the Board of Directors at any time. The Company repurchased 1,013,387 shares during the period indicated above under this program and 2,799,552 shares remained available to repurchase under this program as of March 31, 2022.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

**ITEM 5. OTHER INFORMATION.**

Not applicable.

## ITEM 6. EXHIBITS.

The following exhibits are either filed herewith or incorporated herein by reference:

| Item No. | Description                                                                                                                                                                                                                                                                       |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1      | <a href="#">Certificate of Incorporation of Century Communities, Inc., as amended (incorporated by reference to Exhibit 3.1 to the initial filing of Century Communities, Inc.'s Registration Statement on Form S-1, filed with the SEC on May 5, 2014 (File No. 333-195678))</a> |
| 3.2      | <a href="#">Restated Bylaws of Century Communities, Inc. (incorporated by reference to Exhibit 3.2 to Century Communities, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (File No. 001-36491))</a>                                            |
| 10.1     | <a href="#">Form of Performance Share Unit Award Agreement for use with the Century Communities, Inc. Amended and Restated 2017 Omnibus Incentive Plan – 2022 Grants (filed herewith)</a>                                                                                         |
| 22.1     | <a href="#">List of Guarantor Subsidiaries (filed herewith)</a>                                                                                                                                                                                                                   |
| 31.1     | <a href="#">Certification of the Co-Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith)</a>                                                                                                                |
| 31.2     | <a href="#">Certification of the Co-Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith)</a>                                                                                                                |
| 31.3     | <a href="#">Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith)</a>                                                                                                                   |
| 32.1     | <a href="#">Certification of the Co-Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</a>                                                                                  |
| 32.2     | <a href="#">Certification of the Co-Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</a>                                                                                  |
| 32.3     | <a href="#">Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</a>                                                                                     |
| 101.INS  | Inline XBRL Instance Document (the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document)                                                                                                             |
| 101.SCH  | Inline XBRL Taxonomy Extension Schema Document (filed herewith)                                                                                                                                                                                                                   |
| 101.CAL  | Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)                                                                                                                                                                                                     |
| 101.DEF  | Inline XBRL Taxonomy Definition Linkbase Document (filed herewith)                                                                                                                                                                                                                |
| 101.LAB  | Inline XBRL Taxonomy Extension Labels Linkbase Document (filed herewith)                                                                                                                                                                                                          |
| 101.PRE  | Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)                                                                                                                                                                                                    |
| 104      | Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)                                                                                                                                                                                          |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTURY COMMUNITIES, INC.

Date: April 27, 2022

By: /s/ Dale Francescon  
Dale Francescon  
*Chairman of the Board and Co-Chief Executive Officer*  
*(Co-Principal Executive Officer)*

Date: April 27, 2022

By: /s/ Robert J. Francescon  
Robert J. Francescon  
*Co-Chief Executive Officer and President*  
*(Co-Principal Executive Officer)*

Date: April 27, 2022

By: /s/ David Messenger  
David Messenger  
*Chief Financial Officer*  
*(Principal Financial Officer)*

Date: April 27, 2022

By: /s/ J. Scott Dixon  
J. Scott Dixon  
*Chief Accounting Officer*  
*(Principal Accounting Officer)*

[Employee – Performance Share Units]

**NOTICE OF PERFORMANCE SHARE UNIT AWARD GRANT UNDER THE  
CENTURY COMMUNITIES, INC. AMENDED AND RESTATED  
2017 OMNIBUS INCENTIVE PLAN**

Century Communities, Inc., a Delaware corporation (the “Company”), pursuant to the Century Communities, Inc. Amended and Restated 2017 Omnibus Incentive Plan (as may be amended from time to time, the “Plan”), hereby grants to the individual named below (the “Participant”) the number of Performance Share Units, a form of Restricted Stock Unit (as defined in the Plan), set forth below (the “Performance Share Units”). The Performance Share Units are subject to all of the terms and conditions set forth herein, in the Performance Share Units Award Agreement attached hereto (the “Agreement”), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein will have the meaning set forth in the Plan. This Performance Share Unit grant has been made as of the grant date indicated below, which shall be referred to as the “Grant Date”.

**Grant ID:** [Insert Grant ID number]

**Participant:** [ ]

**Grant Date:** [ ]

**Threshold Potential Payout:** [ ] Shares, subject to adjustment as provided in the Plan.

**Target Potential Payout:** [ ] Shares, subject to adjustment as provided in the Plan.

**Above Target Potential Payout:** [ ] Shares, subject to adjustment as provided in the Plan.

**Maximum Potential Payout:** [ ] Shares, subject to adjustment as provided in the Plan.

**Performance Period** January 1, 20[ ] – December 31, 20[ ]

**Performance Goals** See Exhibit A attached hereto

\* \* \* \* \*

**This Performance Share Unit Award grant will be null and void unless the Participant accepts the grant by executing it in the space provided below and returning such original execution copy to the Company or otherwise indicating affirmative acceptance of the Performance Share Unit Award grant electronically pursuant to procedures established by the Company and/or its third party administrator. The undersigned Participant acknowledges that he or she has received a copy of this Notice of Performance Share Unit Grant (this “Notice”), the Agreement, the Plan and the Plan Prospectus. As an express condition to the grant of the Performance Share Units hereunder, the Participant agrees to be bound by the terms of this Notice, the Agreement and the Plan. The Participant has read carefully and in its entirety the Agreement and specifically the acknowledgements in Section 9.9 thereof. This Notice, the Agreement and the Plan set forth the entire agreement and understanding of the Company and the Participant with respect to the grant, vesting and administration of this Performance Share Unit award and supersede all prior agreements, arrangements, plans and understandings.**

