

**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 June 30, 2023

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)

68-0521411

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

8390 East Crescent Parkway, Suite 650

Greenwood Village, CO

(Address of principal executive offices)

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 July 21, 2023, 32,020,378 shares of common stock, par value \$0.01 per share, of the registrant were outstanding.

CENTURY COMMUNITIES, INC.
FORM 10-Q
For the Three and Six Months Ended June 30, 2023

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Century Communities, Inc.
Condensed Consolidated Balance Sheets
As of June 30, 2023 and December 31, 2022
(in thousands, except share and per share amounts)

	June 30, 2023	December 31, 2022
	(unaudited)	(audited)
Assets		
Cash and cash equivalents	\$ 350,488	\$ 296,724
Cash held in escrow	23,245	56,569
Accounts receivable	59,993	52,797
Inventories	2,856,388	2,830,645
Mortgage loans held for sale	195,598	203,558
Prepaid expenses and other assets	287,448	250,535
Property and equipment, net	32,663	31,688
Deferred tax assets, net	20,430	20,856
Goodwill	30,395	30,395
Total assets	<u>\$ 3,856,648</u>	<u>\$ 3,773,767</u>
Liabilities and stockholders' equity		
Liabilities:		
Accounts payable	\$ 146,559	\$ 106,926
Accrued expenses and other liabilities	266,366	299,588
Notes payable	1,030,782	1,019,412
Revolving line of credit	—	—
Mortgage repurchase facilities	191,024	197,626
Total liabilities	<u>1,634,731</u>	<u>1,623,552</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, 32,020,378 and 31,772,791 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	320	318
Additional paid-in capital	586,856	584,803
Retained earnings	1,634,741	1,565,094
Total stockholders' equity	<u>2,221,917</u>	<u>2,150,215</u>
Total liabilities and stockholders' equity	<u>\$ 3,856,648</u>	<u>\$ 3,773,767</u>

See Notes to Unaudited Condensed Consolidated Financial Statements

Century Communities, Inc.
Unaudited Condensed Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2023 and 2022
(in thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues				
Homebuilding revenues				
Home sales revenues	\$ 818,360	\$ 1,134,535	\$ 1,553,960	\$ 2,122,950
Land sales and other revenues	1,554	8,810	3,089	10,440
Total homebuilding revenues	819,914	1,143,345	1,557,049	2,133,390
Financial services revenues	24,277	22,797	40,132	49,102
Total revenues	844,191	1,166,142	1,597,181	2,182,492
Homebuilding cost of revenues				
Cost of home sales revenues	(656,834)	(814,895)	(1,258,219)	(1,523,968)
Cost of land sales and other revenues	(375)	(8,012)	(375)	(8,858)
Total homebuilding cost of revenues	(657,209)	(822,907)	(1,258,594)	(1,532,826)
Financial services costs	(11,770)	(14,186)	(22,551)	(29,340)
Selling, general and administrative	(105,120)	(109,158)	(203,433)	(210,797)
Other income (expense)	(1,344)	(6,243)	154	(7,105)
Income before income tax expense	68,748	213,648	112,757	402,424
Income tax expense	(17,303)	(54,980)	(28,001)	(101,260)
Net income	<u>\$ 51,445</u>	<u>\$ 158,668</u>	<u>\$ 84,756</u>	<u>\$ 301,164</u>
Earnings per share:				
Basic	\$ 1.61	\$ 4.83	\$ 2.65	\$ 9.08
Diluted	\$ 1.60	\$ 4.78	\$ 2.63	\$ 8.97
Weighted average common shares outstanding:				
Basic	32,025,186	32,839,402	31,970,106	33,183,097
Diluted	32,247,396	33,227,383	32,182,545	33,582,900

See Notes to Unaudited Condensed Consolidated Financial Statements

Century Communities, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2023 and 2022
(in thousands)

	Six Months Ended June 30,	
	2023	2022
Operating activities		
Net income	\$ 84,756	\$ 301,164
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,913	5,352
Stock-based compensation expense	14,291	9,791
Fair value of mortgage loans held for sale and other	(2,309)	5,322
Abandonment of lot option contracts	1,670	3,010
Deferred income taxes	426	1,883
Loss on disposition of assets	825	1,067
Changes in assets and liabilities:		
Cash held in escrow	33,324	(30,197)
Accounts receivable	(7,196)	(16,824)
Inventories	(24,354)	(544,237)
Mortgage loans held for sale	6,400	128,114
Prepaid expenses and other assets	11,564	(26,582)
Accounts payable	39,632	32,711
Accrued expenses and other liabilities	(33,167)	26,539
Net cash provided by (used in) operating activities	132,775	(102,887)
Investing activities		
Purchases of property and equipment	(8,713)	(8,785)
Expenditures related to development of rental properties	(39,501)	(13,618)
Other investing activities	(391)	(2,879)
Net cash used in investing activities	(48,605)	(25,282)
Financing activities		
Borrowings under revolving credit facilities	—	571,000
Payments on revolving credit facilities	—	(430,000)
Borrowing under construction loan agreements	13,757	—
Proceeds from issuance of insurance premium notes and other	3,032	18,031
Principal payments on insurance premium notes and other	(6,213)	(9,043)
Net payments for mortgage repurchase facilities	(6,602)	(122,875)
Withholding of common stock upon vesting of stock-based compensation awards	(10,643)	(12,735)
Repurchases of common stock under stock repurchase program	(1,969)	(98,305)
Dividend payments	(14,733)	(13,225)
Other financing activities	—	879
Net cash used in financing activities	(23,371)	(96,273)
Net increase (decrease)	\$ 60,799	\$ (224,442)
Cash and cash equivalents and Restricted cash		
Beginning of period	308,492	322,241
End of period	<u>\$ 369,291</u>	<u>\$ 97,799</u>
Supplemental cash flow disclosure		
Cash paid for income taxes	\$ 19,295	\$ 117,476
Cash and cash equivalents and Restricted cash		
Cash and cash equivalents	\$ 350,488	\$ 78,011
Restricted cash (Note 5)	18,803	19,788
Cash and cash equivalents and Restricted cash	<u>\$ 369,291</u>	<u>\$ 97,799</u>

See Notes to Unaudited Condensed Consolidated Financial Statements

Century Communities, Inc.
Unaudited Condensed Consolidated Statements of Stockholders' Equity
For the Three and Six Months Ended June 30, 2023 and 2022
(in thousands)

For the Three Months Ended June 30, 2023 and 2022

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance at March 31, 2023	<u>32,026</u>	<u>\$ 320</u>	<u>\$ 580,489</u>	<u>\$ 1,590,832</u>	<u>\$ 2,171,641</u>
Vesting of stock-based compensation awards	35	—	—	—	—
Withholding of common stock upon vesting of stock-based compensation awards	(11)	—	(763)	—	(763)
Repurchases of common stock	(30)	—	(1,969)	—	(1,969)
Stock-based compensation expense	—	—	8,931	—	8,931
Cash dividends declared and dividend equivalents	—	—	168	(7,536)	(7,368)
Net income	—	—	—	51,445	51,445
Balance at June 30, 2023	<u>32,020</u>	<u>\$ 320</u>	<u>\$ 586,856</u>	<u>\$ 1,634,741</u>	<u>\$ 2,221,917</u>
Balance at March 31, 2022	<u>33,038</u>	<u>\$ 330</u>	<u>\$ 627,447</u>	<u>\$ 1,202,085</u>	<u>\$ 1,829,862</u>
Vesting of stock-based compensation awards	36	—	—	—	—
Withholding of common stock upon vesting of stock-based compensation awards	(10)	—	(598)	—	(598)
Repurchases of common stock	(791)	(7)	(35,920)	—	(35,927)
Stock-based compensation expense	—	—	5,727	—	5,727
Cash dividends declared and dividend equivalents	—	—	71	(6,639)	(6,568)
Net income	—	—	—	158,668	158,668
Balance at June 30, 2022	<u>32,273</u>	<u>\$ 323</u>	<u>\$ 596,727</u>	<u>\$ 1,354,114</u>	<u>\$ 1,951,164</u>

For the Six Months Ended June 30, 2023 and 2022

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2022	<u>31,773</u>	<u>\$ 318</u>	<u>\$ 584,803</u>	<u>\$ 1,565,094</u>	<u>\$ 2,150,215</u>
Vesting of stock-based compensation awards	447	4	(4)	—	—
Withholding of common stock upon vesting of stock-based compensation awards	(170)	(2)	(10,641)	—	(10,643)
Repurchases of common stock	(30)	—	(1,969)	—	(1,969)
Stock-based compensation expense	—	—	14,291	—	14,291
Cash dividends declared and dividend equivalents	—	—	376	(15,109)	(14,733)
Net income	—	—	—	84,756	84,756
Balance at June 30, 2023	<u>32,020</u>	<u>\$ 320</u>	<u>\$ 586,856</u>	<u>\$ 1,634,741</u>	<u>\$ 2,221,917</u>
Balance at December 31, 2021	<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	516	5	(5)	—	—
Withholding of common stock upon vesting of stock-based compensation awards	(200)	(2)	(12,733)	—	(12,735)
Repurchases of common stock	(1,804)	(18)	(98,287)	—	(98,305)
Stock-based compensation expense	—	—	9,791	—	9,791
Cash dividends declared and dividend equivalents	—	—	150	(13,375)	(13,225)
Other	—	—	(34)	—	(34)
Net income	—	—	—	301,164	301,164
Balance at June 30, 2022	<u>32,273</u>	<u>\$ 323</u>	<u>\$ 596,727</u>	<u>\$ 1,354,114</u>	<u>\$ 1,951,164</u>

See Notes to Unaudited Condensed Consolidated Financial Statements

Century Communities, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements
June 30, 2023

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 18 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.

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. Additionally, our wholly owned subsidiary, Century Living, LLC, is engaged in the development, construction and management of multi-family rental properties, currently all located in Colorado. Century Living, LLC is included in our Corporate 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, 2022, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 that was filed with the SEC on February 2, 2023.

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.

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.

Reclassifications

Certain prior period amounts have been reclassified to conform to current period presentation.

Recently Issued Accounting Standards

There are no recent accounting standards that are expected to have a material impact on our consolidated financial statements.

2. Reporting Segments

Our homebuilding operations are engaged in the development, design, construction, marketing and sale of single-family attached and detached homes in 18 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 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 (Alabama, Florida, Georgia, North Carolina, South Carolina, and Tennessee)
- Century Complete (Alabama, Arizona, Florida, Georgia, Indiana, Kentucky, Louisiana, Michigan, North Carolina, Ohio, South Carolina)

Commencing in the first quarter of 2023, our Century Complete operations in Texas were realigned and are now managed under our Texas segment. Accordingly, we have presented segment information under this new basis as of and for the three and six months ended June 30, 2023, and we have restated the corresponding segment information for those segments as of December 31, 2022 and for the three and six months ended June 30, 2022.

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 our Corporate operations 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.

Additionally, our wholly owned subsidiary, Century Living, LLC, is engaged in the development, construction and management of multi-family rental properties, currently all located in Colorado. Century Living, LLC is included in our Corporate segment.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue:				
West	\$ 139,292	\$ 293,839	\$ 268,373	\$ 556,548
Mountain	230,103	283,002	476,378	564,362
Texas	126,618	153,389	216,150	291,953
Southeast	117,320	180,556	204,446	330,157
Century Complete	206,581	232,559	391,702	390,370
Financial Services	24,277	22,797	40,132	49,102
Corporate	—	—	—	—
Total revenue	<u>\$ 844,191</u>	<u>\$ 1,166,142</u>	<u>\$ 1,597,181</u>	<u>\$ 2,182,492</u>
Income (loss) before income tax expense:				
West	\$ 14,966	\$ 77,945	\$ 22,939	\$ 149,187
Mountain	24,689	51,500	52,497	108,503
Texas	11,452	30,664	15,125	53,500
Southeast	17,992	38,782	29,958	69,647
Century Complete	16,348	34,797	30,298	57,219
Financial Services	12,507	8,611	17,581	19,762
Corporate	(29,206)	(28,651)	(55,641)	(55,394)
Total income before income tax expense	<u>\$ 68,748</u>	<u>\$ 213,648</u>	<u>\$ 112,757</u>	<u>\$ 402,424</u>

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

	June 30, 2023	December 31, 2022
West	\$ 676,682	\$ 665,827
Mountain	1,024,418	1,122,892
Texas	524,317	508,862
Southeast	467,930	415,887
Century Complete	353,034	376,131
Financial Services	367,244	372,284
Corporate	443,023	311,884
Total assets	<u>\$ 3,856,648</u>	<u>\$ 3,773,767</u>

Corporate assets primarily include certain cash and cash equivalents, certain property and equipment, costs associated with development of multi-family rental properties, prepaid insurance, and deferred financing costs on our revolving line of credit.

3. Inventories

Inventories included the following (in thousands):

	June 30, 2023	December 31, 2022
Homes under construction	\$ 1,262,462	\$ 1,213,919
Land and land development	1,524,181	1,554,951
Capitalized interest	69,745	61,775
Total inventories	<u>\$ 2,856,388</u>	<u>\$ 2,830,645</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. Approximately all of the mortgage loans closed by Inspire are made to buyers of homes we build and Inspire receives an allocation of intersegment revenue from our homebuilding segments related to financing incentives given to 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.

As of June 30, 2023 and December 31, 2022, Inspire had mortgage loans held for sale with an aggregate fair value of \$195.6 million and \$203.6 million, respectively, and an aggregate outstanding principal balance of \$195.6 million and \$202.0 million, respectively. Net gains on the sale of mortgage loans were \$1.7 million and \$3.5 million for the three and six months ended June 30, 2023, respectively, and were \$0.4 million and \$10.8 million for the three and six months ended June 30, 2022, respectively. Losses from the change in fair value for mortgage loans held for sale were \$2.0 million and \$2.0 million for the three and six months ended June 30, 2023, respectively. Gains from the change in fair value for mortgage loans held for sale was \$1.1 million for the three months ended June 30, 2022, and losses from the change in fair value for mortgage loans held for sale was \$8.6 million for the six months ended June 30, 2022. Mortgage loans held for sale and mortgage servicing rights are carried at fair value, with gains and losses from the changes in fair value reflected in financial services revenue on our condensed consolidated statements of operations. Management believes carrying mortgage 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. Net gains and losses from the sale of mortgage loans held for sale, which are recognized based upon the difference between the sales proceeds and carrying value of the related loans upon sale, are also included in financial services revenue on our condensed consolidated statements of operations.

Mortgage loans in process for which interest rates were locked by borrowers, or interest rate lock commitments, totaled approximately \$115.5 million and \$68.1 million at June 30, 2023 and December 31, 2022, respectively, and carried a weighted average interest rate of approximately 5.7% and 6.1%, respectively. Interest rate risks related to these obligations are typically mitigated by the preselling of loans to investors or through our interest rate hedging program. Derivative instruments used to economically hedge our market and interest rate risk are carried at fair value. Derivative instruments typically include interest rate lock commitments and forward commitments on mortgage-backed securities. Changes in fair value of these derivatives as well as any gains or losses upon settlement are reflected in financial services revenue on our condensed consolidated statements of operations. Refer to Note 12 – 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):

	June 30, 2023	December 31, 2022
Prepaid insurance	\$ 25,198	\$ 31,716
Lot option and escrow deposits	41,190	48,354
Performance deposits	12,648	12,626
Restricted cash ⁽¹⁾	18,803	11,768
Multi-family rental properties under construction	98,006	56,615
Mortgage loans held for investment at fair value	20,559	18,875
Mortgage loans held for investment at amortized cost	6,971	6,574
Mortgage servicing rights	26,631	24,164
Derivative assets	3,834	1,958
Other assets and prepaid expenses	33,608	37,885
Total prepaid expenses and other assets	\$ 287,448	\$ 250,535

(1) Restricted cash consists of restricted cash related to land development, earnest money deposits for home sale contracts held by third parties as required by various jurisdictions, and certain compensating balances associated with our mortgage repurchase facilities and other financing obligations.

6. Accrued Expenses and Other Liabilities

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

	June 30, 2023	December 31, 2022
Earnest money deposits	\$ 18,871	\$ 17,903
Warranty reserve	12,984	13,136
Self-insurance reserve	21,477	16,998
Accrued compensation costs	46,823	80,415
Land development and home construction accruals	119,086	128,483
Accrued interest	10,195	10,670
Derivative liabilities	—	1,526
Other accrued liabilities	36,930	30,457
Total accrued expenses and other liabilities	\$ 266,366	\$ 299,588

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 decreased our warranty reserve by \$0.2 million during the three months ended June 30, 2023 and increased our warranty reserve by \$0.1 million during the three months ended June 30, 2022, respectively, and we reduced our warranty reserve by \$0.7 million and \$0.5 million during the six months ended June 30, 2023 and 2022, 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 and six months ended June 30, 2023 and 2022 are detailed in the table below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Beginning balance	\$ 12,331	\$ 13,503	\$ 13,136	\$ 13,343
Warranty expense provisions	2,472	2,245	4,301	4,147
Payments	(1,593)	(1,679)	(3,769)	(2,867)
Warranty adjustment	(226)	58	(684)	(496)
Ending balance	\$ 12,984	\$ 14,127	\$ 12,984	\$ 14,127

8. Self-Insurance Reserve

We maintain general liability insurance coverage, including coverage for certain construction defects. These insurance policies protect us against a portion of the risk of loss from claims, subject to certain self-insured per occurrence and aggregate retentions, deductibles, and available policy limits. In circumstances where we have elected to retain a higher portion of the overall risk for construction defect claims in return for a lower initial premium, we reserve for the estimated costs that we will incur that are above our coverage limits or that are not covered by our insurance policies. The reserve is recorded on an undiscounted basis at the time revenue is recognized for each home closing. Amounts accrued, which are included in accrued expenses and other liabilities on the condensed consolidated balance sheets, are based on third party actuarial analyses that are primarily based on industry data and partially on our historical claims, which include estimates of claims incurred but not yet reported. Adjustments to estimated reserves are recorded in the period in which the change in estimate occurs. Our self-insurance liability is presented on a gross basis without consideration of insurance recoveries and amounts we have paid on behalf of and expect to recover from other parties, if any. Estimates of insurance recoveries and amounts we have paid on behalf of and expect to recover from other parties, if any, are recorded as receivables when such recoveries are considered probable. During the three and six months ended June 30, 2023 and 2022, we recorded no adjustment to our self-insurance reserve. Any adjustments are included in cost of home sales revenues on our condensed consolidated statements of operations.

Changes in our self-insurance reserve for incurred but not reported construction defect claims for the three and six months ended June 30, 2023 and 2022 are detailed in the table below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Beginning balance	\$ 19,076	\$ 7,475	\$ 16,998	\$ 5,103
Self-insurance expense provisions	2,444	2,678	4,559	5,050
Payments	(43)	—	(80)	—
Self-insurance adjustment	—	—	—	—
Ending balance	<u>\$ 21,477</u>	<u>\$ 10,153</u>	<u>\$ 21,477</u>	<u>\$ 10,153</u>

9. Debt

Our outstanding debt obligations included the following as of June 30, 2023 and December 31, 2022 (in thousands):

	June 30, 2023	December 31, 2022
3.875% senior notes, due August 2029 ⁽¹⁾	\$ 495,270	\$ 494,884
6.750% senior notes, due June 2027 ⁽¹⁾	496,802	496,394
Other financing obligations ⁽²⁾	38,710	28,134
Notes payable	1,030,782	1,019,412
Revolving line of credit	—	—
Mortgage repurchase facilities	191,024	197,626
Total debt	<u>\$ 1,221,806</u>	<u>\$ 1,217,038</u>

(1) 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.

(2) As of June 30, 2023, other financing obligations included \$17.6 million related to insurance premium notes and certain secured borrowings, as well as \$21.1 million outstanding under construction loan agreements. As of December 31, 2022, other financing obligations included \$20.7 million related to insurance premium notes and certain secured borrowings, as well as \$7.4 million outstanding under construction loan agreements.

Construction Loan Agreements

On March 17, 2023, a wholly owned subsidiary of Century Living, LLC entered into a construction loan agreement with UMB Bank, N.A., and certain wholly owned subsidiaries of Century Living, LLC, are party to construction loan agreements entered into during 2022 with PNC Bank, National Association and U.S. Bank National Association, a national banking association, d/b/a Housing Capital Company (which along with UMB Bank, N.A., we collectively refer to as “the lenders”), respectively. The three construction loan agreements collectively provide that we may borrow up to an aggregate of \$187.6 million from the lenders for purposes of construction of multi-family projects in Colorado, with advances made by the lenders upon the satisfaction of certain conditions. Borrowings under the construction loan agreements bear interest at various rates, including a fixed rate, and floating interest rates per annum equal to the Secured Overnight Financing Rate (which we refer to as “SOFR”) and the Bloomberg Short-term Bank Yield Index, plus an applicable margin. The outstanding principal balances and all accrued and unpaid interest is due on varying maturity dates through March 17, 2028,

with certain of the construction loan agreements allowing for the option to extend the maturity dates for a period of 12 months if certain conditions are satisfied. The construction loan agreements contain customary affirmative and negative covenants (including covenants related to construction completion, and limitations on the use of loan proceeds, transfers of land, equipment, and improvements), as well as customary events of default. Interest on our construction loan agreements is capitalized to the multi-family properties assets included in prepaid expenses and other assets on the condensed consolidated balance sheets while the related multi-family rental properties are being actively developed and until the projects are completed.

As of June 30, 2023, \$21.1 million was outstanding under the construction loan agreements, with borrowings that bore a weighted average interest rate of 7.1% during the six months ended June 30, 2023, and we were in compliance with all covenants thereunder.

Revolving Line of Credit

In 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 “revolving line of credit”) of up to \$800.0 million, and unless terminated earlier, will mature on April 30, 2026. The revolving line of credit 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 revolving line of credit by an amount not exceeding \$200.0 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. On December 21, 2022, we entered into a First Modification Agreement with Texas Capital Bank (formerly known as Texas Capital Bank, National Association), as Administrative Agent, amending the Second A&R Credit Agreement pursuant to which, effective January 3, 2023, all existing borrowings using an interest rate based on a LIBOR reference rate had the interest rate replaced with one based on an adjusted term SOFR reference rate, which equals the greater of (i) 0.50% or (ii) the one-month quotation of the secured overnight financing rate administered by the Federal Reserve Bank of New York, plus 0.10%.

As of June 30, 2023 and December 31, 2022, no amounts were outstanding under the revolving line of credit, respectively, and we were in compliance with all covenants under the Second A&R Credit Agreement.

Mortgage Repurchase Facilities – Financial Services

Inspire is a party to mortgage warehouse facilities with Comerica Bank and J.P. Morgan, (which facilities we refer to as the “repurchase facilities”), which provide Inspire with uncommitted repurchase facilities of up to an aggregate of \$275.0 million as of June 30, 2023, secured by the mortgage loans financed thereunder. The repurchase facilities have varying short term maturity dates through June 21, 2024 and bore a weighted average interest rate of 6.67% during the six months ended June 30, 2023.

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 June 30, 2023 and December 31, 2022, we had \$191.0 million and \$197.6 million outstanding under the repurchase facilities, respectively, and were in compliance with all covenants thereunder.

10. Interest on Senior Notes and Revolving Line of Credit

Interest on our senior notes and revolving line of credit, if applicable, 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 and six months ended June 30, 2023 and 2022, we capitalized all interest costs incurred on these facilities during these periods.

Our interest costs were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest capitalized beginning of period	\$ 65,984	\$ 55,252	\$ 61,775	\$ 53,379
Interest capitalized during period	14,031	15,345	28,047	29,364
Less: capitalized interest in cost of sales	(10,270)	(13,473)	(20,077)	(25,619)
Interest capitalized end of period	<u>\$ 69,745</u>	<u>\$ 57,124</u>	<u>\$ 69,745</u>	<u>\$ 57,124</u>

11. 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 2023 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 and estimated federal energy home credits for the current year home deliveries, which combined resulted in a net increase of 0.8%.

For the six months ended June 30, 2023, our estimated annual rate of 25.5% was benefitted by discrete items which had a net impact of decreasing our rate by 0.7%, including excess tax benefits for vested stock-based compensation.

Our estimated annual rate for the six months ended June 30, 2023 of 25.5% increased by 310 basis points as compared to our effective tax rate for the year ended December 31, 2022 of 22.4%. The increase in our estimated rate is primarily a result of the enactment of the Inflation Reduction Act of 2022 during the third quarter of 2022, which modified the energy efficient home credit beginning with homes closed on or after January 1, 2023 and provided for more stringent energy standards than previous periods, resulting in fewer closings qualifying for energy efficient home credits.

For the three months ended June 30, 2023 and 2022, we recorded income tax expense of \$17.3 million and \$55.0 million, respectively. For the six months ended June 30, 2023 and 2022, we recorded income tax expense of \$28.0 million and \$101.3 million, respectively.

12. 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 associated with interest rate lock commitments and investor commitments on loans and derivative liabilities are associated with forward mortgage-backed securities contracts. 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 at fair value* – The fair value of mortgage loans held for investment at fair value 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 June 30, 2023 and December 31, 2022, respectively (in thousands):

	Balance Sheet Classification	Hierarchy	June 30, 2023	December 31, 2022
Mortgage loans held for sale	Mortgage loans held for sale	Level 2	\$ 195,598	\$ 203,558
Mortgage loans held for investment at fair value ⁽¹⁾	Prepaid expenses and other assets	Level 3	\$ 20,559	\$ 18,875
Derivative assets	Prepaid expenses and other assets	Level 2	\$ 3,834	\$ 1,958
Mortgage servicing rights ⁽²⁾	Prepaid expenses and other assets	Level 3	\$ 26,631	\$ 24,164
Derivative liabilities	Accrued expenses and other liabilities	Level 2	\$ —	\$ 1,526

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

(2) The unobservable inputs used in the valuation of the mortgage servicing rights include mortgage prepayment rates, discount rates and cost to service, which were 9.0%, 9.6%, and \$0.071 per year per loan, respectively, as of June 30, 2023, and 7.6%, 9.0%, and \$0.072 per year per loan, respectively, as of December 31, 2022. 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 our condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Mortgage servicing rights				
Beginning of period	\$ 23,901	\$ 18,050	\$ 24,164	\$ 13,701
Originations	1,059	1,967	2,104	5,373
Settlements	(410)	(230)	(561)	(535)
Changes in fair value	2,081	409	924	1,657
End of period	\$ 26,631	\$ 20,196	\$ 26,631	\$ 20,196

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Mortgage loans held-for-investment at fair value				
Beginning of period	\$ 20,078	\$ 13,955	\$ 18,875	\$ 10,631
Transfers from loans held for sale	1,730	1,216	3,164	5,142
Settlements	(681)	(592)	(681)	(1,121)
Reduction in unpaid principal balance	(529)	(70)	(633)	(124)
Changes in fair value	(39)	—	(166)	(19)
End of period	\$ 20,559	\$ 14,509	\$ 20,559	\$ 14,509

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 June 30, 2023 and December 31, 2022, respectively (in thousands).

		June 30, 2023		December 31, 2022	
	Hierarchy	Carrying	Fair Value	Carrying	Fair Value
Cash and cash equivalents	Level 1	\$ 350,488	\$ 350,488	\$ 296,724	\$ 296,724
3.875% senior notes ⁽¹⁾⁽²⁾	Level 2	\$ 495,270	\$ 431,250	\$ 494,884	\$ 395,000
6.750% senior notes ⁽¹⁾⁽²⁾	Level 2	\$ 496,802	\$ 498,125	\$ 496,394	\$ 477,500
Revolving line of credit ⁽³⁾	Level 2	\$ —	\$ —	\$ —	\$ —
Other financing obligations ⁽³⁾⁽⁴⁾	Level 3	\$ 38,710	\$ 38,710	\$ 28,134	\$ 28,134
Mortgage repurchase facilities ⁽³⁾	Level 2	\$ 191,024	\$ 191,024	\$ 197,626	\$ 197,626

- (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 June 30, 2023, these amounts totaled \$4.7 million and \$3.2 million for the 3.875% senior notes and 6.750% senior notes, respectively. As of December 31, 2022, these amounts totaled \$5.1 million and \$3.6 million for the 3.875% senior notes and 6.750% senior notes, respectively.
- (3) Carrying amount approximates fair value due to short-term nature and/or interest rate terms.
- (4) Other financing obligations included \$17.6 million related to insurance premium notes and certain secured borrowings that generally bore interest rates ranging from 2.40% to 6.40%, and \$21.1 million related to outstanding borrowings on the construction loan agreements that bore a weighted average interest rate of 7.1% during the period ended June 30, 2023. Other financing obligations included \$20.7 million related to insurance premium notes and certain secured borrowings that generally bore interest rates ranging from 2.40% to 5.84%, and \$7.4 million related to outstanding borrowings on the construction loan agreements that bore a weighted average interest rate of 5.6% during the period ended December 31, 2022.

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 and six months ended June 30, 2023 and 2022. 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.

13. Stock-Based Compensation

During the six months ended June 30, 2023 and 2022, 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 \$62.61 and \$63.77 per share, respectively, that primarily vest over a three year period. During the six months ended June 30, 2023 and 2022, we granted 11.0 thousand and 11.0 thousand shares of common stock, respectively, on an unrestricted basis (which we refer to as “stock awards”) with a grant date fair value of \$65.77 and \$54.46 per share, respectively, to our non-employee directors.

During the six months ended June 30, 2023 and 2022, we granted performance share units (which we refer to as “PSUs”) covering up to 0.5 million and 0.5 million shares of common stock, respectively, assuming maximum level of performance, with a grant date fair value of \$60.05 and \$55.93 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 six months ended June 30, 2023 and 2022, 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 1.1 million shares will vest from 2024 to 2026 if the defined maximum performance targets are met, and no shares will vest if the defined minimum performance targets are not met.

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 June 30, 2023
Unvested units	1,014
Unrecognized compensation cost	\$ 32,703
Weighted-average years to recognize compensation cost	2.04

During the three months ended June 30, 2023 and 2022, we recognized stock-based compensation expense of \$8.9 million and \$5.7 million, respectively. During the six months ended June 30, 2023 and 2022, we recognized stock-based compensation expense of \$14.3 million and \$9.8 million, respectively. Stock-based compensation expense is included in selling, general, and administrative expense on our condensed consolidated statements of operations.

During the three months ended June 30, 2023, in accordance with ASC 718, *Compensation—Stock Compensation* we updated our recognition of stock-based compensation expense associated with previously granted PSU awards to reflect probable financial results as they relate to the performance goals of the awards. Accordingly, our estimate of the number of shares which will ultimately vest under our PSU awards increased by 90.0 thousand, and we recorded a cumulative catch-up adjustment to increase stock-based compensation expense of \$3.4 million (\$2.5 million net of tax), or \$0.08 per share (basic and diluted), for the three and six months ended June 30, 2023.

14. Stockholders’ Equity

The Company’s 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 June 30, 2023 and December 31, 2022, there were 32.0 million and 31.8 million shares of common stock issued and outstanding, respectively, and no shares of preferred stock outstanding.

On May 4, 2022, the stockholders approved the adoption of the Century Communities, Inc. 2022 Omnibus Incentive Plan (which we refer to as the “2022 Incentive Plan”), which replaced the Century Communities, Inc. Amended and Restated 2017 Omnibus Incentive Plan (which we refer to as our “2017 Incentive Plan”). Under the 2022 Incentive Plan, 3.1 million shares of common stock are available for issuance to eligible participants, plus 51.2 thousand shares of our common stock that remained available for issuance under the 2017 Incentive Plan and any shares subject to awards outstanding under the 2017 Incentive Plan that are subsequently forfeited, cancelled, expire or otherwise terminate without the issuance of such shares. During the six months ended June 30, 2023 and 2022, we issued 0.4 million and 0.5 million shares of common stock, respectively, related to the vesting and settlement of RSUs and PSUs. As of June 30, 2023, approximately 2.5 million shares of common stock remained available for issuance under the 2022 Incentive Plan.

The following table sets forth cash dividends declared by our Board of Directors to holders of record of our common stock during the six months ended June 30, 2023 and 2022, respectively (in thousands, except per share information):

			Six Months ended June 30, 2023	
			Cash Dividends Declared and Paid	
Declaration Date	Record Date	Paid Date	Per Share	Amount
February 8, 2023	March 1, 2023	March 15, 2023	\$ 0.23	\$ 7,365
May 17, 2023	May 31, 2023	June 14, 2023	\$ 0.23	\$ 7,368

			Six Months ended June 30, 2022	
			Cash Dividends Declared and Paid	
Declaration Date	Record Date	Paid Date	Per Share	Amount
February 16, 2022	March 2, 2022	March 16, 2022	\$ 0.20	\$ 6,657
May 18, 2022	June 1, 2022	June 15, 2022	\$ 0.20	\$ 6,568

Under the 2022 Incentive Plan and the previous 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.

We are party to a Distribution Agreement with J.P. Morgan Securities LLC, BofA Securities, Inc., Wells Fargo Securities, LLC, 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. 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. We did not sell or issue any shares of our common stock during the three and six months ended June 30, 2023 and 2022, and as of June 30, 2023, all \$100.0 million remained available for sale.

We authorized a stock repurchase program in 2018, under which we may repurchase up to 4.5 million shares of our outstanding common stock. During the three and six months ended June 30, 2023, an aggregate of 30.4 thousand shares were repurchased for a total purchase price of approximately \$2.0 million and a weighted average price of \$64.84 per share. During the three and six months ended June 30, 2022, an aggregate of 0.8 million and 1.8 million shares, respectively, were repurchased for a total purchase price of approximately \$35.9 million and \$98.3 million, respectively, and a weighted average price of \$45.42 and \$54.46 per share, respectively. The maximum number of shares available to be repurchased under the stock repurchase program as of June 30, 2023 was 1,477,817 shares.

During the six months ended June 30, 2023 and 2022, shares of common stock at a total cost of \$10.6 million and \$12.7 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 our publicly announced share repurchase programs.

15. 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 and six months ended June 30, 2023 and 2022 (in thousands, except share and per share information):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator				
Net income	\$ 51,445	\$ 158,668	\$ 84,756	\$ 301,164
Denominator				
Weighted average common shares outstanding - basic	32,025,186	32,839,402	31,970,106	33,183,097
Dilutive effect of stock-based compensation awards	222,210	387,981	212,439	399,803
Weighted average common shares outstanding - diluted	32,247,396	33,227,383	32,182,545	33,582,900
Earnings per share:				
Basic	\$ 1.61	\$ 4.83	\$ 2.65	\$ 9.08
Diluted	\$ 1.60	\$ 4.78	\$ 2.63	\$ 8.97

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 0.9 million and 0.5 million common stock unit equivalents from diluted earnings per share during each of the three months ended June 30, 2023 and 2022, respectively, and we excluded 0.7 million and 0.5 million common stock unit equivalents from diluted earnings per share during the six months ended June 30, 2023 and 2022, respectively, related to the PSUs for which performance conditions remained unsatisfied.

16. 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 June 30, 2023 and December 31, 2022, we had \$546.1 million and \$574.8 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 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 results 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," "outlook," 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:

- economic changes, either nationally or in the markets in which we operate, including increased interest rates and the resulting impact on the accessibility of mortgage loans to homebuyers, persistent inflation, and decreased employment levels;
- shortages of or increased prices for labor, land or raw materials 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 condition, including an impairment of our assets;
- changes in assumptions used to make industry forecasts, population growth rates or trends affecting housing demand or prices;
- volatility and uncertainty in the credit markets and broader financial markets and the impact on such markets and our ability to access them in the event of a threatened or actual U.S. sovereign default;
- our future business operations, operating results and financial condition, and 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;
- delays in completion of projects, land development or home construction, or reduced consumer demand for housing resulting from significant weather conditions and natural disasters in the geographic areas where we operate;
- the 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 municipal, utility and other regulatory approvals and the opening of projects and construction and completion of our homes;
- 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; and
- taxation and tax policy changes, tax rate changes, new tax laws, new or revised tax law interpretations or guidance.

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, 2022. 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.

Business Overview

Century is engaged in the development, design, construction, marketing and sale of single-family attached and detached homes in 18 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.

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 reportable segment. Additionally, our wholly owned subsidiary, Century Living, LLC, is engaged in the development, construction and management of multi-family rental properties, currently all located in Colorado. During the three and six months ended June 30, 2023, our Century Living operations were engaged in construction on three multi-family projects in Colorado, which commenced construction in 2022. Century Living, LLC is included in our Corporate 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 4,147 homes delivered during the first half of 2023, approximately 91% of our deliveries were made to entry-level homebuyers that were below the Federal Housing Administration-insured mortgage limits and approximately 98% of homes delivered were built as move-in ready homes.