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**This Notice (which includes the attached Agreement) may be executed in two counterparts each of which will be deemed an original and both of which together will constitute one and the same instrument.**

\* \* \* \* \*

**CENTURY COMMUNITIES, INC.**

**PARTICIPANT**

By: \_\_\_\_\_

Title: Co-Chief Executive Officer

### **PERFORMANCE SHARE UNIT AWARD AGREEMENT**

Pursuant to the Notice of Performance Share Unit Grant (the “Grant Notice”) to which this Performance Share Unit Award Agreement (this “Agreement”) is attached and which Grant Notice is included in and part of this Agreement, and subject to the terms of this Agreement and the Century Communities, Inc. Amended and Restated 2017 Omnibus Incentive Plan (as may be amended from time to time, the “Plan”), Century Communities, Inc., a Delaware corporation (the “Company”), and the Participant named in the Grant Notice (the “Participant”) agree as follows.

1. Incorporation of Plan; Definitions. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement will be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement or in the Grant Notice will have the same meanings as set forth in the Plan. The provisions of this Agreement will be interpreted as to be consistent with the Plan and any ambiguities in this Agreement will be interpreted by reference to the Plan. In the event that any provision of this Agreement is not authorized by or is inconsistent with the terms of the Plan, the terms of the Plan will prevail. The Committee will have final authority to reasonably interpret and construe the Plan and this Agreement and to make any and all determinations thereunder, and its decision will be binding and conclusive upon the Participant and his or her legal representatives in respect of any questions arising under the Plan or this Agreement. A copy of the Plan and the Plan Prospectus have been delivered to the Participant together with this Agreement.

2. Grant of Performance Share Units. The Company hereby grants to the Participant Performance Share Units, as set forth in the Grant Notice and this Agreement, subject to adjustment as provided in the Plan, and each of which, once vested and earned pursuant to this Agreement, will be settled in one (1) share of Common Stock, at the time and subject to the terms, conditions and restrictions set forth below and in the Plan. Reference in this Agreement to the Performance Share Units will be deemed to include the Dividend Equivalents with respect to such Performance Share Units as set forth in Section 4.3 of this Agreement.

3. Performance Vesting; Determination of Amount of Performance Share Units.

3.1 Performance Vesting; Performance Measures and Performance Goals. Except as otherwise provided in this Section 3, Section 6 of this Agreement, the Plan or an Individual Agreement, the Performance Share Units will vest and the number of shares of Common Stock payable in settlement of such vested Performance Share Units shall be determined as of the end of the Performance Period (the “Vesting Date”) by reference to the Performance Goal achieved during the Performance Period in accordance with the table set forth in Exhibit A to this Agreement and may range from 0% to [250% for Co-CEOs/200% for CFO] of the Participant’s Target Potential Payout as set forth in the Grant Notice. The Performance Measures and the Performance Goals to be achieved on a cumulative basis over the Performance Period and their respective weightings and their respective Threshold, Target, Above Target and Maximum levels of performance, are described in the table set forth in Exhibit A to this Agreement.

1.1 Determination of Amount of Earned Performance Share Units. The number of Performance Share Units to be settled in shares of Common Stock (the “Earned Performance Share Units”) will be determined by prorated, straight-line interpolation between Threshold and Target, Target and Above Target, or Above Target and Maximum if the level of the performance attained for the Performance Goal for the Performance Measure for the Performance Period falls between such levels, as specified in the table set forth in Exhibit A to this Agreement, and the determination of the aggregate Earned Performance Share Units will be rounded up to the nearest whole number of Performance Share Units. The Earned Performance Share Units will be settled in whole shares of Common Stock as provided in Section 4 of this Agreement.



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1.2 Requirement to Meet Threshold Level of Performance. Except as otherwise provided in Section 17 of the Plan or an Individual Agreement, and to the extent not previously forfeited or terminated pursuant to Section 6 of this Agreement, the Performance Share Units shall be immediately forfeited and terminated as of the end of the Performance Period if the Performance Goal for the Performance Measure does not meet the Threshold as described in the table set forth in Exhibit A to this Agreement and the Committee reasonably determines that Section 3.4 or 6 of this Agreement does not apply.

---

1.3 Adjustments for Certain Pre-Determined Events. In determining whether and to what extent each Performance Goal has been achieved, the Committee shall include or exclude from the calculation of the Performance Goal, applying U.S. generally accepted accounting principles, each of the events identified on Exhibit A that occurs during the Performance Period.

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#### 4. Settlement; Issuance of Common Stock.

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4.1 Settlement; Amount of Payment. Except as otherwise provided in Section 9 of the Plan, in the event of the achievement of at least the Threshold level of performance with respect to the Performance Goal described in the table set forth in Exhibit A to this Agreement during the Performance Period, which achievement must be certified in writing by the Committee as soon as practicable following the expiration of the Performance Period, the Participant shall vest in the Earned Performance Share Units up to the Maximum Potential Payout as determined pursuant to Section 3 and Exhibit A to this Agreement. If the Performance Goal is not achieved at the Threshold level of performance or above, after adjustments under Section 3.4 of this Agreement or Section 9 of the Plan, if applicable, and the Committee determines that Section 3.4 or 6 of this Agreement does not apply, then the Performance Share Units shall be forfeited and canceled and the Participant shall not be entitled to receive any shares in settlement thereof. The Participant may not be entitled to receive a greater number of Performance Share Units than the Maximum Potential Payout, subject to adjustment as provided in the Plan. In the event the Performance Share Units are forfeited or cancelled for any reason pursuant to Section 3, 4 or 6 of this Agreement or otherwise, no shares of Common Stock shall be issued or payment made in settlement of the Performance Share Units.

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4.2 Timing and Manner of Settlement. Earned Performance Share Units will be converted to whole shares of Common Stock (no fractional shares will be issued) which the Company will issue and deliver to the Participant (either by delivering one or more certificates for such shares or by entering such shares in book entry form in the name of the Participant or depositing such shares for the Participant's benefit with any broker with which the Participant has an account relationship or the Company has engaged to provide such services under the Plan, as determined by the Company in its sole discretion) within sixty (60) days following the Vesting Date, except to the extent that shares of Common Stock are withheld to pay tax withholding obligations pursuant to Section 8 of this Agreement or the Participant has properly elected to defer income that may be attributable to such Performance Share Units under a Company deferred compensation plan or arrangement.

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4.3 Dividend Equivalents. The Performance Share Units are being granted with Dividend Equivalents. On the date of payment under Section 4.2, in addition to the shares of Common Stock issuable under Section 4.1, the Company will issue and deliver to the Participant that number of additional whole shares of Common Stock (no fractional shares will be issued so the number of shares of Common Stock will be rounded down to the nearest whole share) equal to the Dividend Equivalent amount determined under this Section 4.3. In calculating the Dividend Equivalent amount, the Company shall determine the number of shares of Common Stock that would have been payable to the Participant if the total number of Performance Share Units earned under Section 4.1 had been outstanding as shares of Common Stock from the beginning of the Performance Period until the payment date and in lieu of any regular cash dividends, on the dividend payment date of each regular cash dividend otherwise payable on such shares (the "Dividend Date"), the Company had issued Participant a number of additional shares of Common Stock with a Dividend Date Market Value equal to: (i) the per-share dollar amount of the declared dividend multiplied by (ii) the sum of the number of Performance Share Units earned under Section 4.1 above and the number of shares of Common Stock deemed issued hereunder as Dividend Equivalents as of each declared record date for the dividends declared prior to the Dividend Date. For purposes of calculating the "Dividend Date Market Value" in the preceding sentence, the Company shall use the closing price of a share of the Company's Common Stock at the end of the regular trading session, as reported by The New York Stock Exchange on the Dividend Date.

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4.4 Section 409A. If any shares of Common Stock shall be issuable with respect to the Performance Share Units as a result of the Participant's "separation from service" at such time as the Participant is a "specified employee" within the meaning of Section 409A of the Code, then no shares shall be issued, except as permitted under Section 409A of the Code, prior to the earlier of (i) the date immediately after the end of the six-month period following the Participant's "separation from service", or (ii) the Participant's death. Payment of amounts under this Agreement (by issuance of shares of Common Stock or otherwise) is intended to comply with the requirements of Section 409A of the Code and this Agreement shall in all respects be administered and

construed to give effect to such intent. The Committee in its sole discretion may accelerate or delay the distribution of any payment under this Agreement to the extent allowed under Section 409A of the Code.

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5. Holding Period. Except as provided under Section 6.3, any net shares of Common Stock received by the Participant in connection with the settlement of the Earned Performance Share Units must be held by the Participant for at least twelve (12) months after such settlement. For purposes of this Section 5, “net shares” means those shares of Common Stock that remain after shares of Common Stock are sold or netted to pay any required withholding taxes associated with the settlement of the Earned Performance Share Units.

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6. Employment or Service Requirement.

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6.1 Service Condition. Except as otherwise provided in Section 3 of this Agreement, this Section 6, this Agreement, an Individual Agreement or the Plan, the Performance Share Units will vest on the Vesting Date, provided the Participant remains continuously employed by or provides services to the Company or any Subsidiary through the Vesting Date.