Financial Overview

We generated solid financial results during the first six months of 2023 and we are encouraged by improving housing market conditions as compared to the second half of 2022, when increased mortgage interest rates, inflation, and macro-economic uncertainty considerably impacted the U.S. housing market. While inflation continues to impact the broader economy, homebuyers are adjusting to a more normalized higher interest rate environment, and we are encouraged by recent trends in demand. Net new home contracts (new home contracts net of cancellations) for the three months ended June 30, 2023 increased 3.8% as compared to the prior year period, and increased sequentially 14.6% as compared to the first quarter of 2023. Further, during the three and six months ended June 30, 2023, our cancellation rates were 14% and 16%, respectively, representing significant improvements from the cancellation rates we experienced in the latter half of 2022.

We continue to focus our strategy on more near-term completions, as economic uncertainty has led a majority of our recent homebuyers to seek homes with near-term completion schedules, allowing them to lock in interest rates closer to a home closing. Further, with the increasing market demand for our homes experienced during the second quarter of 2023, we began to reduce incentive offerings across our communities as compared to previous quarters, which along with improving construction costs and cycle times, contributed to an improvement to our homebuilding gross margin as compared to the first quarter of 2023.

During the second quarter of 2023, our direct construction costs on our starts decreased by approximately 11% as compared to the high point of our direct construction costs during the second quarter of 2022. Further, during the second quarter of 2023, the severity of the labor and raw material shortages and municipal and utility delays continued to moderate for completed homes that were started in the second half of 2022.

We anticipate the homebuilding markets in each of our operating segments will continue to be tied to both the macro-economic environment and the local economy. While we experienced increased market demand during the second quarter of 2023 compared to recent prior periods, we believe future demand for our homes is uncertain as future economic and market conditions are uncertain, in particular with respect to inflation; the impact of recent and anticipated future increases to the federal funds interest rate by the Federal Reserve; interest rates; availability and cost of mortgage loans to homebuyers; financial markets, credit and mortgage markets; the extent to which and how long government monetary directives, actions, and economic relief efforts will impact the U.S. economy, consumer confidence; wage growth; household formations; levels of new and existing homes for sale; prevailing home and rental prices; 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. Specifically, a rise in interest rates increases the costs of owning a home and adversely affects the purchasing power of our customers and could decrease homebuyer confidence hindering not only demand for our homes, but also our ability to realize our backlog. A decrease in demand for our homes or an increase in cancellations due to increased interest rates or otherwise would adversely affect our operating results in future periods, including our net sales, home deliveries, gross margin,

origination volume of and revenues from our Financial Services segment, and net income. As a result, our past performance may not be indicative of our future results.

Despite future macro-economic uncertainty, especially in relation to the interest rate environment, we believe we are well-positioned to benefit from the ongoing shortage of both new and resale homes available for purchase in our key markets and the favorable demographics that support the need for new affordable housing. We believe our operations are well-positioned to withstand volatility in future market conditions as a result of our product offerings which both span the home buying segment and focus on affordable price points, and our current and future inventories of attractive land positions. We have continued to focus on maintaining an appropriate balance of home and land inventories in relation to anticipated future demand, as well as prudent leverage, and, as a result, we believe we are well positioned to continue to execute on our strategy in order to optimize stockholder returns.

Results of Operations

During the three and six months ended June 30, 2023, we generated \$68.7 million and \$112.8 million, respectively, in income before income tax expense, as compared to \$213.6 million and \$402.4 million, respectively, in the respective prior year periods. During the three and six months ended June 30, 2023, we generated net income of \$51.4 million, or \$1.60 per diluted share, and \$84.8 million, or \$2.63 per diluted share, respectively, as compared to \$158.7 million, or \$4.78 per diluted share, and \$301.2 million, or \$8.97 per diluted share, respectively, in the respective prior year periods.

During the three and six months ended June 30, 2023, we generated total revenues of \$844.2 million and \$1.6 billion, respectively, driven primarily by home sales revenue, as compared to \$1.2 billion and \$2.2 billion, respectively, in the respective prior year period. During the three and six months ended June 30, 2023, we delivered 2,235 and 4,147 homes, respectively, with an average sales price of \$366.2 thousand and \$374.7 thousand, respectively. The number of homes delivered decreased by 17.6% and 18.1%, respectively, as compared to the respective prior year periods, which were primarily driven by fewer homes available for delivery given a decrease in home starts during the latter half of 2022. Average sales price decreased 12.4% and 10.7% as compared to the respective prior year periods.

We ended the second quarter of 2023 with no amounts outstanding under our revolving line of credit, \$350.5 million of cash and cash equivalents, \$23.2 million of cash held in escrow, a homebuilding debt to capital ratio of 31.2%, and a net homebuilding debt to net capital ratio of 22.3%. During the three and six months ended June 30, 2023, we paid quarterly cash dividends to our stockholders of \$0.23 per share, a 15% increase from the quarterly dividends paid during the three and six months ended June 30, 2022 of \$0.20 per share.

During the three months ended June 30, 2023, we generated financial services revenue of \$24.3 million, representing an increase of 6.5% as compared to the prior year period, primarily driven by favorable fair value of our loan pipeline compared to the prior year, partially offset by a reduced number of mortgages originated as compared to the prior year period, and reduced margins on loans sold to third parties period over period. During the six months ended June 30, 2023, we generated financial services revenue of \$40.1 million, a decrease of 18.3% as compared to the prior year period, for the six-month comparison, driven by a decrease in the number of mortgages originated during the six months ended June 30, 2023, and reduced margins on loans sold to third parties period over period, partially offset by a favorable fair value mark on our loan pipeline compared to the prior year period.

Our Century Living operations are engaged in construction on three multi-family projects in Colorado, which commenced in 2022, comprising over 900 units, which we anticipate will be available for leasing beginning in the second half of 2023 and into the first half of 2024.

The following table summarizes our results of operations for the three and six months ended June 30, 2023 and 2022.

(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Consolidated Statements of Operations:				
Revenues				
Home sales revenues	\$ 818,360	\$ 1,134,535	\$ 1,553,960	\$ 2,122,950
Land sales and other revenues	1,554	8,810	3,089	10,440
Total homebuilding revenues	819,914	1,143,345	1,557,049	2,133,390
Financial services revenues	24,277	22,797	40,132	49,102
Total revenues	844,191	1,166,142	1,597,181	2,182,492
Homebuilding cost of revenues				
Cost of home sales revenues	(656,834)	(814,895)	(1,258,219)	(1,523,968)
Cost of land sales and other revenues	(375)	(8,012)	(375)	(8,858)
	(657,209)	(822,907)	(1,258,594)	(1,532,826)
Financial services costs	(11,770)	(14,186)	(22,551)	(29,340)
Selling, general, and administrative	(105,120)	(109,158)	(203,433)	(210,797)
Other income (expense)	(1,344)	(6,243)	154	(7,105)
Income before income tax expense	68,748	213,648	112,757	402,424
Income tax expense	(17,303)	(54,980)	(28,001)	(101,260)
Net income	\$ 51,445	\$ 158,668	\$ 84,756	\$ 301,164
Earnings per share:				
Basic	\$ 1.61	\$ 4.83	\$ 2.65	\$ 9.08
Diluted	\$ 1.60	\$ 4.78	\$ 2.63	\$ 8.97
Adjusted diluted earnings per share ⁽¹⁾	\$ 1.60	\$ 4.78	\$ 2.63	\$ 8.97
Other Operating Information (dollars in thousands):				
Number of homes delivered	2,235	2,713	4,147	5,061
Average sales price of homes delivered	\$ 366.2	\$ 418.2	\$ 374.7	\$ 419.5
Homebuilding gross margin percentage ⁽²⁾	19.7 %	28.2 %	19.0 %	28.2 %
Adjusted homebuilding gross margin excluding interest and inventory impairment ⁽¹⁾	21.0 %	29.4 %	20.3 %	29.4 %
Backlog at end of period, number of homes	2,002	4,767	2,002	4,767
Backlog at end of period, aggregate sales value	\$ 750,079	\$ 1,977,560	\$ 750,079	\$ 1,977,560
Average sales price of homes in backlog	\$ 374.7	\$ 414.8	\$ 374.7	\$ 414.8
Net new home contracts	2,317	2,233	4,339	5,177
Selling communities at period end	233	213	233	213
Average selling communities	223	202	228	200
Total owned and controlled lot inventory	57,775	75,551	57,775	75,551
Adjusted EBITDA ⁽¹⁾	\$ 80,061	\$ 229,720	\$ 134,805	\$ 433,383
Adjusted income before income tax expense ⁽¹⁾	\$ 68,748	\$ 213,648	\$ 112,757	\$ 402,424
Adjusted net income ⁽¹⁾	\$ 51,445	\$ 158,668	\$ 84,756	\$ 301,164
Net homebuilding debt to net capital ⁽¹⁾	22.3 %	33.6 %	22.3 %	33.6 %

⁽¹⁾ This is a non-GAAP financial measure and should not be used as a substitute for our 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.

⁽²⁾ Homebuilding gross margin percentage is inclusive of impairment charges, if applicable. No impairment charges were recorded for the three and six months ended June 30, 2023 and 2022.

Results of Operations by Segment

Commencing in the first quarter of 2023, our Century Complete operations in Texas were realigned and are now managed under our Texas segment. Accordingly, we have presented segment information under this new basis for the three and six months ended June 30, 2023, and we have restated the corresponding segment information for those segments for the three and six months ended June 30, 2022.

(dollars in thousands)

	New Homes Delivered Three Months Ended June 30,		Average Sales Price of Homes Delivered Three Months Ended June 30,		Home Sales Revenues Three Months Ended June 30,		Income before Income Tax Expense Three Months Ended June 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
West	254	426	\$ 548.2	\$ 689.4	\$ 139,244	\$ 293,668	\$ 14,966	\$ 77,945
Mountain	455	458	503.7	600.9	229,170	275,214	24,689	51,500
Texas	450	489	281.2	313.0	126,549	153,047	11,452	30,664
Southeast	275	404	426.5	446.5	117,280	180,372	17,992	38,782
Century Complete	801	936	257.3	248.1	206,117	232,234	16,348	34,797
Financial Services	—	—	—	—	—	—	12,507	8,611
Corporate	—	—	—	—	—	—	(29,206)	(28,651)
Total	2,235	2,713	\$ 366.2	\$ 418.2	\$ 818,360	\$ 1,134,535	\$ 68,748	\$ 213,648

	New Homes Delivered Six Months Ended June 30,		Average Sales Price of Homes Delivered Six Months Ended June 30,		Home Sales Revenues Six Months Ended June 30,		Income before Income Tax Expense Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
West	457	822	\$ 586.7	\$ 676.9	\$ 268,138	\$ 556,400	\$ 22,939	\$ 149,187
Mountain	910	972	521.7	571.9	474,764	555,869	52,497	108,503
Texas	777	912	278.0	319.4	215,983	291,284	15,125	53,500
Southeast	473	770	431.7	428.4	204,209	329,849	29,958	69,647
Century Complete	1,530	1,585	255.5	245.8	390,866	389,548	30,298	57,219
Financial Services	—	—	—	—	—	—	17,581	19,762
Corporate	—	—	—	—	—	—	(55,641)	(55,394)
Total	4,147	5,061	\$ 374.7	\$ 419.5	\$ 1,553,960	\$ 2,122,950	\$ 112,757	\$ 402,424

West

During the three and six months ended June 30, 2023, our West segment generated income before income tax expense of \$15.0 million and \$22.9 million, respectively, an 80.8% and 84.6% decrease, respectively, as compared to the respective prior year period. These decreases were primarily driven by decreases in home sales revenue of \$154.4 million and \$288.3 million, respectively, and decreases of 15.8% and 18.3%, respectively, in the percentage of income before income tax expense to home sales revenues. The revenue decreases during the three and six months ended June 30, 2023 were primarily driven by a 40.4% and 44.4% decrease, respectively, in the number of homes delivered, and a 20.5% and 13.3% decrease, respectively, in the average sales price per home. For both the three- and six-month comparisons, the decreases in the number of homes delivered were primarily driven by fewer homes available for delivery given a decrease in home starts during the latter half of 2022, and a 10.5% and 16.0% decrease, respectively, in monthly absorption rate. For both the three- and six-month comparisons, the average sales price decreases were driven by the mix of deliveries and pricing to market within individual communities and the decreases in the percentage of income before income tax expense to home sales revenue were primarily a result of (1) decreased revenue on a partially fixed cost base and (2) decreased gross margins on home sales.

Mountain

During the three and six months ended June 30, 2023, our Mountain segment generated income before income tax expense of \$24.7 million and \$52.5 million, respectively, a 52.1% and 51.6% decrease, respectively, as compared to the respective prior year period. These decreases were primarily driven by decreases in home sales revenue of \$46.0 million and \$81.1 million, respectively, and decreases of 7.9% and 8.5%, respectively, in the percentage of income before income tax expense to home sales revenues. The revenue decrease during the three months ended June 30, 2023 was primarily driven by a 16.2% decrease in the average sales price per home, and the revenue decrease during the six months ended June 30, 2023 was primarily driven by a 6.4% decrease in the number of homes

delivered and an 8.8% decrease in the average sales price per home. For the six-month comparison, the decrease in the number of homes delivered was primarily driven by fewer homes available for delivery given a decrease in home starts during the latter half of 2022, and a 40.7% decrease in monthly absorption rate. For both the three- and six-month comparisons, the average sales price decreases were driven by the mix of deliveries and pricing to market within individual communities and the decreases in the percentage of income before income tax expense to home sales revenue were primarily a result of (1) decreased revenue on a partially fixed cost base and (2) decreased gross margins on home sales.

Texas

During the three and six months ended June 30, 2023, our Texas segment generated income before income tax expense of \$11.5 million and \$15.1 million, respectively, a 62.7% and 71.7% decrease, respectively, as compared to the respective prior year period. These decreases were primarily driven by decreases in home sales revenue of \$26.5 million and \$75.3 million, respectively, and decreases of 11.0% and 11.4%, respectively, in the percentage of income before income tax expense to home sales revenues. The revenue decreases during the three and six months ended June 30, 2023 were primarily driven by an 8.0% and 14.8% decrease, respectively, in the number of homes delivered, and a 10.2% and 13.0% decrease, respectively, in the average sales price per home. For both the three- and six-month comparisons, the decreases in the number of homes delivered were primarily driven by fewer homes available for delivery given a decrease in home starts during the latter half of 2022, and a 7.9% and 20.8% decrease, respectively, in monthly absorption rate. For both the three- and six-month comparisons, the average sales price decreases were driven by the mix of deliveries and pricing to market within individual communities and the decreases in the percentage of income before income tax expense to home sales revenue were primarily a result of (1) decreased revenue on a partially fixed cost base and (2) decreased gross margins on home sales.

Southeast

During the three and six months ended June 30, 2023, our Southeast segment generated income before income tax expense of \$18.0 million and \$30.0, respectively, a 53.6% and 57.0% decrease, respectively, as compared to the respective prior year period. These decreases were primarily driven by decreases in home sales revenue of \$63.1 million and \$125.6 million, respectively, and decreases of 6.2% and 6.4%, respectively, in the percentage of income before income tax expense to home sales revenues. The revenue decrease during the three months ended June 30, 2023 was primarily driven by a 31.9% decrease in the number of homes delivered and a 4.5% decrease in the average sales price per home, and the revenue decrease during the six months ended June 30, 2023 was primarily driven by a 38.6% decrease in the number of homes delivered. For both the three- and six-month comparisons, the decreases in the number of homes delivered were primarily driven by fewer homes available for delivery given a decrease in home starts during the latter half of 2022 and a 33.3% and 43.3% decrease, respectively, in monthly absorption rate. For the three-month comparison, the average sales price decrease was driven by the mix of deliveries and pricing to market within individual communities, and for both the three- and six-month comparisons, the decreases in the percentage of income before income tax expense to home sales revenue were primarily a result of (1) decreased revenue on a partially fixed cost base and (2) decreased gross margins on home sales.

Century Complete

During the three and six months ended June 30, 2023, our Century Complete segment generated income before income tax expense of \$16.3 million and \$30.3 million, respectively, a 53.0% and 47.0% decrease, respectively, as compared to the respective prior year period. For the three months ended June 30, 2023, the decrease was primarily driven by a decrease in home sales revenue of \$26.1 million and a decrease of 7.1% in the percentage of income before income tax expense to home sales revenues, and for the six months ended June 30, 2023, the decrease was primarily driven by a decrease of 6.9% in the percentage of income before income tax expense to home sales revenues. The decrease in revenue during the three months ended June 30, 2023 was primarily driven by a 14.4% decrease in the number of homes delivered and was partially offset by a 3.7% increase in the average sales price per home driven by the mix of deliveries. Revenue remained flat during the six months ended June 30, 2023, primarily driven by a 3.5% decrease in the number of homes delivered and partially offset by a 3.9% increase in the average sales price per home driven by the mix of deliveries. For both the three- and six-month comparisons, the decrease in the number of homes delivered was primarily driven by fewer homes available for delivery given a decrease in home starts during the latter half of 2022, and for the six-month comparison a 10.7% decrease in monthly absorption rate. For the three-month comparison, the decrease in the percentage of income before income tax expense to home sales revenue was primarily a result of (1) decreased revenue on a partially fixed cost base and (2) decreased gross margins on home sales. For the six-month comparison, the decrease in the percentage of income before income tax expense to home sales revenue was primarily a result of decreased gross margins on home sales.

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 \$12.5 million for the three months ended June 30, 2023, a 45.2% increase over the prior year period. This increase was primarily the result of a \$1.5 million increase in financial services revenue during the three months ended June 30, 2023 compared to the prior year period, as well as a decrease in financial services costs due to decreased headcount. The revenue increase was primarily driven by favorable fair value of our loan

pipeline compared to the prior year, partially offset by a reduced number of mortgages originated as compared to the prior year period, and reduced margins on loans sold to third parties period over period. Our Financial Services segment generated income before income tax of \$17.6 million for the six months ended June 30, 2023, an 11.0% decrease over the prior year period. This decrease was primarily the result of a \$9.0 million decrease in financial services revenue during the six months ended June 30, 2023 compared to the prior year period, primarily driven by (1) a 21.8% decrease in the number of mortgages originated during the six months ended June 30, 2023, and (2) reduced margins on loans sold to third parties period over period, partially offset by a favorable fair value mark on our loan pipeline compared to the prior year period.