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6.2 Change in Control. Except as otherwise provided in an Individual Agreement between the Company and the Participant, upon a Change in Control, the Performance Share Units will be subject to Section 17 of the Plan.

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6.3 Effect of Termination of Employment or Other Service. Except as otherwise provided in Section 17 of the Plan or an Individual Agreement between the Company and the Participant, in the event the Participant’s employment or other service with the Company and all Subsidiaries is terminated for any reason, including for Cause, by reason of death, Disability or Retirement of the Participant, all outstanding but unvested Performance Share Units held by the Participant as of the effective date of such termination will be terminated and forfeited. Vested shares of Common Stock issued in settlement of the vested Performance Share Units will remain subject to the holding period under Section 5, provided, if Termination of Employment is by reason of death or disability of the Participant, or by the Company within twenty four (24) months following a Change in Control, the remaining term of the holding period under Section 5, if any, will lapse.

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6.4 Effect of Actions Constituting Cause or Adverse Action; Forfeiture or Clawback. The Performance Share Units are subject to the forfeiture provisions set forth in Section 15.5 of the Plan, including those applicable if the Participant is determined by the Committee to have taken any action that would constitute Cause or an Adverse Action and any forfeiture or clawback requirement under Applicable Law or any policy adopted from time to time by the Company.

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7. Rights of Participant.

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7.1 Employment or Other Service. Nothing in this Agreement will interfere with or limit in any way the right of the Company or any Subsidiary to terminate the employment or service of the Participant at any time, nor confer upon the Participant any right to continue employment with the Company or any Subsidiary.

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1.4 Rights as a Stockholder. The Participant will have no rights as a stockholder with respect to shares of Common Stock covered by the Performance Share Units unless and until the Participant becomes the holder of record of such shares of Common Stock issued in settlement of the Performance Share Units. By way of example and without limitation, the Participant will not be entitled to vote any of the shares of Common Stock covered by the Performance Share Units, or otherwise exercise any incidents of ownership with respect to such shares until such shares have been issued pursuant to Section 4 of this Agreement; provided, however, that the Participant will be entitled to Dividend Equivalents pursuant to Section 4.3 of this Agreement.

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7.2 Restrictions on Transfer. Except pursuant to testamentary will or the laws of descent and distribution or as otherwise expressly permitted by the Plan, no right or interest of the Participant in the Performance Share Units prior to the vesting and settlement of the Performance Share Units will be assignable or transferable, or subjected to any lien, during the lifetime of the Participant, either voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise. Any attempt to transfer, assign or encumber the Performance Share Units other than in accordance with this Agreement and the Plan will be null and void and the Performance Share Units for which the Restrictions have not lapsed will be forfeited and immediately returned to the Company.

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8. Withholding Taxes. The Company is entitled to (a) withhold and deduct from future wages of the Participant (or from other amounts that may be due and owing to the Participant from the Company or a Subsidiary), or make other arrangements for the collection of, all amounts the Company reasonably determines are legally required to satisfy any and all federal, foreign, state and local withholding and employment related tax requirements attributable to the Performance Share Units, or (b) require the Participant promptly to remit the amount of such withholding to the Company before taking any action, including issuing any shares of Common Stock, with respect to the Performance Share Units. The Committee may, in its sole discretion and upon terms

and conditions established by the Committee, permit or require the Participant to satisfy, in whole or in part, any withholding or employment related tax obligation in connection with the settlement of the Performance Share Units by withholding shares of Common Stock issuable upon settlement of the Performance Share Units. When withholding shares of Common Stock for taxes is effected under this Agreement and the Plan, it will be withheld only up to the minimum amount the Company reasonably determines is necessary to satisfy any tax withholding obligation in the Participant's applicable tax jurisdiction.

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9. Miscellaneous.

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9.1 Governing Law; Mandatory Jurisdiction. The validity, construction, interpretation, administration and effect of this Agreement and any rules, regulations and actions relating to this Agreement will be governed by and construed exclusively in accordance with the laws of the State of Delaware, notwithstanding the conflicts of laws principles of any jurisdictions. The Company and the Participant hereby irrevocably submit to the jurisdiction and venue of the Federal or State courts of the States of Colorado and Delaware relative to any and all disputes, issues and/or claims that may arise out of or relate to the Plan or this Agreement. The Company and the Participant further agree that any and all such disputes, issues and/or claims arising out of or related to the Plan or this Agreement will be brought and decided in the Federal or State courts of the States of Colorado or Delaware, with such jurisdiction and venue selected by and at the sole discretion of the Company.

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9.2 Interpretation. Any dispute regarding the interpretation of this Agreement will be submitted by the Participant or by the Company forthwith to the Committee for review. The resolution of such a dispute by the Committee will be final and binding on all parties.

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9.3 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement will be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

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9.4 Notices. All notices, requests or other communications provided for in this Agreement must be made, if to the Company, to Century Communities, Inc., Attn: Chief Financial Officer, 8390 E. Crescent Parkway, Suite 650, Greenwood Village, Colorado 80111, and if to the Participant, to the last known mailing address of the Participant contained in the records of the Company. All notices, requests or other communications provided for in this Agreement must be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication will be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it will be deemed to be received on the next succeeding business day of the Company.

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9.5 Electronic Delivery and Acceptance. The Company may, in its sole discretion, deliver any documents related to the Performance Share Units by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line system established and maintained by the Company or a third party vendor designated by the Company.

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9.6 Other Laws. The Company will have the right to refuse to issue to you or transfer any shares of Common Stock subject to this Performance Share Units if the Company acting in its absolute discretion determines that the issuance or transfer of such shares might violate any Applicable Law.

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9.7 Investment Representation. The Participant hereby represents and covenants that (a) any share of Common Stock acquired upon the settlement of the Performance Share Units will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares will be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, the Participant will submit a written statement, in form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of issuance of any shares of Common Stock hereunder or (y) is true and correct as of the date of any sale of any such share, as applicable. As a further condition precedent to the delivery to the Participant of any shares of Common Stock subject to the Performance Share Units, the Participant will comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of the shares and, in connection therewith, will execute any documents which the Company will in its sole discretion deem necessary or advisable.

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9.8 Non-Negotiable Terms. The terms of this Agreement and the Performance Share Units are not

negotiable, but the Participant may refuse to accept the Performance Share Units by notifying the Company's Chief Financial Officer or Vice President, Human Resources in writing within thirty (30) day after the Grant Date set forth in the Grant Notice.

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9.9 Acknowledgement by the Participant. In accepting the Performance Share Units, the Participant hereby acknowledges that:

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(a) The Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan.

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(b) The grant of the Performance Share Units is voluntary and occasional and does not create any contractual or other right to receive future Performance Share Units, or benefits in lieu of Performance Share Units, even if Performance Share Units have been granted repeatedly in the past.

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(c) All decisions with respect to future Performance Share Unit grants, if any, will be at the sole discretion of the Company.

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(d) The Participant is voluntarily participating in the Plan.

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(e) The grant of Performance Share Units is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary.

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(f) The Performance Share Units or this Agreement will not be interpreted to form an employment contract with the Company or any Subsidiary.

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(g) The future value of the shares of Common Stock subject to the Performance Share Units is unknown and cannot be predicted with certainty and if the Performance Share Units vest and the shares of Common Stock become issuable in accordance with the terms of this Agreement, the value of those shares of Common Stock may increase or decrease.

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(h) In consideration of the grant of the Performance Share Units, no claim or entitlement to compensation or damages shall arise from termination of the Performance Share Units or diminution in value of the Performance Share Units or shares of Common Stock acquired upon settlement of the Performance Share Units resulting from termination of employment by the Company (for any reason whatsoever and whether or not in breach of applicable labor laws) and the Participant hereby irrevocably releases the Company and its Subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acceptance of the Performance Share Units, the Participant shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

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(i) Except as otherwise provided in an Individual Agreement, in the event of termination of the Participant's employment with the Company (whether or not in breach of local labor laws), the Participant's right to receive the Performance Share Units and vest in the Performance Share Units under the Plan, if any, will terminate effective as of the date of termination of his or her active employment as determined in the sole discretion of the Committee and will not be extended by any notice of termination of employment or severance period provided to the Participant by contract or practice of the Company or any Subsidiary or mandated under local law and the Committee will have the sole discretion to determine the date of termination of the Participant's active employment for purposes of the Performance Share Units.

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(j) Neither the Company nor any Subsidiary is providing any tax, legal or financial advice, nor is the Company or any Subsidiary making any recommendations regarding the Participant's participation in the Plan, acceptance of the Performance Share Units, acquisition of shares of Common Stock upon settlement of the Performance Share Units or any sale of such shares.

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(k) The Participant has been advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

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(l) The Participant hereby agrees to accept electronic delivery of copies of any future amendments or supplements to the Prospectus or any future Prospectuses relating the Plan and copies of all reports, proxy statements and other communications distributed to the Company's security holders

\* \* \* \* \*

**Exhibit A**

**Performance Goals for 1/1/20[ ] – 12/31/20[ ] Performance Period**

|              | <b>Performance<br/>Goal:<br/>Adjusted Pre-Tax<br/>Income</b> | <b>Performance Share<br/>Units</b> |
|--------------|--------------------------------------------------------------|------------------------------------|
| Threshold    |                                                              |                                    |
| Target       |                                                              |                                    |
| Above Target |                                                              |                                    |
| Maximum      |                                                              |                                    |

Adjusted Pre-Tax Income excludes executive officer bonuses and one-time items (e.g., acquisition expenses, purchase price accounting adjustments, amortization of acquisition related intangibles, impairments, abandonments, discontinued operations, debt extinguishments, severance costs, etc.).