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Total originations:				
Number of loans	1,346	1,465	2,335	2,985
Principal	\$ 462,088	\$ 528,646	\$ 805,169	\$ 1,080,701
Capture rate of Century homebuyers	73 %	70 %	70 %	74 %
Century Communities	79 %	77 %	76 %	79 %
Century Complete	62 %	57 %	59 %	60 %
Average FICO score	725	733	724	733
Century Communities	729	740	729	740
Century Complete	714	715	714	712
Loans sold to third parties:				
Number of loans sold	1,204	1,417	2,343	3,376
Principal	\$ 418,613	\$ 508,003	\$ 808,423	\$ 1,200,067

Corporate

During the three and six months ended June 30, 2023, our Corporate segment generated losses of \$29.2 million and \$55.6 million, respectively, remaining relatively consistent to losses of \$28.7 million and \$55.4 million, respectively, during the same period respective period in 2022.

Homebuilding Gross Margin

(dollars in thousands)

Homebuilding gross margin represents home sales revenues less cost of home sales revenues and inventory impairment, if applicable. Our homebuilding gross margin percentage, which represents homebuilding gross margin divided by home sales revenues, decreased for the three and six months ended June 30, 2023 to 19.7% and 19.0%, respectively, as compared to 28.2% for the three and six months ended June 30, 2022. This decrease was driven by deliveries in the first six months of 2023 that carried both higher incentives and elevated construction costs due to homes commencing construction during high costs periods in 2022.

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

	Three Months Ended June 30,			
	2023	%	2022	%
Home sales revenues	\$ 818,360	100.0 %	\$ 1,134,535	100.0 %
Cost of home sales revenues	(656,834)	(80.3) %	(814,895)	(71.8) %
Inventory impairment	—	— %	—	— %
Homebuilding gross margin	161,526	19.7 %	319,640	28.2 %
Add: Inventory impairment	—	— %	—	— %
Add: Interest in cost of home sales revenues	10,270	1.3 %	13,473	1.2 %
Adjusted homebuilding gross margin excluding interest and inventory impairment ⁽¹⁾	\$ 171,796	21.0 %	\$ 333,113	29.4 %

	Six Months Ended June 30,			
	2023	%	2022	%
Home sales revenues	\$ 1,553,960	100.0 %	\$ 2,122,950	100.0 %
Cost of home sales revenues	(1,258,219)	(81.0) %	(1,523,968)	(71.8) %
Inventory impairment	—	— %	—	— %
Homebuilding gross margin	295,741	19.0 %	598,982	28.2 %
Add: Inventory impairment	—	— %	—	— %
Add: Interest in cost of home sales revenues	20,077	1.3 %	25,619	1.2 %
Adjusted homebuilding gross margin excluding interest and inventory impairment ⁽¹⁾	\$ 315,818	20.3 %	\$ 624,601	29.4 %

⁽¹⁾ This non-GAAP financial measure should not be used as a substitute for our 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 and six months ended June 30, 2023, our adjusted homebuilding gross margin percentage excluding inventory impairment and interest in cost of home sales revenues, was 21.0% and 20.3%, respectively, as compared to 29.4% for the same periods in 2022. We believe the above information is meaningful as it isolates the impact that indebtedness, inventory impairment (if applicable), 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 June 30,		Increase	
	2023	2022	Amount	%
Selling, general and administrative	\$ 105,120	\$ 109,158	\$ (4,038)	(3.7) %
As a percentage of home sales revenue	12.8 %	9.6 %		

	Six Months Ended June 30,		Increase	
	2023	2022	Amount	%
Selling, general and administrative	\$ 203,433	\$ 210,797	\$ (7,364)	(3.5) %
As a percentage of home sales revenue	13.1 %	9.9 %		

Our selling, general and administrative expense decreased \$4.0 million and \$7.4 million, respectively, for the three and six months ended June 30, 2023 as compared to the same periods in 2022. The decreases for both the three- and six-month comparisons were primarily attributable to decreases of \$8.9 million and \$10.6 million, respectively, in salaries and wages due to decreased headcount, and partially offset by increases to stock-based compensation expense and by increases in various expenses to support our homebuilding operations. As a percentage of home sales revenue, our selling, general and administrative expense increased 320 basis points during each of the

three and six months ended June 30, 2023 as compared to the three and six months ended June 30, 2022, driven primarily by decreased revenue 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 2023 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 and estimated federal energy home credits for the current year home deliveries, which combined resulted in a net increase of 0.8%.

For the six months ended June 30, 2023, our estimated annual rate of 25.5% was benefitted by discrete items which had a net impact of decreasing our rate by 0.7%, including excess tax benefits for vested stock-based compensation.

Our estimated annual rate for the six months ended June 30, 2023 of 25.5% increased by 310 basis points as compared to our effective tax rate for the year ended December 31, 2022 of 22.4%. The increase in our estimated rate is primarily a result of the enactment of the Inflation Reduction Act of 2022 during the third quarter of 2022, which modified the energy efficient home credit beginning with homes closed on or after January 1, 2023 and provided for more stringent energy standards than previous periods, resulting in fewer closings qualifying for energy efficient home credits.

For the three months ended June 30, 2023 and 2022, we recorded income tax expense of \$17.3 million and \$55.0 million, respectively. For the six months ended June 30, 2023 and 2022, we recorded income tax expense of \$28.0 million and \$101.3 million, respectively.

Segment Assets

Commencing in the first quarter of 2023, our Century Complete operations in Texas were realigned and are now managed under our Texas segment. Accordingly, we have presented segment information under this new basis as of June 30, 2023, and we have restated the corresponding segment information for those segments as of December 31, 2022.

(dollars in thousands)

	June 30, 2023	December 31 2022	Increase (Decrease)	
			Amount	Change
West	\$ 676,682	\$ 665,827	\$ 10,855	1.6 %
Mountain	1,024,418	1,122,892	(98,474)	(8.8) %
Texas	524,317	508,862	15,455	3.0 %
Southeast	467,930	415,887	52,043	12.5 %
Century Complete	353,034	376,131	(23,097)	(6.1) %
Financial Services	367,244	372,284	(5,040)	(1.4)%
Corporate	443,023	311,884	131,139	42.0%
Total assets	<u>\$ 3,856,648</u>	<u>\$ 3,773,767</u>	<u>\$ 82,881</u>	<u>2.2 %</u>

Total assets increased to \$3.9 billion as of June 30, 2023 as compared to \$3.8 billion as of December 31, 2022, primarily as a result of changes in our inventory balances within our homebuilding segments related to timing of home and land development construction activities and an increase in the number of homes under construction, and an increase in our Corporate assets, primarily driven by increases in cash and cash equivalents and increases related to Century Living.

Lots owned and controlled

	June 30, 2023			December 31, 2022			% Change		
	Owned	Controlled	Total	Owned	Controlled	Total	Owned	Controlled	Total
West	4,207	1,867	6,074	4,433	509	4,942	(5.1)%	266.8%	22.9%
Mountain	9,818	3,400	13,218	10,845	1,566	12,411	(9.5)%	117.1%	6.5%
Texas	7,627	6,811	14,438	7,432	3,876	11,308	2.6%	75.7%	27.7%
Southeast	5,769	4,079	9,848	5,576	5,733	11,309	3.5%	(28.9)%	(12.9)%
Century Complete	3,550	10,647	14,197	3,826	9,323	13,149	(7.2)%	14.2%	8.0%
Total	<u>30,971</u>	<u>26,804</u>	<u>57,775</u>	<u>32,112</u>	<u>21,007</u>	<u>53,119</u>	<u>(3.6)%</u>	<u>27.6%</u>	<u>8.8%</u>

Of our total lots owned and controlled as of June 30, 2023, 53.6% were owned and 46.4% were controlled, as compared to 60.5% owned and 39.5% controlled as of December 31, 2022.

Other Homebuilding Operating Data

Commencing in the first quarter of 2023, our Century Complete operations in Texas were realigned and are now managed under our Texas segment. Accordingly, we have presented segment information under this new basis as of and for the three and six months ended June 30, 2023, and we have restated the corresponding segment information for those segments as of and for the three and six months ended June 30, 2022.

Net new home contracts

	Three Months Ended June 30,		Increase (Decrease)		Six Months Ended June 30,		Increase (Decrease)	
	2023	2022	Amount	% Change	2023	2022	Amount	% Change
West	237	248	(11)	(4.4) %	580	665	(85)	(12.8) %
Mountain	446	478	(32)	(6.7) %	779	1,064	(285)	(26.8) %
Texas	400	333	67	20.1 %	875	829	46	5.5 %
Southeast	351	415	(64)	(15.4) %	593	824	(231)	(28.0) %
Century Complete	883	759	124	16.3 %	1,512	1,795	(283)	(15.8) %
Total	2,317	2,233	84	3.8 %	4,339	5,177	(838)	(16.2) %

Net new home contracts (new home contracts net of cancellations) for the three months ended June 30, 2023 increased by 84 homes, or 3.8%, to 2,317 as compared to 2,223 for the same period in 2022. While inflation continues to impact the broader economy, homebuyers are adjusting to a more normalized higher interest rate environment. Net new home contracts for the six months ended June 30, 2023 decreased by 838 homes, or 16.2%, to 4,339 as compared to 5,177 for the same period in 2022, primarily driven by the reduced number of homes available for sale.

Monthly absorption rate

Our overall monthly “absorption rate” (the rate at which home orders are contracted, net of cancellations) for the three and six months ended June 30, 2023 and 2022 by segment are included in the tables below:

	Three Months Ended June 30,		Increase (Decrease)	
	2023	2022	Amount	% Change
West	3.4	3.8	(0.4)	(10.5) %
Mountain	3.6	4.8	(1.2)	(25.0) %
Texas	3.5	3.8	(0.3)	(7.9) %
Southeast	4.0	6.0	(2.0)	(33.3) %
Century Complete	2.9	2.4	0.5	20.8 %
Total	3.3	3.5	(0.2)	(5.7) %

	Six Months Ended June 30,		Increase (Decrease)	
	2023	2022	Amount	% Change
West	4.2	5.0	(0.8)	(16.0) %
Mountain	3.2	5.4	(2.2)	(40.7) %
Texas	3.8	4.8	(1.0)	(20.8) %
Southeast	3.4	6.0	(2.6)	(43.3) %
Century Complete	2.5	2.8	(0.3)	(10.7) %
Total	3.1	4.1	(1.0)	(24.4) %

During the three and six months ended June 30, 2023, our absorption rates decreased by 5.7% and 24.4%, respectively, to 3.3 per month and 3.1 per month, respectively, as compared to the same periods in 2022. While home sales pace across our markets has been impacted by increased mortgage interest rates, inflation, and macro-economic uncertainty as compared to the historical record demand in prior year periods, we are encouraged by recent trends in demand. During the three and six months ended June 30, 2023, we experienced cancellation rates of 14% and 16% respectively, which represents a significant reduction from cancellation rates we experienced in the latter half of 2022 as we believe homebuyers are adjusting to the higher interest rate environment and our strategy of selling homes later in the construction cycle has benefitted our cancellation rate.

Selling communities at period end

	As of June 30,		Increase/(Decrease)	
	2023	2022	Amount	% Change
West	23	22	1	4.5 %
Mountain	41	33	8	24.2 %
Texas	38	29	9	31.0 %
Southeast	29	23	6	26.1 %
Century Complete	102	106	(4)	(3.8) %
Total	233	213	20	9.4 %

Our selling communities increased by 20 communities to 233 communities at June 30, 2023 as compared to 213 at June 30, 2022. This increase was a result of net new community openings since the end of the prior year period.

Backlog

(dollars in thousands)

	As of June 30,						% Change		
	2023			2022					
	Homes	Dollar Value	Average Sales Price	Homes	Dollar Value	Average Sales Price	Homes	Dollar Value	Average Sales Price
West	203	\$ 129,616	\$ 638.5	367	\$ 294,274	\$ 801.8	(44.7) %	(56.0) %	(20.4) %
Mountain	310	149,369	481.8	1,137	632,865	556.6	(72.7) %	(76.4) %	(13.4) %
Texas	253	78,360	309.7	408	146,304	358.6	(38.0) %	(46.4) %	(13.6) %
Southeast	325	148,616	457.3	767	349,120	455.2	(57.6) %	(57.4) %	0.5 %
Century Complete	911	244,118	268.0	2,088	554,997	265.8	(56.4) %	(56.0) %	0.8 %
Total / Weighted Average	2,002	\$ 750,079	\$ 374.7	4,767	\$ 1,977,560	\$ 414.8	(58.0) %	(62.1) %	(9.7) %

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 June 30, 2023, we had 2,002 homes in backlog with a total value of \$750.1 million, which represents decreases of 58.0% and 62.1%, respectively, as compared to 4,767 homes in backlog with a total value of \$2.0 billion at June 30, 2022. The decrease in backlog dollar value is primarily attributable to the decrease in backlog units, and in part due to a 9.7% decrease in the average sales price of homes in backlog.

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”). 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 June 30, 2023, 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.

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 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.

The Guarantors' condensed supplemental financial information is presented in this report as if the Senior Note 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)	June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 246,040	\$ 191,541
Cash held in escrow	23,245	56,569
Accounts receivable	53,809	46,326
Inventories	2,856,388	2,830,645
Prepaid expenses and other assets	226,682	193,824
Property and equipment, net	32,415	31,326
Deferred tax assets, net	20,430	20,856
Goodwill	30,395	30,395
Total assets	<u>\$ 3,489,404</u>	<u>\$ 3,401,482</u>
Liabilities and stockholders' equity		
Liabilities:		
Accounts payable	\$ 145,225	\$ 105,727
Accrued expenses and other liabilities	290,618	310,330
Notes payable	1,030,782	1,019,412
Revolving line of credit	—	—
Total liabilities	1,466,625	1,435,469
Stockholders' equity:	2,022,779	1,966,013
Total liabilities and stockholders' equity	<u>\$ 3,489,404</u>	<u>\$ 3,401,482</u>
Summarized Statements of Operations Data (in thousands)	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Total homebuilding revenues	\$ 1,557,049	\$ 4,410,483
Total homebuilding cost of revenues	(1,258,594)	(3,315,994)
Selling, general and administrative	(203,433)	(430,742)
Inventory impairment	—	(10,149)
Other income (expense)	(805)	(15,894)
Income before income tax expense	94,217	637,704
Income tax expense	(23,397)	(142,986)
Net income	<u>\$ 70,820</u>	<u>\$ 494,718</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, 2022, filed with the SEC on February 2, 2023, 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 revolving line of credit availability, was \$1.2 billion as of June 30, 2023 and \$1.2 billion as of December 31, 2022.

Our principal uses of capital for the three and six months ended June 30, 2023 were our land purchases, land development, home construction, and the payment of routine liabilities.

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 continue to acquire and develop lots in our markets when they meet our current investment criteria.

Short-term Liquidity and Capital Resources

We use funds generated by operations, available borrowings under our revolving line of credit facility, and proceeds from issuances of debt or equity, including our 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.

Our Century Living operations use excess cash from our operations, as well as project specific secured financing under construction loan agreements to fund development of multi-family projects.

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 based on the macro-economy and market conditions at the time. In a higher interest rate environment, we may incur additional interest expense on borrowings that bear floating interest rates, such as our revolving line of credit. We believe we are well positioned from a cash and liquidity standpoint to operate in an uncertain environment, and to 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, 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, or on favorable terms, especially in light of rising interest rates. In a higher interest rate environment, we may incur additional interest expense on borrowings that bear floating interest rates, such as under our revolving line of credit, repurchase facilities, and construction loan agreements. 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 and six months ended June 30, 2023, there were no material changes to the contractual obligations we previously described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 that was filed with the SEC on February 2, 2023.

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 June 30, 2023, we had outstanding purchase contracts and option contracts for 26,804 lots totaling approximately \$1.2 billion and we had \$41.2 million of deposits for land contracts, of which \$19.4 million were non-refundable cash deposits pertaining to land contracts. For contracts for which cash deposits were non-refundable, and subject to the terms of the outstanding contracts continuing to meet our investment criteria, we currently anticipate performing on the majority of our purchase and option contracts during the next 24 months. Our performance, including the timing and amount of purchase, if any, under these outstanding purchase and option contracts is subject to change and dependent on future market conditions. 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

One of our principal liquidity needs is the payment of principal and interest on our outstanding indebtedness. Our outstanding indebtedness is described in detail in *Note 9 – Debt in the Notes to the Condensed Consolidated Financial Statements*. We are required to meet certain covenants, and as of June 30, 2023, we were in compliance with all such covenants and requirements under the agreements governing our revolving line of credit, mortgage repurchase facilities, and construction loan agreements. See *Note 9 – Debt in the Notes to the Condensed Consolidated Financial Statements* for further detail.

Our outstanding debt obligations included the following as of June 30, 2023 and December 31, 2022 (in thousands):

	June 30, 2023	December 31, 2022
3.875% senior notes, due August 2029 ⁽¹⁾	\$ 495,270	\$ 494,884
6.750% senior notes, due June 2027 ⁽¹⁾	496,802	496,394
Other financing obligations ⁽²⁾	38,710	28,134
Notes payable	1,030,782	1,019,412
Revolving line of credit	—	—
Mortgage repurchase facilities	191,024	197,626
Total debt	<u>\$ 1,221,806</u>	<u>\$ 1,217,038</u>

⁽¹⁾ 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.

⁽²⁾ As of June 30, 2023, other financing obligations included \$17.6 million related to insurance premium notes and certain secured borrowings, as well as \$21.1 million outstanding under construction loan agreements, as described below. As of December 31, 2022, other financing obligations included \$20.7 million related to insurance premium notes and certain secured borrowings, as well as \$7.4 million outstanding under construction loan agreements.

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 June 30, 2023 and December 31, 2022, we had \$546.1 million and \$574.8 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.

Construction Loan Agreements

On March 17, 2023, a wholly owned subsidiary of Century Living, LLC entered into a construction loan agreement with UMB Bank, N.A., and certain wholly owned subsidiaries of Century Living, LLC, are party to construction loan agreements entered into during 2022 with PNC Bank, National Association and U.S. Bank National Association, a national banking association, d/b/a Housing Capital Company (which along with UMB Bank, N.A., we collectively refer to as “the lenders”), respectively. The three construction loan agreements collectively provide that we may borrow up to an aggregate of \$187.6 million from the lenders for purposes of construction of multi-family projects in Colorado, with advances made by the lenders upon the satisfaction of certain conditions. Borrowings under the construction loan agreements bear interest at various rates, including a fixed rate, and floating interest rates per annum equal to the Secured Overnight Financing Rate (which we refer to as “SOFR”) and the Bloomberg Short-term Bank Yield Index, plus an applicable margin. The outstanding principal balances and all accrued and unpaid interest is due on varying maturity dates through March 17, 2028, with certain of the construction loan agreements allowing for the option to extend the maturity dates for a period of 12 months if certain conditions are satisfied. The construction loan agreements contain customary affirmative and negative covenants (including covenants related to construction completion, and limitations on the use of loan proceeds, transfers of land, equipment, and improvements), as well as customary events of default. Interest on our construction loan agreements is capitalized to the multi-family properties assets included in prepaid expenses and other assets on the condensed consolidated balance sheets while the related multi-family rental properties are being actively developed and until the projects are completed.