132991957.3



## LIST OF SUBSIDIARY GUARANTORS

As of March 31, 2022, Century Communities, Inc. (referred to as the “Issuer”) had \$500 million principal amount outstanding of 3.875% Senior Notes due August 2029 (referred to collectively as the “2029 Notes”) and \$500 million principal amount outstanding of 6.75% Senior Notes due May 2027 (referred to collectively as the “2027 Notes” and collectively with the 2029 Notes, the “Senior Notes”). The Senior Notes are unsecured senior obligations of the Issuer and are fully and unconditionally guaranteed on an unsecured basis, jointly and severally, by substantially all of the Issuer’s direct and indirect wholly-owned operating subsidiaries (referred to collectively as “Guarantors”). In addition, the Issuer’s former 5.875% senior notes due 2025 (referred to collectively as the “2025 Notes”), which were extinguished during the year ended December 31, 2021, were unsecured senior obligations of the Issuer and were fully and unconditionally guaranteed on an unsecured basis, jointly and severally, by the Guarantors. The Issuer’s subsidiaries associated with its financial services operations do not guarantee the Senior Notes.

As of March 31, 2022, the entities set forth below, which are 100% owned subsidiaries of the Issuer, were guarantors of the outstanding Senior Notes (and in most cases were guarantors of the 2025 Notes). However, only the 2027 Notes and the related guarantees are, and the former 2025 Notes and related guarantees were, registered securities under the Securities Act of 1933, as amended (the “Securities Act”). The offer and sale of the 2029 Notes and the related guarantees were not and will not be registered under the Securities Act or the securities laws of any other jurisdiction and instead were issued in reliance upon an exemption from such registration. Unless they are subsequently registered under the Securities Act, neither the 2029 Notes nor the related guarantees may be offered and sold only in transactions that are exempt from the registration requirements under the Securities Act and the applicable securities laws of any other jurisdiction.

As the guarantees for the 2027 Notes and the guarantees for the former 2025 Notes were made in connection with the issuance of the 2027 Notes and former 2025 Notes and exchange offers effected under the Securities Act in February 2015, October 2015 and April 2017, the Guarantors’ condensed supplemental financial information is presented in the Quarterly Report on Form 10-Q for the quarterly period March 31, 2022 as if the guarantees existed during the periods presented pursuant to applicable SEC rules and guidance. In addition, pursuant to such SEC rules and guidance, the information regarding the Guarantors as of March 31, 2022 is set forth below.

| <b><u>Name of Entity</u></b> | <b><u>State of Formation, Organization, or Incorporation</u></b> |
|------------------------------|------------------------------------------------------------------|
| 5280 Reinsurance, LLC        | Arizona                                                          |
| Augusta Pointe, LLC          | Colorado                                                         |
| Avalon at Inverness, LLC     | Colorado                                                         |
| AVR A, LLC                   | Colorado                                                         |
| AVR B, LLC                   | Colorado                                                         |
| AVR C, LLC                   | Colorado                                                         |
| Beacon Pointe, LLC           | Colorado                                                         |
| Benchmark Communities, LLC   | Delaware                                                         |
| Blackstone Homes, LLC        | Colorado                                                         |
| BMC East Garrison, LLC       | Delaware                                                         |
| BMC EG Bluffs, LLC           | Delaware                                                         |
| BMC EG Bungalow, LLC         | Delaware                                                         |
| BMC EG Garden, LLC           | Delaware                                                         |



| <b><u>Name of Entity</u></b>             | <b><u>State of Formation, Organization, or Incorporation</u></b> |
|------------------------------------------|------------------------------------------------------------------|
| BMC EG Grove, LLC                        | Delaware                                                         |
| BMC EG Towns, LLC                        | Delaware                                                         |
| BMC EG Village, LLC                      | Delaware                                                         |
| BMC Realty Advisors, Inc.                | California                                                       |
| BMCH California, LLC                     | Delaware                                                         |
| BMCH North Carolina, LLC                 | Delaware                                                         |
| BMCH Tennessee, LLC                      | Delaware                                                         |
| BMCH Washington, LLC                     | Delaware                                                         |
| Bradburn Village Homes, LLC              | Colorado                                                         |
| Casa Acquisition Corp.                   | Delaware                                                         |
| CC Communities, LLC                      | Colorado                                                         |
| CC Southeast Constructors, LLC           | North Carolina                                                   |
| CCC Holdings, LLC                        | Colorado                                                         |
| CCG Constructors LLC                     | Georgia                                                          |
| CCG Realty Group LLC                     | Georgia                                                          |
| CCH Homes, LLC                           | Colorado                                                         |
| CCNC Realty Group, LLC                   | North Carolina                                                   |
| CCSC Realty Group, LLC                   | South Carolina                                                   |
| Centennial Holding Company LLC           | Colorado                                                         |
| Century at Anthology, LLC                | Colorado                                                         |
| Century at Ash Meadows, LLC              | Colorado                                                         |
| Century at Autumn Valley Ranch, LLC      | Colorado                                                         |
| Century at Beacon Pointe, LLC            | Colorado                                                         |
| Century at Belleview Place, LLC          | Colorado                                                         |
| Century at Caley, LLC                    | Colorado                                                         |
| Century at Candelas, LLC                 | Colorado                                                         |
| Century at Carousel Farms, LLC           | Colorado                                                         |
| Century at Castle Pines Town Center, LLC | Colorado                                                         |
| Century at Claremont Ranch, LLC          | Colorado                                                         |
| Century at Colliers Hill, LLC            | Colorado                                                         |
| Century at Compark Village North, LLC    | Colorado                                                         |
| Century at Compark Village South, LLC    | Colorado                                                         |
| Century at Coyote Creek, LLC             | Colorado                                                         |
| Century at Forest Meadows, LLC           | Colorado                                                         |
| Century at Harvest Meadows, LLC          | Colorado                                                         |
| Century at Landmark, LLC                 | Colorado                                                         |
| Century at Littleton Village, LLC        | Colorado                                                         |

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| <b><u>Name of Entity</u></b>                     | <b><u>State of Formation, Organization, or Incorporation</u></b> |
|--------------------------------------------------|------------------------------------------------------------------|
| Century at Littleton Village II, LLC             | Colorado                                                         |
| Century at LOR, LLC                              | Colorado                                                         |
| Century at Lowry, LLC                            | Colorado                                                         |
| Century at Marvella, LLC                         | Colorado                                                         |
| Century at Mayfield, LLC                         | Colorado                                                         |
| Century at Meadowbrook, LLC                      | Colorado                                                         |
| Century at Midtown, LLC                          | Colorado                                                         |
| Century at Millennium, LLC                       | Colorado                                                         |
| Century at Murphy Creek, LLC                     | Colorado                                                         |
| Century at Oak Street, LLC                       | Colorado                                                         |
| Century at Observatory Heights, LLC              | Colorado                                                         |
| Century at Outlook, LLC                          | Colorado                                                         |
| Century at Pearson Grove, LLC                    | Colorado                                                         |
| Century at Salisbury Heights, LLC                | Colorado                                                         |
| Century at Shalom Park, LLC                      | Colorado                                                         |
| Century at Southshore, LLC                       | Colorado                                                         |
| Century at Spring Valley Ranch, LLC              | Colorado                                                         |
| Century at Tanglewood, LLC                       | Colorado                                                         |
| Century at Terrain, LLC                          | Colorado                                                         |
| Century at The Grove, LLC                        | Colorado                                                         |
| Century at the Heights, LLC                      | Colorado                                                         |
| Century at The Meadows, LLC                      | Colorado                                                         |
| Century at Vista Ridge, LLC                      | Colorado                                                         |
| Century at Wildgrass, LLC                        | Colorado                                                         |
| Century at Wolf Ranch, LLC                       | Colorado                                                         |
| Century at Wyndham Hill, LLC                     | Colorado                                                         |
| Century Building Supply, LLC                     | Colorado                                                         |
| Century City, LLC                                | Colorado                                                         |
| Century Communities Construction, LLC            | Utah                                                             |
| Century Communities Construction of Arizona, LLC | Arizona                                                          |
| Century Communities Investments LLC              | Delaware                                                         |
| Century Communities Merchandising Group, LLC     | Colorado                                                         |
| Century Communities of Arizona, LLC              | Arizona                                                          |
| Century Communities of California, LLC           | Delaware                                                         |
| Century Communities of Florida, LLC              | Colorado                                                         |
| Century Communities of Florida Realty Group, LLC | Colorado                                                         |
| Century Communities of Georgia, LLC              | Colorado                                                         |

| <b><u>Name of Entity</u></b>               | <b><u>State of Formation, Organization, or Incorporation</u></b> |
|--------------------------------------------|------------------------------------------------------------------|
| Century Communities of Idaho, LLC          | Colorado                                                         |
| Century Communities of Nevada, LLC         | Delaware                                                         |
| Century Communities of Nevada Realty, LLC  | Nevada                                                           |
| Century Communities of North Carolina, LLC | Delaware                                                         |
| Century Communities of South Carolina, LLC | Delaware                                                         |
| Century Communities of Tennessee, LLC      | Delaware                                                         |
| Century Communities of Utah, LLC           | Utah                                                             |
| Century Communities of Washington, LLC     | Delaware                                                         |
| Century Communities Realty of Utah, LLC    | Utah                                                             |
| Century Communities Southeast, LLC         | Colorado                                                         |
| Century Land Holdings, LLC                 | Colorado                                                         |
| Century Land Holdings II, LLC              | Colorado                                                         |
| Century Land Holdings of Texas, LLC        | Colorado                                                         |
| Century Land Holdings of Utah, LLC         | Utah                                                             |
| Century Lincoln Station, LLC               | Colorado                                                         |
| Century Living, LLC                        | Delaware                                                         |
| Century Living at Compark, LLC             | Colorado                                                         |
| Century Living at Verona, LLC              | Colorado                                                         |
| Century Townhomes at Candelas, LLC         | Colorado                                                         |
| Century Tuscan GC, LLC                     | Delaware                                                         |
| Cherry Hill Park, LLC                      | Colorado                                                         |
| Cottages at Willow Park, LLC               | Colorado                                                         |
| Crown Hill, LLC                            | Colorado                                                         |
| Enclave at Pine Grove, LLC                 | Colorado                                                         |
| Estates at Chatfield Farms, LLC            | Colorado                                                         |
| Hearth at Oak Meadows, LLC                 | Colorado                                                         |
| Hometown, LLC                              | Colorado                                                         |
| Hometown South, LLC                        | Colorado                                                         |
| Horizon Building Services, LLC             | Colorado                                                         |
| Ladera, LLC                                | Colorado                                                         |
| Lakeview Fort Collins, LLC                 | Colorado                                                         |
| Lincoln Park at Ridgeway, LLC              | Colorado                                                         |
| Meridian Ranch, LLC                        | Colorado                                                         |
| Montecito at Ridgeway, LLC                 | Colorado                                                         |
| Neighborhood Associations Group, LLC       | Delaware                                                         |
| Park 5th Avenue Development Co., LLC       | Colorado                                                         |
| Red Rocks Pointe, LLC                      | Colorado                                                         |