As of June 30, 2023, \$21.1 million was outstanding under the construction loan agreements, with borrowings that bore a weighted average interest rate of 7.1% during the six months ended June 30, 2023, and we were in compliance with all covenants thereunder.

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 provides us with a senior unsecured revolving line of credit (which we refer to as the “revolving line of credit”) of up to \$800.0 million, and unless terminated earlier, will mature on April 30, 2026. The revolving line of credit includes a \$250.0 million sublimit for standby letters of credit. Under the terms of the Second A&R Credit Agreement, we are entitled to request an increase in the size of the revolving line of credit by an amount not exceeding \$200.0 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. On December 21, 2022, we entered into a First Modification Agreement with Texas Capital Bank, as Administrative Agent, amending the Second A&R Credit Agreement pursuant to which, effective January 3, 2023, all existing borrowings using an interest rate based on a LIBOR reference rate had the interest rate replaced with one based on an adjusted term SOFR reference rate, which equals the greater of (i) 0.50% or (ii) the one-month quotation of the secured overnight financing rate administered by the Federal Reserve Bank of New York, plus 0.10%.

As of June 30, 2023, no amounts were outstanding under our revolving line of credit and were in compliance with all covenants under the Second A&R Credit Agreement.

Mortgage Repurchase Facilities – Financial Services

Inspire is party to mortgage warehouse facilities with Comerica Bank and J.P. Morgan, (which facilities we refer to as the “repurchase facilities”), which provide Inspire with uncommitted repurchase facilities of up to an aggregate of \$275.0 million as of June 30, 2023, secured by the mortgage loans financed thereunder. The repurchase facilities have varying short term maturity dates through June 21, 2024 and bore a weighted average interest rate of 6.67% during the six months ended June 30, 2023.

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 June 30, 2023 and December 31, 2022, we had \$191.0 million and \$197.6 million outstanding under the repurchase facilities, respectively, and were in compliance with all covenants thereunder.

At-the-Market Offerings

We are party to a Distribution Agreement with J.P. Morgan Securities LLC, BofA Securities, Inc., Wells Fargo Securities, LLC 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. 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. We did not sell or issue any shares of our common stock during the three and six months ended June 30, 2023 and 2022, respectively, and as of June 30, 2023, all \$100.0 million remained available for sale.

Stock Repurchase Program

Our Board of Directors authorized a stock repurchase program in 2018, under which we may repurchase up to 4.5 million 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, applicable tax effects including the 1% excise tax recently instituted under the Inflation Reduction Act of 2022, and general market and economic conditions.

We intend to finance any stock repurchases through available cash and our revolving line of credit. 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 and six months ended June 30, 2023, an aggregate of 30.4 thousand shares of our common stock were repurchased for a total purchase price of approximately \$2.0 million at a weighted average price of \$64.84 per share. During the three and six months ended June 30, 2022, an aggregate of 0.8 million and 1.8 million shares, respectively, of our common stock were repurchased for a total purchase price of approximately \$35.9 million and \$98.3 million, respectively, at a weighted average price of \$45.42 and \$54.46 per share. The maximum number of shares available to be repurchased under the stock repurchase program as of June 30, 2023 was 1,477,817 shares.

Dividends

The following table sets forth cash dividends declared by our Board of Directors to holders of record of our common stock during the three and six months ended June 30, 2023 and 2022, respectively (in thousands, except per share information):

Declaration Date	Record Date	Paid Date	Six Months ended June 30, 2023 Cash Dividends Declared and Paid	
			Per Share	Amount
February 8, 2023	March 1, 2023	March 15, 2023	\$ 0.23	\$ 7,365
May 17, 2023	May 31, 2023	June 14, 2023	\$ 0.23	\$ 7,368
Declaration Date	Record Date	Paid Date	Six Months ended June 30, 2022 Cash Dividends Declared and Paid	
			Per Share	Amount
February 16, 2022	March 2, 2022	March 16, 2022	\$ 0.20	\$ 6,657
May 18, 2022	June 1, 2022	June 15, 2022	\$ 0.20	\$ 6,568

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— Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022

For the six months ended June 30, 2023 and 2022, 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 \$132.8 million during the six months ended June 30, 2023 as compared to net cash used in operating activities of \$102.9 million during the six months ended June 30, 2022. The increase in cash provided by operations is primarily a result of reduced expenditures related to land acquisition and expenditures associated with the construction of homes during the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. This reduction was offset by (1) a decrease in net income of \$216.4 million and (2) a reduction in our mortgage loans held for sale of \$6.4 million during the six months ended June 30, 2023, as compared to a reduction in mortgage loans held for sale of \$128.1 million during the six months ended June 30, 2022.
- Net cash used in investing activities increased to \$48.6 million during the six months ended June 30, 2023, compared to \$25.3 million during the six months ended June 30, 2022. The increase was primarily related to \$39.5 million in expenditures related to the development, construction, and management of multi-family rental properties by our wholly owned subsidiary, Century Living.
- Net cash used in financing activities decreased to \$23.4 million during the six months ended June 30, 2023, compared to \$96.3 million during the six months ended June 30, 2022. The decrease in cash used in financing activities was primarily attributable to (1) a \$116.3 million decrease in net payments on the repurchase facilities in the first six months of 2023 as compared to the prior year period and (2) \$98.3 million of repurchases of common stock during the first six months of 2022, as compared to \$2.0 million of repurchases of common stock during the first six months of 2023, partially offset by \$141.0 million outstanding on the line of credit during the first six months of 2022, as compared to no amounts outstanding during the first six months of 2023.

As of June 30, 2023, our cash and cash equivalents and restricted cash balance was \$369.3 million, as compared to \$308.5 million as of December 31, 2022.

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, adjusted net income and adjusted diluted earnings per share. 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 and six months ended June 30, 2023 and 2022. EBITDA and adjusted EBITDA are non-GAAP financial measures we use as a supplemental measure in evaluating operating performance. We define EBITDA as net income before (i) income tax expense, (ii) interest in cost of home sales revenues, (iii) other interest expense (income), and (iv) depreciation and amortization expense. We define adjusted EBITDA as EBITDA before loss on debt extinguishment (if applicable), and inventory impairment (if applicable). We believe EBITDA and adjusted EBITDA provide 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 these measurements are useful for comparing general operating performance from period to period. Neither EBITDA or 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. Each of our EBITDA and 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 June 30,			Six Months Ended June 30,		
	2023	2022	% Change	2023	2022	% Change
Net income	\$ 51,445	\$ 158,668	(67.6) %	\$ 84,756	\$ 301,164	(71.9) %
Income tax expense	17,303	54,980	(68.5) %	28,001	101,260	(72.3) %
Interest in cost of home sales revenues	10,270	13,473	(23.8) %	20,077	25,619	(21.6) %
Interest expense (income)	(2,578)	(147)	NM %	(4,942)	(12)	NM %
Depreciation and amortization expense	3,621	2,746	31.9 %	6,913	5,352	29.2 %
EBITDA	80,061	229,720	(65.1) %	134,805	433,383	(68.9) %
Inventory impairment	—	—	NM	—	—	NM %
Adjusted EBITDA	\$ 80,061	\$ 229,720	(65.1) %	\$ 134,805	\$ 433,383	(68.9) %

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 (homebuilding debt 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 our outstanding borrowings under our construction loan agreements and our 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)

	June 30, 2023	December 31, 2022
Notes payable	\$ 1,030,782	\$ 1,019,412
Revolving line of credit	—	—
Construction loan agreements	(21,146)	(7,389)
Total homebuilding debt	1,009,636	1,012,023
Total stockholders' equity	2,221,917	2,150,215
Total capital	\$ 3,231,553	\$ 3,162,238
Homebuilding debt to capital	31.2%	32.0%
Total homebuilding debt	\$ 1,009,636	\$ 1,012,023
Cash and cash equivalents	(350,488)	(296,724)
Cash held in escrow	(23,245)	(56,569)
Net homebuilding debt	635,903	658,730
Total stockholders' equity	2,221,917	2,150,215
Net capital	\$ 2,857,820	\$ 2,808,945
Net homebuilding debt to net capital	22.3%	23.5%

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, if applicable (iii) restructuring costs, if applicable and (iv) loss on debt extinguishment, if applicable, less adjusted income tax expense, calculated using our estimated annual effective tax rate after discrete items for the applicable period. Adjusted EPS is calculated by dividing adjusted net income by weighted average common shares – diluted.

(in thousands, except share and per share information)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator				
Net income	\$ 51,445	\$ 158,668	\$ 84,756	\$ 301,164
Denominator				
Weighted average common shares outstanding - basic	32,025,186	32,839,402	31,970,106	33,183,097
Dilutive effect of stock-based compensation awards	222,210	387,981	212,439	399,803
Weighted average common shares outstanding - diluted	32,247,396	33,227,383	32,182,545	33,582,900
Earnings per share:				
Basic	\$ 1.61	\$ 4.83	\$ 2.65	\$ 9.08
Diluted	\$ 1.60	\$ 4.78	\$ 2.63	\$ 8.97
Adjusted earnings per share				
Numerator				
Net income	\$ 51,445	\$ 158,668	\$ 84,756	\$ 301,164
Income tax expense	17,303	54,980	28,001	101,260
Income before income tax expense	68,748	213,648	112,757	402,424
Inventory impairment	—	—	—	—
Adjusted income before income tax expense	68,748	213,648	112,757	402,424
Adjusted income tax expense ⁽¹⁾	(17,303)	(54,980)	(28,001)	(101,260)
Adjusted net income	<u>\$ 51,445</u>	<u>\$ 158,668</u>	<u>\$ 84,756</u>	<u>\$ 301,164</u>
Denominator - Diluted	32,247,396	33,227,383	32,182,545	33,582,900
Adjusted diluted earnings per share	\$ 1.60	\$ 4.78	\$ 2.63	\$ 8.97

(1) The tax rates used in calculating adjusted net income for the three and six months ended June 30, 2023 were 25.2% and 24.8%, respectively, and the tax rates used in calculating adjusted net income for the three and six months ended June 30, 2022 were 25.7% and 25.2%, respectively, which are reflective of our GAAP tax rates for the applicable periods.

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 risk associated with our Second A&R Credit Agreement and construction loan agreements.

On December 21, 2022, we entered into a First Modification Agreement with Texas Capital Bank (formerly known as Texas Capital Bank, National Association), as Administrative Agent, amending the Second A&R Credit Agreement. Per the First Modification Agreement, effective January 3, 2023, all existing borrowings using an interest rate based on a LIBOR reference rate had the interest rate replaced with one based on an adjusted term SOFR reference rate, which equals the greater of (i) 0.50% or (ii) the one-month quotation of the secured overnight financing rate administered by the Federal Reserve Bank of New York, plus 0.10%.

Borrowings under the construction loan agreements bear interest at various rates, including a fixed rate, and floating interest rates per annum equal to the SOFR and the Bloomberg Short-term Bank Yield Index, plus an applicable margin.

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 have been and may continue to be adversely impacted by inflation, primarily from higher land, financing, labor, material, and construction costs. In addition, inflation has led and could continue to lead to higher mortgage rates, which has and could continue to significantly affect the affordability of mortgage financing to homebuyers and lead to weakened demand for our homes, as well as increased cancellations compared to prior year periods. Inflation remained elevated during the three and six months ended June 30, 2023 compared to the prior year periods, and the Federal Reserve continued to raise the federal funds interest rate during the first half of 2023, which continued to impact interest rates on 30-year fixed mortgages. Due to higher mortgage rates, we were no longer able to offset cost increases with higher home selling prices in the first half of 2023.

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 our cash receipts from home deliveries occurs during the second half of the year. We expect this seasonal pattern, especially with respect to sales, to return this year after being obscured by the COVID-driven sales boom that began in 2020 and continued until the interest rate led softening in the second half of 2022, and to continue over the long term, although it may be affected by volatility in the homebuilding industry, supply chain challenges, and changes in demand for our homes.

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 June 30, 2023, 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 June 30, 2023 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 second quarter of 2023 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, 2022 that was filed with the SEC on February 2, 2023, other than the revised risk factor below:

Global economic and political instability and conflicts could adversely affect our business, financial condition or results of operations.

The global economic slowdown, inflation, rising interest rates and the prospects for recession, as well as recent and potential future disruptions in access to bank deposits or lending commitments due to bank failure, could materially and adversely affect our liquidity, our business, financial condition and results of operations. The recent closures of Silicon Valley Bank and Signature Bank and their placement into receivership with the Federal Deposit Insurance Corporation (“FDIC”) created bank-specific and broader financial institution liquidity risk and concerns. Although the Department of the Treasury, the Federal Reserve, and the FDIC jointly released a statement that depositors at Silicon Valley Bank and Signature Bank would have access to their funds, even those in excess of the standard FDIC insurance limits, future adverse developments with respect to specific financial institutions or the broader financial services industry may lead to market-wide liquidity shortages. The failure of any bank with which we do business could reduce the amount of cash we have available for our operations or delay our ability to access such funds. Any such failure may increase the possibility of a sustained deterioration of financial market liquidity, or illiquidity at clearing, cash management and/or custodial financial institutions. In the event we have a commercial relationship with a bank that has failed or is otherwise distressed, we may experience delays or other issues in meeting our financial obligations. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our cash and cash equivalents and investments may be threatened and could have a material adverse effect on our business and financial condition.

Additionally, our business could be adversely affected by unstable economic and political conditions within the United States and foreign jurisdictions and geopolitical conflicts, such as the conflict between Russia and Ukraine. While we do not have any customer or direct supplier relationships in either country, the current military conflict, and related sanctions, as well as export controls or actions that may be initiated by nations (e.g., potential cyber attacks, disruption of energy flows, etc.) and other potential uncertainties could adversely affect our supply chain by causing shortages or increases in costs for materials necessary to construct homes and/or increases to the price of gasoline and other fuels. In addition, such events could cause higher interest rates, inflation or general economic uncertainty, which could negatively impact our business partners, employees or customers, or otherwise adversely impact our business.

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 us during each of the three fiscal months in our second quarter ended June 30, 2023.

	Total number of shares purchased ⁽¹⁾	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
April				
<i>April 1, 2023 through April 30, 2023</i>	—	\$ —	—	1,508,169
May				
<i>May 1, 2023 through May 31, 2023</i>	—	—	—	1,508,169
June				
<i>June 1, 2023 through June 30, 2023</i>	30,352	64.84	30,352	1,477,817
Total	<u>30,352</u>	<u>\$ 64.84</u>		

(1) 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. 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. We repurchased 30,352 shares during the period indicated above under this program and 1,477,817 shares remained available to repurchase under this program as of June 30, 2023.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

During the three months ended June 30, 2023, none of our directors or “officers” (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of SEC Regulation S-K.

ITEM 6. EXHIBITS.

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

Item No.	Description
3.1	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))
3.2	Certificate of Amendment to Certificate of Incorporation of Century Communities, Inc., as amended (incorporated by reference to Exhibit 3.1 to Century Communities, Inc.'s Current Report on Form 8-K filed with the SEC on May 4, 2023 (File No. 001-36491))
3.3	Amended and Restated Bylaws of Century Communities, Inc., effective November 9, 2022 (incorporated by reference to Exhibit 3.1 to Century Communities, Inc.'s Current Report on Form 8-K filed with the SEC on November 10, 2022 (File No. 001-36491))
10.1	Amended and Restated Employment Agreement effective as of May 3, 2023 between Century Communities, Inc. and Dale Francescon (filed herewith)
10.2	Amended and Restated Employment Agreement effective as of May 3, 2023 between Century Communities, Inc. and Robert J. Francescon (filed herewith)
22.1	List of Guarantor Subsidiaries (filed herewith)
31.1	Certification of the Co-Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith)
31.2	Certification of the Co-Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith)
31.3	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith)
32.1	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)
32.2	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)
32.3	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)
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: July 26, 2023

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

Date: July 26, 2023

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

Date: July 26, 2023

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

Date: July 26, 2023

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

Amended and Restated Employment Agreement

This Amended and Restated Employment Agreement (the “Amended Agreement”) is made between Century Communities, Inc., a Delaware corporation (the “Company”), and Dale Francescon (the “Executive”), effective as of May 3, 2023 (“Effective Date”).

R e c i t a l s

Whereas, the Company has employed the Executive as its Co-Chief Executive Officer pursuant to an Amended and Restated Employment Agreement dated as of July 28, 2020 (the “Prior Agreement”), who further serves as Chairman of the Company’s Board of Directors;

Whereas, the Company and the Executive desire to modify the Prior Agreement and accordingly fully amend and restate the Prior Agreement pursuant to this Amended Agreement;

Now, Therefore, in consideration of the promises and mutual covenants herein and for other good and valuable consideration, the parties agree that the Prior Agreement is hereby amended and restated in its entirety to provide the following:

General

. The parties agree that, subject to the terms hereof, the Executive shall continue to serve as Co-Chief Executive Officer of the Company and Chairman of its Board of Directors, after the Effective Date hereof in accordance with the terms and conditions set out in this Amended Agreement.

Employment, Duties and Agreements

. The Company hereby agrees to continue to employ the Executive as its Co-Chief Executive Officer and Chairman of its Board of Directors at a location in Greenwood Village, Colorado, and the Executive hereby accepts such position and agrees to continue to serve the Company in such capacities on a full-time basis during the employment period fixed by Section 4 below (the “Employment Period”). With the Executive’s consent, the Executive shall also be appointed as Co-Chief Executive Officer of each of the principal, direct and indirect operating subsidiaries of the Company, and may also be appointed to other positions with the Company consistent with his leadership role as Co-Chief Executive Officer of the Company.

(a) The Executive shall have such duties and responsibilities as are consistent with the Executive’s position and as may be reasonably assigned by the Company’s Board of Directors (the “Board”) from time to time. During the Employment Period, the Executive shall be subject to, and shall act in accordance with, all reasonable instructions and directions of the Board and all applicable policies and rules of the Company.

(b) During the Employment Period, excluding any periods of paid time off to which the Executive is entitled, the Executive shall devote substantially his full working time and efforts to the performance of his duties and responsibilities hereunder and shall endeavor to promote the business and best interests of the Company.

(c) During the Employment Period, the Executive shall not engage in any business activity other than on behalf of the Company without the express prior written approval of the Board. It will not be a violation of this exclusivity provision for the Executive to (i) manage the Executive's personal, financial and legal affairs, (ii) acquire, invest, manage, construct, develop, and dispose of the Executive's investments in apartments for-rent, multi-family properties, and non-residential real estate, directly or indirectly in any capacity, *provided* such activities do not take a material amount of the Executive's time and do not interfere with the Executive's duties and obligations to the Company, or (iii) serve on charitable or civic boards or committees.

(d) During the Employment Period, the Executive shall be nominated by the Board for election as a member of the Board at each annual meeting of stockholders of the Company held during the Employment Period. During the Employment Period, the Executive may also be a member of the board of directors of each principal operating subsidiary of the Company.

Compensation

. As compensation for the agreements made by the Executive herein and the performance by the Executive of his obligations hereunder, during the Employment Period the Executive is entitled to receive the following compensation:

(a) The Company shall pay the Executive, pursuant to the Company's normal and customary payroll procedures, a base salary at the rate of \$1,000,000 per annum (the "Base Salary"). The Base Salary shall be reviewed at least annually for possible increase (but not decrease) in the Company's sole discretion, as determined by the Compensation Committee of the Board (the "Compensation Committee"); *provided, however*, that the Executive shall be entitled to any annual cost-of-living increases in Base Salary that are granted to senior executives of the Company generally. Any increase in Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Amended Agreement. The term "Base Salary" as utilized in this Amended Agreement shall refer to Base Salary as so adjusted.

(b) In addition to the Base Salary, the Executive shall be eligible to earn, for each fiscal year of the Company ending during the Employment Period, an annual cash performance bonus (an "Annual Bonus") under the Company's bonus plan or plans applicable to senior executives. The amount of the Annual Bonus and the performance goals applicable to the Annual Bonus for any applicable year during the Employment Period shall be determined in accordance with the terms and conditions of said bonus plan as in effect from time to time with a threshold Annual Bonus opportunity equal to at least 175% of Base Salary (the "Threshold Bonus"), a target Annual Bonus opportunity equal to at least 350% of Base Salary (the "Target Bonus") and a maximum Annual Bonus opportunity equal to at least 700% of Base Salary (the "Maximum Bonus"). The terms and conditions of any such bonus plan shall be determined by the Compensation Committee in its sole discretion, except that the Threshold Bonus, Target Bonus and Maximum Bonus cannot be decreased from the levels set forth above, although they may be increased. Any Annual Bonus shall be paid on or before March 15th of each calendar year immediately following the year in which compensation is earned in accordance with the applicable plan.

(c) Pursuant to the Century Communities, Inc. 2022 Omnibus Incentive Plan, as amended from time to time, or such predecessor or successor plan (the “Incentive Plan”), the Company has granted and may in the future grant to the Executive certain equity awards (collectively and including awards substituted therefor covering the securities of a successor company, the “Equity Awards”), including, without limitation, restricted stock units that are to be settled with shares of the Company’s common stock (the “RSUs”) and performance-based awards in the form of performance share units that are to be settled with shares of the Company’s common stock (“PSUs”). The terms and conditions of the Equity Awards are and shall be set forth in an award agreement(s) entered into by the Company and the Executive in the form adopted by the Board or the Compensation Committee, as applicable, or as documented in minutes of meetings or consents of the Board or Compensation Committee and communicated to the Executive within five (5) days after any such term or condition is adopted (each, an “Equity Agreement,” and collectively, the “Equity Agreements”), as modified by the terms hereof.

(d) During the Employment Period, (i) the Executive shall be eligible to participate in all other incentive plans, practices, policies and programs, and all savings and retirement plans, policies and programs, in each case that are applicable generally to senior executives of the Company; (ii) the Executive and the Executive’s eligible family members and other qualified dependents shall be eligible for participation in the welfare benefit plans, practices, policies and programs (including, if applicable, medical, dental, vision, disability, employee life, group life and accidental death insurance plans and programs) maintained by the Company for its senior executives; (iii) the Company shall reimburse the Executive up to \$2,500 per month for premiums paid by or on behalf of the Executive for term life insurance coverage on the Executive’s life; (iv) the Executive shall be entitled to a \$2,500 per month automobile and cell phone allowance; and (v) the Executive shall be entitled to such fringe benefits and perquisites as are provided or maintained by the Company to and for its senior executives from time to time, in accordance with the policies, practices, and procedures of the Company.

(e) During the Employment Period, the Executive shall be entitled to personal time off in accordance with the Company’s policies and practices that are applicable to the Company’s senior executives.

(f) During the Employment Period, the Company shall maintain (i) a directors’ and officers’ liability insurance policy, or an equivalent errors and omissions liability insurance policy, including fiduciary coverage, and (ii) an employment practices liability insurance policy. Each such policy shall cover the Executive with scope, exclusions, amounts, and deductibles no less favorable to the Executive than those applicable to the Company’s senior executives and directors on the Effective Date, or any more favorable terms as may be available in the future to any other director or senior executive officer of the Company, while the Executive is employed with the Company and thereafter until the sixth (6th) anniversary of the Executive’s Scheduled Termination Date (as defined in Section 4) or other Date of Termination (as defined in Section 5(b)). Moreover, during the Employment Period and thereafter, the Company shall comply with the terms of its (i) bylaws with respect to indemnification of the Executive, and (ii) that certain indemnification agreement between the Company and the Executive dated as of April 30,

2013 and shall not repeal or modify the indemnification provisions contained therein in any manner that would adversely affect any right or protection of the Executive thereunder.

(g) The Company shall reimburse the Executive for all reasonable business expenses upon the presentation of statements of such expenses in accordance with the Company's policies and procedures now in force or as such policies and procedures may be modified with respect to all senior executives of the Company.

Employment Period

For purposes of this Amended Agreement, the Employment Period shall commence on the Effective Date and terminate on the fifth (5th) anniversary of the Effective Date (the "Initial Term"), provided that on the fifth (5th) anniversary of the Effective Date and on each anniversary thereafter, the Employment Period shall automatically be extended for additional one-year periods unless either party provides the other party with notice of non-renewal at least ninety (90) days before any such anniversary (the anniversary date on which the Employment Period terminates shall be referred to herein as the "Scheduled Termination Date"). Notwithstanding the foregoing, the Executive's employment hereunder may be terminated during the Employment Period prior to the Scheduled Termination Date upon the earliest to occur of any one of the following events (at which time the Employment Period shall be terminated):

(a) Death. The Executive's employment hereunder shall terminate upon his death.

(b) Disability. The Company shall be entitled to terminate the Executive's employment hereunder for Disability. For purposes of this Amended Agreement, the term "Disability," shall mean the Executive's inability by reason of physical or mental illness to fulfill his obligations hereunder for one hundred twenty (120) consecutive days or a total of one hundred eighty (180) days in any twelve (12) month period which, in the reasonable opinion of an independent physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative, renders the Executive unable to perform the essential functions of his job, even after reasonable accommodations are made by the Company, and which inability by reason of such physical or mental illness to fulfill his obligations has not been cured, as determined by such physician prior to the Date of Termination.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Amended Agreement, the term "Cause" shall mean:

(i) conviction (or a plea of *nolo contendere*) by the Executive to a felony;

(ii) acts of fraud, dishonesty or misappropriation committed by the Executive and intended to result in substantial personal enrichment at the expense of the Company;

(iii) willful misconduct by the Executive in the performance of the Executive's material duties required by this Amended Agreement which is likely to materially damage the financial position or reputation of the Company, which is

not cured within thirty (30) days following receipt by the Executive of a Notice of Termination (as defined under Section 5 below) from the Company; or

(iv) a material breach of this Amended Agreement by the Executive which is likely to materially damage the financial position or reputation of the Company and which is not cured within thirty (30) days following receipt by the Executive of a Notice of Termination (as defined under Section 5 below) from the Company.

The foregoing is an exclusive list of the acts or omissions that shall be considered Cause. Notwithstanding the foregoing, the termination of the Executive shall not be deemed to be for Cause unless and until: (A) the Board shall have provided the Executive with a Notice of Termination (as defined in Section 5 below) specifying in detail the basis for the termination of employment for Cause and the provision(s) under this Amended Agreement on which such termination is based, and (B) in the case of subsections (iii) and (iv) above, the Executive shall have had the opportunity to cure such breach within the time period specified, and (C) in all cases where Cause is alleged, the Executive shall have had a reasonable opportunity to prepare and present his case to the full Board (with the assistance of his own counsel) before any termination for Cause is finalized by a vote of a majority of the Board, including a majority of independent directors (not including the vote of the Executive).

For purposes of this Amended Agreement, no act or failure to act of the Executive shall be willful or intentional if performed in good faith with the reasonable belief that the action or inaction was in the best interest of the Company. In addition, nothing herein shall limit or otherwise prevent the Executive from challenging judicially any determination of Cause as made by the Board hereunder.

(d) Without Cause. The Company may terminate the Executive's employment hereunder during the Employment Period without Cause. For purposes of this Amended Agreement, a notice of non-renewal given by the Company as provided in Section 4 above shall be treated as a termination of employment by the Company without Cause.

(e) For Good Reason. The Executive may terminate his employment hereunder for Good Reason. For purposes of this Amended Agreement, "Good Reason" shall mean: (i) a material breach of this Amended Agreement by the Company (including the Company's withholding or failure to pay compensation when due to the Executive, and including a violation of Section 13(i) below); (ii) relocation of the Company's headquarters or the primary location where the Executive works to a location more than twenty-five (25) miles from the Company's office in Greenwood Village, Colorado as of the Effective Date; (iii) a material reduction in the Executive's titles, duties, authority, or responsibilities, or the assignment to the Executive of any duties materially inconsistent with the Executive's position, authority, duties, or responsibilities without the written consent of the Executive; (iv) a reduction in the Executive's annual Base Salary or Annual Bonus opportunity or other compensation, as currently in effect or as may be increased from time to time, including, but not limited to, elimination or reduction in the Executive's participation in the Incentive Plan for reasons other than those specified in such plan; (v) the failure of the

Company to nominate the Executive for election as a member of the Board; (vi) the failure of the Company's stockholders to elect the Executive as a member of the Board; (vii) the removal of the Executive as a member of the Board by the Company's stockholders; (viii) the failure of the Board to elect the Executive as its Chairman of the Board; or (ix) the failure by the Company to obtain a satisfactory agreement from any successor of the Company requiring such successor to assume and agree to perform all obligations under this Amended Agreement. With respect to the acts or omissions set forth in this Section 4(e), (A) the Executive shall provide the Board with a Notice of Termination (as defined in Section 5 below) within ninety (90) days after the initial existence of the circumstances constituting Good Reason specifying in detail the basis for the termination of employment for Good Reason and the provision(s) under this Amended Agreement on which such termination is based, (B) the Company shall have thirty (30) days to cure the matters specified in the notice delivered, and (C) if uncured, the Executive must terminate his employment with the Company within ninety (90) days after the expiration of the Company's cure period in order for such termination to be considered to be for Good Reason.

(f) Voluntarily. The Executive may voluntarily terminate his employment hereunder, without Good Reason, *provided* that the Executive provides the Company with notice of his intent to terminate his employment at least thirty (30) days in advance of the Date of Termination (as defined in Section 5 below).

(g) Retirement. The Executive may voluntarily terminate his employment hereunder at any time by reason of Retirement. For purposes of this Amended Agreement, "Retirement" shall mean the Executive's voluntary termination of his employment upon satisfaction of the following conditions: (i) the Executive has reached (or will reach on the Date of Termination) the age of sixty (60) along with at least twenty five (25) years of employment with the Company (for purposes of this Amended Agreement, it is agreed that the Executive's employment with the Company commenced on November 1, 2000); and (ii) the Executive provides the Company with a Notice of Termination stating his intent to terminate his employment due to Retirement at least ninety (90) days in advance of the Date of Termination (as defined in Section 5 below).

Termination Procedure

(a) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive during the Employment Period (other than a termination on account of the death of the Executive) shall be communicated by a written "Notice of Termination" to the other party hereto in accordance with Section 13(a) below.

(b) Date of Termination. "Date of Termination" shall mean: (i) if the Executive's employment is terminated by his death, the date of his death, (ii) if the Executive's employment is terminated due to his Disability in accordance with and pursuant to Section 4(b) above, on the date the Executive receives Notice of Termination from the Company, (iii) if the Executive voluntarily terminates his employment (other than for Good Reason), the date specified in the notice given pursuant to Section 4(f) or Section 4(g) above, as the case may be, which shall not be less than thirty (30) days after the Notice

of Termination (or ninety (90) days in event of Retirement), (iv) if the Executive terminates his employment for Good Reason, the date specified in the notice given pursuant to Section 4(e) which shall not be more than ninety (90) days after the expiration of the Company's cure period, and (v) if the Executive's employment is terminated for any other reason, the date on which a Notice of Termination is given or any later date (within thirty (30) days, or any alternative time period agreed upon by the parties, after the giving of such notice) set forth in such Notice of Termination (subject to the rights granted to the Executive under Section 4(c) above).

Termination Payments

(a) Without Cause or for Good Reason, Including in Connection with a Change in Control. In the event the Employment Period terminates under this Amended Agreement as a result of the Company terminating the Executive's employment without Cause (other than pursuant to Sections 4(a) or 4(b)) or the Executive terminating his employment for Good Reason:

(i) The Company shall pay or deliver, as applicable, to the Executive, upon the Date of Termination (or as otherwise provided below):

(A) (i) the Executive's unreimbursed business expenses and Base Salary through the Date of Termination (to the extent not theretofore paid) (the "Accrued Benefits"); and (ii) two (2) times the Executive's Base Salary, in each case payable in a lump sum (the "Base Severance");

(B) a lump sum amount equal to the greater of: (i) two (2) times the Executive's average Annual Bonus for the three (3) completed fiscal years immediately preceding the Date of Termination; or (ii) two (2) times the Executive's potential Target Bonus for the year in which the Date of Termination occurs (the "Base Incentive");

(C) in lieu of any Annual Bonus under Section 3(b) for the fiscal year in which the Executive's employment terminates, a lump sum amount equal to the Annual Bonus that would have become payable in cash to the Executive for that fiscal year if his employment had not terminated, based on performance actually achieved in that year (determined by the Board following completion of the performance year and paid at the time specified in the applicable plan) multiplied by a fraction, the numerator of which is the number of days the Executive was employed in such fiscal year and the denominator of which is the total number of days in such fiscal year;

(D) (i) any fully vested Equity Awards previously granted to the Executive, if not then already delivered or paid, shall be delivered or paid to the Executive on the Date of Termination; (ii) with regard to Equity Awards held by the Executive as of the Date of Termination not then based on performance, any such unvested Equity Awards will be 100% vested and delivered or paid to the Executive on the Date of Termination; and (iii) with

regard to any Equity Awards held by the Executive as of the Date of Termination the amount of which is based on the attainment of specified levels of performance, the amount of such Equity Awards to be vested and delivered to the Executive shall be equal to the greater of: (1) the amount payable upon attainment of the target level for performance without proration of any kind; or (2) if actual performance has exceeded the target level, the actual performance achieved based on a proration of the original performance goals as hereinafter described (but without proration based on the Executive's actual period of service). For purposes of subparagraph (iii), actual performance achieved will be determined utilizing the Company's cumulative financial results from the beginning of the performance period through the last completed quarter immediately prior to the Date of Termination (the "Measurement Period"). The actual performance for the Measurement Period will then be compared to time-adjusted performance goals (at all levels) determined by multiplying the performance goals for the original performance period by a fraction, the numerator of which is the number of days in the Measurement Period and the denominator of which is the total number of days in the original performance period. Each performance based Equity Award subject to this provision will be calculated based on the performance measures, interpolation methods or other criteria set forth in the particular Equity Agreement to determine if it will be vested and paid at target or a higher level. To the extent that the formula in subparagraph (iii) cannot be applied to any performance based Equity Awards because the performance goals cannot reasonably be pro-rated as indicated above, then performance as of the Date of Termination will be calculated as set forth in the applicable Equity Agreement in accordance with the termination provisions thereof; and

(E) any Annual Bonus(es) that the Executive earned for any fiscal year(s) prior to the fiscal year in which the Executive's employment terminated to the extent that such Annual Bonus(es) had not yet been paid before the Date of Termination.

Notwithstanding any provision of Section 6(a)(i)(D) above, any holding period requirement applicable to any Equity Award held by the Executive will be eliminated.

(ii) If the Executive timely elects continuation coverage under the Company's group medical plan for the Executive and his covered dependents pursuant to Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 601 of the Employee Retirement Income Security Act of 1974, as amended (which provisions are commonly known as "COBRA"), in accordance with ordinary plan practices, the Company shall pay, for up to eighteen (18) months, that portion of the COBRA premium payable by the Executive that is in excess of the premium payable by the Executive for the level of coverage the Executive and his covered dependents are enrolled in the Company's group medical plan at the Date of Termination, to the extent permitted under the terms of the

Company's medical plan; *provided, however*, that if the Executive and his covered dependents become eligible to receive comparable medical benefits under another employer provided plan, the Company's obligation to make COBRA payments described herein shall be terminated. Unless direct payment by the Company of such COBRA payments is permitted by applicable law, the Executive shall pay the full cost of the premiums for such coverage, as determined and set under the then current practices of the Company, on the first day of each month such coverage is provided and the Company shall reimburse the Executive the excess, if any, of the amount the Executive pays for COBRA continuation coverage above the amount of the applicable premium that the Executive would have paid for comparable coverage if he had remained an executive officer of the Company during the period such coverage is provided (the "Reimbursement Amounts"). Any Reimbursement Amounts to be paid by the Company to the Executive under this Section 6(a)(ii) shall be made on the tenth (10th) day of each month the Executive pays the amount required by this Section 6(a)(ii) for COBRA continuation coverage, commencing on the first such date immediately following the effective date of the Release under Section 6(a)(vi) (the "First Reimbursement Date"), and any installment of the Reimbursement Amount that would have otherwise been paid prior to the First Reimbursement Date shall instead be accumulated and paid on the First Reimbursement Date. To the extent the Executive is precluded from participation in the Company's medical plan due to Medicare eligibility and/or requirements to enroll in Medicare, the Executive will receive the monthly COBRA subsidy amount for the balance of the COBRA continuation period. The Executive shall promptly notify the Company of any changes in his eligibility for medical benefits coverage.