| <b><u>Name of Entity</u></b>        | <b><u>State of Formation, Organization, or<br/>Incorporation</u></b> |
|-------------------------------------|----------------------------------------------------------------------|
| Reserve at Highpointe Estates, LLC  | Colorado                                                             |
| Reserve at The Meadows, LLC         | Colorado                                                             |
| Saddleback Heights, LLC             | Colorado                                                             |
| SAH Holdings, LLC                   | Colorado                                                             |
| Stetson Ridge Homes, LLC            | Colorado                                                             |
| The Overlook at Tallyn's Ranch, LLC | Colorado                                                             |
| The Retreat at Ridgeway, LLC        | Colorado                                                             |
| The Veranda, LLC                    | Colorado                                                             |
| The Wheatlands, LLC                 | Colorado                                                             |
| UCP, LLC                            | Delaware                                                             |
| UCP Barclay III, LLC                | Delaware                                                             |
| UCP East Garrison, LLC              | Delaware                                                             |
| UCP Kerman, LLC                     | Delaware                                                             |
| UCP Meadowood III, LLC              | Delaware                                                             |
| UCP Sagewood, LLC                   | Delaware                                                             |
| UCP Soledad, LLC                    | Delaware                                                             |
| UCP Tapestry, LLC                   | Delaware                                                             |
| Venue at Arista, LLC                | Colorado                                                             |
| Verona Estates, LLC                 | Colorado                                                             |
| Villas at Highland Park, LLC        | Colorado                                                             |
| Villas at Murphy Creek, LLC         | Colorado                                                             |
| Waterside at Highland Park, LLC     | Colorado                                                             |
| Westown Condominiums, LLC           | Colorado                                                             |
| Westown Townhomes, LLC              | Colorado                                                             |
| Wildgrass, LLC                      | Colorado                                                             |
| WJH, LLC                            | Delaware                                                             |
| WJH Brokerage OH, LLC               | Ohio                                                                 |
| WJH Brokerage MI, LLC               | Michigan                                                             |
| WJH Sales of AZ, LLC                | Arizona                                                              |

**CERTIFICATION OF CO-PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dale Francescon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Century Communities, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2022

/s/ Dale Francescon

Dale Francescon

*Chairman of the Board and Co-Chief Executive Officer  
(Co-Principal Executive Officer)*

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**CERTIFICATION OF CO-PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert J. Francescon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Century Communities, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2022

/s/ Robert J. Francescon

Robert J. Francescon  
Co-Chief Executive Officer and President  
(Co-Principal Executive Officer)

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**  
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Messenger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Century Communities, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2022

/s/ David Messenger

David Messenger  
Chief Financial Officer  
(Principal Financial Officer)

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**CERTIFICATION OF CO-PRINCIPAL EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Century Communities, Inc. (the “Company”) for the quarterly period ended March 31, 2022, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Annual Report”), I, Dale Francescon, Chairman of the Board and Co-Chief Executive Officer (Co-Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2022

/s/ Dale Francescon

Dale Francescon

*Chairman of the Board and Co-Chief Executive Officer  
(Co-Principal Executive Officer)*

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**CERTIFICATION OF CO-PRINCIPAL EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Century Communities, Inc. (the “Company”) for the quarterly period ended March 31, 2022, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Annual Report”), I, Robert J. Francescon, Co-Chief Executive Officer and President (Co-Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2022

/s/ Robert J. Francescon

Robert J. Francescon

*Co-Chief Executive Officer and President  
(Co-Principal Executive Officer)*

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Century Communities, Inc. (the “Company”) for the quarterly period ended March 31, 2022, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Annual Report”), I, David Messenger, Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2022

/s/ David Messenger  
David Messenger  
Chief Financial Officer  
(Principal Financial Officer)

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