(iii) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any vested benefits and other amounts or benefits required to be paid or provided or which the Executive is eligible to receive as of the Date of Termination under any plan, program, policy, practice, contract, or agreement of the Company and its affiliates (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(iv) If the Date of Termination under this Section 6(a) occurs within six (6) months preceding or within twenty-four (24) months following a Change in Control, the Company shall, in lieu of the payment provided for in subsection 6(a)(i)(B) above, pay the Executive an amount equal to the greater of: (A) three (3) times the Executive's potential Target Bonus for the year in which the Date of Termination occurs; or (B) three (3) times the Executive's average Annual Bonus for the three (3) completed fiscal years immediately preceding the Date of Termination. In addition, the Company shall pay the Executive three (3) times the Executive's Base Salary in a lump sum in lieu of the payment provided for in subsection 6(a)(i)(A)(ii) above. For purposes of this Amended Agreement, "Change in Control" shall have the meaning specified on Exhibit A attached hereto.

(v) For the avoidance of doubt, upon a termination of the Employment Period by the Company without Cause or by the Executive for Good Reason, the Executive shall not be entitled to any other compensation or benefits not expressly

provided for in this Section 6(a), regardless of the time that would otherwise remain in the Employment Period had the Employment Period not been terminated without Cause or for Good Reason. The Company shall have no additional obligations under this Amended Agreement except as provided in this Section 6(a), any vested benefits under any tax qualified pension plans of the Company, and continuation of health insurance benefits on the terms and to the extent required by COBRA or such other analogous legislation as may be applicable to the Executive.

(vi) The payments and benefits provided under this Section 6(a), other than the Accrued Benefits described in Section 6(a)(i)(A), the earned Bonus(es) described in Section 6(a)(i)(E), the vested Equity Awards described in Section 6(a)(i)(D)(i) and the Other Benefits under Section 6(a)(iii), are subject to and conditioned upon: (A) the Executive executing a timely and valid release of claims (“Release”) in the form attached hereto as Exhibit B (but reflecting any subsequent changes in applicable law as provided therein) waiving all claims the Executive may have against the Company, its successors, assigns, affiliates, executives, officers and directors; (B) the Executive delivering the executed Release to the Company within twenty-one (21) days following the Date of Termination (the “Release Period”); (C) such Release and the waiver contained therein becoming effective; and (D) the Executive’s compliance with the restrictive covenants contained in Sections 9 and 10 of this Amended Agreement. In the event that the Release Period spans two of the Executive’s taxable years, the payments and benefits provided under this Section 6(a), other than the Accrued Benefits described in Section 6(a)(i)(A), the earned Bonus(es) described in Section 6(a)(i)(E), the vested Equity Awards described in Section 6(a)(i)(D)(i) and the Other Benefits under Section 6(a)(iii), must be made in the second of the two taxable years. In the event that payments are made hereunder prior to the execution of the Release and the Executive does not execute the Release in the time and manner set forth herein, the Executive shall promptly pay to the Company, together with interest from the date of payment to the date of repayment at the prime rate, such amounts or the value of such benefits so received.

(a) For Cause or Voluntary Termination by Executive. If the Executive’s employment is terminated during the Employment Period by the Company for Cause, then the Company shall pay the Executive upon the Date of Termination the Accrued Benefits and the Other Benefits, and any benefits or compensation provided under the Equity Agreements shall be paid in accordance with such agreements. If the Executive’s employment is terminated during the Employment Period by the Executive other than for Good Reason and other than by reason of Retirement, then the Company shall pay the Executive upon the Date of Termination the Accrued Benefits, the Other Benefits, the earned Bonus(es) described in Section 6(a)(i)(E), the vested Equity Awards described in Section 6(a)(i)(D)(i), and any benefits or compensation provided under the Equity Agreements shall be paid in accordance with such agreements. Except as provided in this Section 6(b) or with respect to any vested benefits under any tax qualified pension plans of the Company and the continuation of health insurance benefits on the terms and to the extent required by COBRA or any other analogous legislation as may be applicable to the Executive, the Company shall have no additional obligations under this Amended

Agreement. Notwithstanding anything herein to the contrary, the Executive will not be required to execute a Release to receive the payments and benefits under this Section 6(b). For the avoidance of doubt, this Section 6(b) does not address the situation of a termination of the Executive's employment as a result of the Executive's death or a termination of the Executive's employment by the Company for Disability, which are covered under Section 6(c).

(b) Death, Disability, or Retirement. If the Executive's employment is terminated during the Employment Period as a result of the Executive's death, by the Company for Disability or by the Executive by reason of Retirement, then:

(i) The Company shall pay or deliver, as applicable, to the Executive or the Executive's estate, as the case may be, within thirty (30) days following the Date of Termination (or otherwise as provided below):

(A) the Accrued Benefits and Other Benefits;

(B) Equity Awards held by the Executive on the Date of Termination shall be vested, delivered and paid in the same manner as provided in Section 6(a)(i)(D)(i), (ii) and (iii), except that in the event of Retirement, the Executive shall continue to vest and be paid for any performance based Equity Awards in accordance with the terms in place for the performance based Equity Awards as if his Retirement had not occurred;

(C) in lieu of any Annual Bonus under Section 3(b) for the fiscal year in which the Executive's employment terminates, a lump sum amount equal to the Annual Bonus that would have become payable in cash to the Executive for that fiscal year if his employment had not terminated, based on performance actually achieved in that year (determined by the Board following completion of the performance year and paid at the time specified in the applicable plan) multiplied by a fraction, the numerator of which is the number of days the Executive was employed in such fiscal year and the denominator of which is the total number of days in such fiscal year; and

(D) any Annual Bonus(es) that the Executive earned for any fiscal year(s) prior to the fiscal year in which the Executive's employment terminated to the extent that such Annual Bonus(es) had not yet been paid before the Date of Termination.

Notwithstanding any provision of Section 6(c)(i)(B) above, any holding period requirement applicable to any Equity Award held by the Executive will be eliminated.

(ii) If the Executive or his covered dependents timely elect COBRA continuation coverage under the Company's group medical plan, in accordance with ordinary plan practices, the Company shall pay that portion of the COBRA premium payable by the Executive or such covered dependents that is in excess of the premium payable by the Executive for the level of coverage the Executive and

such covered dependents are enrolled in the Company's group medical plan at the Date of Termination for up to the maximum COBRA continuation period following the Date of Termination, to the extent permitted under the terms of the Company's medical plan; *provided, however*, that if the Executive becomes eligible to receive comparable medical benefits under another employer provided plan, then the Company's obligation to make COBRA payments described herein shall be terminated. Unless direct payment by the Company of such COBRA payments is permitted by applicable law, the Executive or covered dependent shall pay the full cost of the premiums for such coverage, as determined and set under the then current practices of the Company, on the first day of each month such coverage is provided and the Company shall reimburse the Executive or covered dependent the excess, if any, of the amount the Executive or covered dependent pays for COBRA continuation coverage above the amount of the applicable premium that the Executive would have paid for comparable coverage if he had remained an executive officer of the Company during the period such coverage is provided. Any such Reimbursement Amounts to be paid by the Company to the Executive or covered dependent under this Section 6(c)(ii) shall be made on the tenth (10th) day of each month the Executive pays the amount required by this Section 6(c)(ii) for COBRA continuation coverage, and, if applicable, commencing on the First Reimbursement Date, and any installment of the Reimbursement Amount that would have otherwise been paid prior to the First Reimbursement Date shall instead be accumulated and paid on the First Reimbursement Date. To the extent the Executive or covered dependent is precluded from participation in the Company's medical plan due to Medicare eligibility and/or requirements to enroll in Medicare, the Executive or covered dependent will receive the monthly COBRA subsidy amount for the balance of the COBRA continuation period. The Executive or covered dependent shall promptly notify the Company of any changes in his or her eligibility for medical benefits coverage.

(iii) The Company shall have no additional obligations under this Amended Agreement except as provided in this Section 6(c), or pursuant to the terms of the Equity Agreements, and except for any vested benefits under any tax qualified pension plans of the Company, and continuation of health insurance benefits on the terms and to the extent required by COBRA or any other analogous legislation as may be applicable to the Executive.

(iv) Except in the event of the Executive's death or a termination by the Company for Disability, the Executive will be required to execute a Release as set forth in Section 6(a)(vi) above to receive the payments, grants, vesting and benefits under this Section 6(c), other than the benefits provided under Section 6(c)(i)(A), and Section 6(a)(i)(D)(i) as referred to in Section 6(c)(i)(B) and Section 6(c)(i)(D).

(c) Mitigation. In no event shall the Executive be obligated to seek other employment or to take any other action by way of mitigation of the amounts payable to the Executive under the provisions of this Section 6.

(d) Termination from the Board and any Offices Held. Upon termination of the Executive's employment for any reason, the Executive agrees that the Executive's membership on the Board, the board of directors of any of the Company's subsidiaries or affiliates, any committees of the Board, any committees of the board of directors of any of the Company's subsidiaries or affiliates and any and all offices held, if applicable, shall be automatically terminated. The Executive hereby agrees to cooperate with the Company and its subsidiaries and affiliates and to execute any documents reasonably required by them or competent authorities to effect this provision.

Excise Tax Limitation

(a) Payment Limitation. Notwithstanding anything contained in this Amended Agreement (or in any other agreement between the Executive and the Company) to the contrary, to the extent that any payments and benefits provided under this Amended Agreement or any other plan or agreement of the Company (such payments or benefits are collectively referred to as the "Payments") would be subject to the excise tax (the "Excise Tax") imposed under Section 4999 of the Code, the Payments shall be reduced if and to the extent that a reduction in the Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax), than he would have retained had he been entitled to receive all of the Payments (such reduced amount is hereinafter referred to as the "Limited Payment Amount"). The Company shall reduce the Payments by first reducing or eliminating payments or benefits which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the date the "Determination" (as defined in Section 7(b) below) is delivered to the Company and the Executive.

(b) Determination and Dispute. The determination as to whether the Payments shall be reduced to the Limited Payment Amount and the amount of such Limited Payment Amount (the "Determination") shall be made at the Company's expense by an accounting or consulting firm selected by the Company and reasonably acceptable to the Executive (the "Firm"). The Firm shall provide the Determination in writing, together with detailed supporting calculations and documentation, to the Company and the Executive on or prior to the effective date of termination of the Executive's employment if applicable, or at such other time as requested by the Company or by the Executive. Within ten (10) days of the delivery of the Determination to the Executive, the Executive shall have the right to dispute the Determination (the "Dispute") in writing setting forth the precise basis of the Dispute. If there is no Dispute, the Determination shall be binding, final and conclusive upon the Company and the Executive.

(c) Excise Tax is Obligation of the Executive. Any Excise Tax with respect to the Executive's Payments shall be the sole obligation of the Executive, subject to any tax withholding obligation imposed on the Company with respect thereto.

Compliance with Section 409A

. This Amended Agreement and the payments hereunder are intended to be exempt, to the greatest extent possible, from the requirements of Section 409A of the Code, and to the extent not so exempt, to comply with the requirements of

Section 409A of the Code, and shall be construed and administered consistent with, and to give full effect to, such intent. The payments to the Executive pursuant to this Amended Agreement are also intended to be exempt from Section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation § 1.409A-1 (b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation § 1.409A-1(b)(4). In the event the terms of this Amended Agreement would subject the Executive to taxes or penalties under Section 409A of the Code ("409A Penalties"), the Company and the Executive shall cooperate diligently to amend the terms of the Amended Agreement to avoid such 409A Penalties, to the extent possible; *provided* that such amendment shall not increase or reduce (in the aggregate) the amounts payable to the Executive hereunder. Any taxable reimbursement payable to the Executive pursuant to this Amended Agreement shall be paid to the Executive no later than the last day of the calendar year following the calendar year in which the Executive incurred the reimbursable expense. Any amount of expenses eligible for taxable reimbursement, or such in-kind benefit provided, during a calendar year shall not affect the amount of such expenses eligible for reimbursement, or such in-kind benefit to be provided, during any other calendar year. The right to such reimbursement or such in-kind benefits pursuant to this Amended Agreement shall not be subject to liquidation or exchange for any other benefit. Any right to a series of installment payments pursuant to this Amended Agreement is to be treated as a right to a series of separate payments. A termination of employment shall not be deemed to have occurred for purposes of this Amended Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A of the Code. If on the date of termination of employment the Executive is a "specified employee" within the meaning of that term under Section 409A of the Code, then, notwithstanding any other provision herein, with regard to any payment or benefit that is properly treated as nonqualified deferred compensation under Section 409A of the Code (after taking into account all exclusions applicable to such payment or benefit) and is payable on account of such separation from service, such payment or benefit shall not be made or provided prior to the expiration of the earlier of the six-month period measured from the date of such separation from service, or the Executive's death. All payments and benefits delayed pursuant to the preceding provisions of this Section 8 shall be paid to the Executive on the first payroll date following the end of the delay period.

Protection of Trade Secrets and Confidential Information

(a) Acknowledgments Regarding "Confidential Information". In performing his duties as an executive of the Company, the Executive acknowledges that he will have access to documents, trade secrets, and other confidential and proprietary information which consists of information known by the Executive as a consequence of his employment with the Company (including information originated, discovered and/or developed by the Executive). The Executive acknowledges: (i) that all of the Confidential Information, as defined in Section 9(b) below, made accessible to the Executive shall be provided only in strict confidence; (ii) that unauthorized disclosure of Confidential Information may damage the Company's business; (iii) that Confidential Information could be susceptible to immediate competitive application by a competitor of the Company; (vi) that the Company's business is substantially dependent on access to and the continuing secrecy of Confidential Information; (v) that Confidential Information is novel, unique to the Company and known only to the Executive, the Company and certain key employees and

contractors of the Company; (vi) that the Company shall at all times retain ownership and control of all Confidential Information; and (vii) that the restrictions contained in this Amended Agreement are reasonable and necessary for the protection of the Company's legitimate business interests.

(b) Definition of Confidential Information. The term "Confidential Information" means confidential and proprietary information of the Company, including, but not limited to, (i) information not generally known outside the Company such as information which is unique to the Company, (ii) information about the Company's real estate investments, projects, developments, business plans, financial plans, products, processes and services, research and development activities, client lists, marketing techniques, pricing policies, financial targets, financial information and projections, and (iii) any trade secret information as that term is defined in the Colorado Uniform Trade Secrets Act, C.R.S. § 7-74-101 *et seq.* However, the term Confidential Information shall not include information that: (w) becomes generally available to and known by the public; (x) was available to the Executive on a non-confidential basis prior to its disclosure; (y) becomes available to the Executive from a source other than the Company, *provided* that the Executive has no knowledge that such source is prohibited from disclosing such information to the Executive by a contractual, legal or fiduciary obligation to the Company; or (z) the Executive has independently developed with no reliance on or access to any of the information provided directly or indirectly by the Company.

(c) The Executive's Use of Confidential Information. Except in connection with and in furtherance of the Executive's work on the Company's behalf, the Executive shall not, without the Company's prior written consent, at any time, directly or indirectly: (i) use any Confidential Information for any purpose; or (ii) disclose or otherwise communicate any Confidential Information to any person or entity; or (iii) accept or participate in any employment, consulting engagement, or other business opportunity that inevitably will result in the disclosure or use of any Confidential Information.

(d) Third-Parties' Confidential Information. The Executive acknowledges that the Company has received and in the future will receive from third parties confidential or proprietary information, and that the Company must maintain the confidentiality of such information and use it only for authorized purposes. The Executive shall not use or disclose any such information except as authorized by the Company or the third party to whom the information belongs.

(e) Ownership of Works. The Executive agrees to promptly disclose in writing to the Company all inventions, discoveries, developments, improvements, and innovations (collectively referred to as "Inventions") that the Executive has conceived or made during his employment with the Company; *provided, however*, that in this context "Inventions" are limited to those which (i) relate in any manner to the existing or contemplated business or research activities of the Company and its affiliates; (ii) are suggested by or result from the Executive's work at the Company; or (iii) result from the use of the time, materials or facilities of the Company and its affiliates. All Inventions will be the Company's property rather than the Executive's. Should the Company request it, the Executive agrees to sign

any document that the Company may reasonably require to establish ownership in any Invention.

(f) Subsidiaries Included. For purposes of this Section 9, the term “Company” includes all of the Company’s direct and indirect wholly-owned and majority-owned subsidiaries.

Unfair Competition

. To protect the interests of the Company and its Confidential Information, and in consideration of the covenants and promises and other valuable consideration described in this Amended Agreement, the Executive agrees as follows:

(a) Non-Compete. The Executive will not, at any time during his employment and for a period of two (2) years following termination of his employment by the Company for Cause, by the Executive without Good Reason, or by the Executive by reason of Retirement, acting alone or in conjunction with others, directly or indirectly, engage (either as owner, investor, partner, stockholder, lender, employer, employee, consultant, advisor, member, or director) in any aspect of a Residential Project (as defined in Section 10(a)(ii) below) in the Geographic Region (as defined in Section 10(a)(iii) below), including, but not limited to, any land acquisition, land development, entitlements or construction, marketing, sale, financing or management of any Residential Project.

(i) The Executive acknowledges that in light of his position, duties and responsibilities with the Company, the Executive will have access to and be familiar with the Company’s Confidential Information and trade secrets for each such Residential Project, and that this two (2) year non-compete provision is narrowly tailored and reasonable to protect the Company’s Confidential Information and trade secrets.

(ii) For purposes of this Section 10, the term “Residential Project” shall mean any residential building project for which the Company has invested resources, performed due diligence, planned land development and/or initiated real estate acquisitions during the Executive’s employment with the Company.

(iii) For purposes of this Section 10, the term “Geographic Region” shall mean (i) any and all counties in any state in which the Company has engaged in any Residential Project in the past or in which it is currently conducting any Residential Project, and (ii) any and all other counties in any state that the Company engages in any Residential Project in the future during the Executive’s employment with the Company.

(iv) It will not be a violation of this Section 10 or of Section 10(c) below for the Executive to own not more than five percent (5%) of the equity securities of any company having securities listed on an exchange or regularly traded in the over-the-counter market.

(v) It will not be a violation of this Section 10 or of Section 10(c) below for the Executive to acquire, invest, manage, construct, develop, or dispose of the

Executive's investments in apartments for-rent, multi-family properties, and non-residential real estate, directly or indirectly, in any capacity.

(b) Non-Solicitation of Company Employees. The Executive agrees that the Company has invested substantial time and effort in assembling and training its present staff of personnel. Accordingly, the Executive agrees that for a period of two (2) years following termination of employment by the Company for Cause, by the Executive without Good Reason or by the Executive by reason of Retirement, the Executive will not directly or indirectly induce or solicit or seek to induce or solicit on behalf of employee or others any of the Company's employees to leave employment with the Company.

(c) Non-Solicitation of Clients and Suppliers. The Executive agrees that the Company's relationships with its "Clients and Suppliers" (as such term is defined in this Section 10(c)) are solely the assets and property of the Company. The Executive agrees that for a period of two (2) years following termination of the Executive's employment by the Company for Cause, by the Executive without Good Reason or by the Executive by reason of Retirement, the Executive shall not directly or through others solicit or attempt to solicit any of the Company's Clients and/or Suppliers for the purpose of providing products or services competitive to those offered by the Company. This restriction applies only to those Clients and/or Suppliers with whom the Executive had "material contact" (as such term is defined in this Section 10(c)) on behalf of the Company. "Material contact" means: (i) direct personal contact with a Supplier or Client for the purpose of, respectively, purchasing real estate, materials or services for use by the Company or selling the Company's real estate, products or services to Clients or (ii) any direct supervision of direct personal contacts other employees of the Company may have with Suppliers and/or Clients. "Clients and Suppliers" are those clients or suppliers with whom the Executive had material contact within one (1) year prior to the termination of the Executive's employment with the Company. The terms "Client" and "Supplier" shall also include prospective Clients and Suppliers of the Company.

(d) Acknowledgments. The Executive acknowledges that the foregoing restriction on competition is fair and reasonable, given the nature and scope of the Company's business operations and the nature of the Executive's position with the Company. The Executive also acknowledges that while employed by the Company, the Executive will have access to information that would be valuable or useful to the Company's competitors, and therefore acknowledges that the foregoing restrictions on the Executive's future employment and business activities are fair and reasonable.

(e) Acknowledgments of Law. The Executive acknowledges the following provisions of Colorado law, set forth in Colorado Revised Statutes § 8-2-113(2):

Any covenant not to compete which restricts the right of any person to receive compensation for performance of skilled or unskilled labor for any employer shall be void, but this subsection (2) shall not apply to:

any contract for the protection of trade secrets; or

executive and management personnel and officers and employees who constitute professional staff to executive and management personnel.

The Executive acknowledges that this Amended Agreement is a contract for the protection of trade secrets within the meaning of § 8-2-113(2)(b) and is intended to protect the Confidential Information identified above and that the Executive qualifies as executive personnel within the meaning of § 8-2-113(2)(d).

(f) Subsidiaries Included. For purposes of this Section 10, the term “Company” includes all of the Company’s direct and indirect wholly-owned and majority-owned subsidiaries.

Enforcement of Restrictive Covenants

. The Executive agrees and acknowledges that the remedies at law for any breach by the Executive of any provision of Section 9 or Section 10 of this Amended Agreement will be inadequate and that the Company shall be entitled to obtain injunctive relief against the Executive from a court of competent jurisdiction in the event of any breach of any provision of Section 9 or 10 of this Amended Agreement, in addition to seeking monetary damages as afforded by this Amended Agreement and applicable law.

Cooperation

. The parties agree that certain matters in which the Executive will be involved during the term of this Employment Agreement may necessitate the Executive’s cooperation in the future. Accordingly, following the termination of the Executive’s employment for any reason and *provided* such cooperation is not directly adverse to his legal interests, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company and its subsidiaries and affiliates and their designated attorneys, representatives and agents in connection with matters arising out of the Executive’s service to the Company; *provided* that, the Company shall provide reasonable advance notice and make reasonable efforts to minimize disruption of Executive’s other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation within thirty (30) business days of receipt of supporting documentation of such expenses and the Company shall compensate the Executive at an hourly rate based on the Executive’s Base Salary and Annual Bonus for the most recently completed fiscal year as determined under Item 402 of Regulation S-K promulgated under the Exchange Act divided by 2,080. The Executive will submit invoices to the Company each month indicating the number of hours of services provided hereunder by the Executive, and payment of agreed-upon charges will be made within thirty (30) days of receipt of invoice, but in no event later than March 15 of the year following the year in which the services were performed. If invoices are not submitted within sixty (60) days following the end of the month in which the Executive’s services are performed, such invoices will not be eligible for payment and the Executive will not be compensated by the Company for the services described therein. For the avoidance of doubt, the parties understand, acknowledge and agree that if the Executive continues to serve as a non-employee director on the Board after the Date of Termination, the Executive will be eligible to receive non-employee director compensation in addition to any compensation received pursuant to this Section 12.

(a) Any notice or other communication required or permitted under this Amended Agreement shall be effective only if it is in writing and shall be deemed to be given when delivered personally or four (4) days after it is mailed by registered or certified mail, postage prepaid, return receipt requested or one (1) day after it is sent by a reputable overnight courier service and, in each case, addressed as follows (or if it is sent through any other method agreed upon by the parties):

If to the Company: Century Communities, Inc.
8390 East Crescent Parkway
Suite 650
Greenwood Village, CO 80111
Attn: Chief Executive Officer

with a copy to: Fox Rothschild LLP
222 South Ninth Street
Suite 2000
Minneapolis, MN 55402
Attn: Amy E. Culbert, Esq.

If to the Executive: Dale Francescon
8390 East Crescent Parkway
Suite 650
Greenwood Village, CO 80111

or to such other address as any party hereto may designate by notice to the others.

(b) This Amended Agreement may be amended only by an instrument in writing signed by the parties hereto, and any provision hereof may be waived only by an instrument in writing signed by the party or parties against whom or which enforcement of such waiver is sought. The failure of any party hereto at any time to require the performance by any other party hereto of any provision hereof shall in no way affect the full right to require such performance at any time thereafter, nor shall the waiver by any party hereto of a breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision or a waiver of the provision itself or a waiver of any other provision of this Amended Agreement.

(c) The parties hereto acknowledge and agree that each party has reviewed and negotiated the terms and provisions of this Amended Agreement and has had the opportunity to contribute to its revision. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Amended Agreement. Rather, the terms of this Amended Agreement shall be construed fairly as to both parties hereto and not in favor of or against either party.

(d) The parties hereto hereby represent that they each have the authority to enter into this Amended Agreement, and the Executive hereby represents to the Company that the execution of, and performance of duties under, this Amended Agreement shall not

constitute a breach of or otherwise violate any other agreement to which the Executive is a party. The Executive hereby further represents to the Company that he will not utilize or disclose any confidential information obtained by the Executive in connection with any former employment with respect to his duties and responsibilities hereunder.

(e) By entering into this Agreement, the Executive acknowledges and agrees that the Company has given him a full and complete opportunity and sufficient time to consult with counsel and other advisors of his own choosing concerning the terms, enforceability and implications of this Amended Agreement and related documents/matters, or has made a knowing and voluntary decision to not engage his own counsel and other advisors with respect to the foregoing. The Executive also acknowledges and affirms that the Company has not made any representations or warranties to the Executive concerning the terms, enforceability or implications of this Amended Agreement other than as reflected in this Amended Agreement, and that the Executive has not relied upon the advice of the Company and/or its counsel or advisors as he has negotiated regarding, and decided to enter into, this Amended Agreement.

(f) This Amended Agreement is binding on and is for the benefit of the parties hereto and their respective successors, assigns, heirs, executors, administrators and other legal representatives. Neither this Amended Agreement nor any right or obligation hereunder may be assigned by the Executive.

(g) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume this Amended Agreement in the same manner and to the same extent that the Company would have been required to perform it if no such succession had taken place. As used in the Amended Agreement, the "Company" shall mean both the Company as defined above and any such successor that assumes this Amended Agreement, by operation of law or otherwise.

(h) Any provision of this Amended Agreement (or portion thereof) which is deemed invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this Section 13(h), be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions thereof in such jurisdiction or rendering that or any other provisions of this Amended Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable.

(i) As material obligations of the Company hereunder: the Company shall employ Robert J. Francescon as its Co-Chief Executive Officer and as a member of the Company's Board of Directors; the Company shall not: (a) terminate the employment of Robert J. Francescon without Cause; or (b) create or permit to exist any circumstance that would constitute "Good Reason" (as such term is defined in Robert J. Francescon's employment agreement with the Company) which results in Robert J. Francescon

terminating his employment under his employment agreement, unless in the case of clause (b) hereof, Robert J. Francescon consents in writing to such action.

(j) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Amended Agreement or the failure to assert any right the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Amended Agreement.

(k) Notwithstanding anything herein to the contrary, payment of amounts to the Executive under this Amended Agreement will be subject to applicable mandatory forfeiture or repayment provisions under the Sarbanes-Oxley Act of 2002 or any other applicable law, rule or regulation or stock exchange requirement, and the Company's clawback and forfeiture policy, and if the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002, any other law, rule or regulation or any stock exchange requirement, or under the Company's clawback and forfeiture policy, in each case which is applicable to the Company and the Executive, such forfeiture or repayment shall not constitute Good Reason under this Amended Agreement.

(l) The obligations under this Amended Agreement shall be unfunded. Payments and benefits payable under this Amended Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Amended Agreement.

(m) The Company may withhold from any amounts payable to the Executive hereunder all federal, state, city or other taxes that the Company may reasonably determine are required to be withheld pursuant to any applicable law or regulation (it being understood that the Executive shall be responsible for payment of all taxes in respect of the payments and benefits provided herein).

(n) This Amended Agreement shall be governed by and construed in accordance with the laws of the State of Colorado without reference to its principles of conflicts of law.

(o) This Amended Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. A facsimile or PDF of a signature shall be deemed to be and have the effect of an original signature.

(p) The headings in this Amended Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof.

(q) This Amended Agreement shall constitute the entire agreement among the parties hereto with respect to the Executive's employment hereunder, and supersedes and is in full substitution for any and all prior understandings or agreements (including the Prior Agreement) with respect to the Executive's employment.

(r) Effective at the Effective Date, the Prior Agreement shall terminate and shall be superseded in its entirety by this Amended Agreement with respect to all aspects of the Executive's employment with the Company on or after the Effective Date. The Executive acknowledges and agrees that, as of the Effective Date, no event has occurred which constitutes Good Reason, as that term is defined in the Prior Agreement. For the avoidance of doubt, the Prior Agreement shall continue to apply after the Effective Date with respect to any compensation or benefits due to the Executive through the Effective Date.

[Signature Page Follows]

In Witness Whereof, the parties have executed this Amended and Restated Employment Agreement as of the Effective Date first written above.

Executive: /s/ Dale Francescon
Dale Francescon

Company: **Century Communities, Inc.**, a Delaware corporation

By: /s/ David L.
Messenger
David L. Messenger,
Chief Financial Officer

EXHIBIT A

For purposes of the Amended Agreement, “Change in Control” shall mean the occurrence of any of the following events:

(a) Any transaction or event resulting in the beneficial ownership of voting securities, directly or indirectly, by any “person” or “group” (as those terms are defined in Sections 3(a)(9), 13(d), and 14(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules thereunder) having “beneficial ownership” (as determined pursuant to Rule 13d-3 under the Exchange Act) of securities entitled to vote generally in the election of directors (“voting securities”) of the Company that represent greater than 35% of the combined voting power of the Company’s then outstanding voting securities (unless the Executive has beneficial ownership of at least 35% of such voting securities), other than any transaction or event resulting in the beneficial ownership of securities:

(i) by a trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company or by any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company, or

(ii) by the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the stock of the Company, or

(iii) pursuant to a transaction described in clause (c) below that would not be a Change in Control under clause (c);

(s) Individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election by the Company’s stockholders, or nomination for election by the Board, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an election contest with respect to the election or removal of directors or other solicitation of proxies or consents by or on behalf of a person other than the Board;

(t) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (i) a merger, consolidation, reorganization, or business combination, (ii) a sale or other disposition of all or substantially all of the Company’s assets, or (iii) the acquisition of assets or stock of another entity, in each case, other than a transaction:

(i) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the

person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity") directly or indirectly, greater than 25% of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing greater than 50% of the combined voting power of the Successor Entity; *provided, however*, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning greater than 50% of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(u) The approval by the Company's stockholders of a liquidation or dissolution of the Company.

For purposes of clause (a) above, the calculation of voting power shall be made as if the date of the acquisition were a record date for a vote of the Company's stockholders, and for purposes of clause (c) above, the calculation of voting power shall be made as if the date of the consummation of the transaction were a record date for a vote of the Company's stockholders.

EXHIBIT B

FORM OF SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (this “Separation Agreement”) is entered into by and between DALE FRANCESCON (the “Executive,” a term which includes the Executive’s spouse (if any), and all assigns, heirs, and successors in interest) and CENTURY COMMUNITIES, INC. (the “Company”), a term which for the purposes of this Separation Agreement includes Century Communities, Inc. or any affiliate or subsidiary thereof), and its directors, owners, officers and shareholders. Pursuant to the mutual promises, covenants and commitments as referenced herein, the parties agree as follows:

Termination of Employment

. The Executive’s employment with the Company ended on [_____] pursuant to the terms of an Amended and Restated Employment Agreement between the parties dated [_____] (hereinafter “Employment Agreement”), the terms of which are incorporated herein by reference. Capitalized terms not otherwise defined herein have the respective meanings as set forth in the Employment Agreement. Nothing herein shall affect in any way Executive’s rights with respect to the ownership or acquisition of any Company stock or securities and options or other rights to acquire any Company stock or securities, or any rights Executive has as a holder of any stock or securities of the Company. For the avoidance of doubt, the treatment of the Executive’s rights with respect to its Equity Awards will be governed by the terms of the Equity Agreements and modified by the Employment Agreement.

No Admissions

. The Executive and the Company agree that the entry of the parties into this Separation Agreement is not and shall not be construed to be an admission of liability on the part of any party hereto or hereby released.

Adequacy of Consideration

. The parties acknowledge and agree that in the Employment Agreement, the Company offered certain severance payments conditioned upon the Executive’s execution of this Separation Agreement. The Executive acknowledges that the severance payments offered by the Company constitute good and valuable consideration to which the Executive would otherwise not be entitled absent his execution of this Separation Agreement.

Acknowledgement and Covenants Made by the Company for the Benefit of the Executive

. In consideration for the promises made by the Executive as set forth herein, the Company agrees to pay the Executive the conditional severance payments as set forth in Section 6 of the Executive’s Employment Agreement.

Acknowledgements and Covenants Made by the Executive for the Benefit of the Company

. In consideration for the undertakings and promises of the Company as set forth in this Separation Agreement, the Executive:

(a) acknowledges that he has been or by virtue of this Separation Agreement will be paid all compensation and benefits to which he is legally due;

(b) acknowledges the enforceability of Sections 9 and 10 of his Employment Agreement with the Company and promises that he has been, currently is, and will continue

to be in full compliance with Sections 9 and 10 of the Employment Agreement, which by their terms extend beyond and survive the termination of the employment relationship.

(c) Unconditionally releases, discharges, and holds harmless the Company and the Company's officers, directors, shareholders, employees, agents, attorneys and contractors, (hereinafter referred to collectively as "Releasees") from each and every claim, cause of action, right, liability or demand of any kind and nature arising from the Executive's relationship with the Company as an employee and officer of the Company, and from any claims which may be derived therefrom (collectively referred to as "claims"), that the Executive had, has, or might claim to have against the Company at the time the Executive executes this Separation Agreement, including but not limited to any and all claims:

(i) arising from the Executive's Employment Agreement with the Company, employment, pay, bonuses, employee benefits, and other terms and conditions of employment or employment practices of the Company;

(ii) relating to the termination of the Executive's employment with the Company or the surrounding circumstances thereof;

(iii) relating to payment of any attorneys' fees for the Executive; except for attorneys' fees that may be provided in connection with a claim covered under the Company's directors' and officers' liability ("D&O") and employment practice liability ("EPL") insurance policies for actions by the Executive within the scope of employment and within the coverage of the Company's D&O and EPL insurance policies, or in connection with any indemnification agreement between the Executive and the Company for actions by the Executive within the scope covered by such agreement.

(iv) based on discrimination on the basis of race, color, religion, sex, pregnancy, national origin, handicap, disability, or any other category protected by law under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, 42 USC § 1981, Executive Order 11246, the Equal Pay Act, the Americans With Disabilities Act, the Rehabilitation Act of 1973, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, as any of these laws may have been amended or any other similar federal, state or local labor, employment or anti-discrimination laws;

(v) the Age Discrimination in Employment Act and the Older Workers Benefits Protection Act;

(vi) based on any contract, tort, whistleblower, personal injury, or wrongful discharge theory; and

(vii) based on any other federal, state or local constitution, regulation, law (statutory or common), or legal theory.

Except as otherwise may be provided in this Separation Agreement, it is understood and agreed that this is a full, complete and final general release of any and all claims described as aforesaid, and that the parties hereto agree that it shall apply to all unknown, unanticipated, unsuspected and undisclosed claims, demands, liabilities, actions or causes of action, in law, equity or otherwise, as well as those which are now known, anticipated, suspected or disclosed. Notwithstanding the foregoing, the provisions of this Paragraph 5 shall not be deemed to be a release of any claims arising from the Executive's ownership of stock or other equity securities of the Company or any other contractual relationship between the Executive and the Company not released under Paragraph 5(c) above, as limited by this paragraph, including, but not limited to, (A) any payments and benefits pursuant to Section 6 of the Employment Agreement, any equity award granted to the Executive by the Company, or the Indemnification Agreement between the Company and the Executive; (B) to be indemnified and advanced expenses in accordance with applicable law or the corporate documents of the Company, or to be covered under any applicable directors' and officers' liability insurance policies of the Company; and (C) with respect to any claims which arise after the Effective Date of this Release, including but not limited to any claims arising out of this Separation Agreement.

18. Acknowledgements and Covenants made by the Company for the benefit of the Executive. In consideration for the undertakings and promises of the Executive as set forth in this Separation Agreement, the Company: Unconditionally releases, discharges, and holds harmless the Executive from each and every claim, cause of action, right, liability or demand of any kind and nature arising from the Executive's relationship with the Company as an employee and officer of the Company, and from any claims which may be derived therefrom (collectively referred to as "claims"), that the Company had, has, or might claim to have against the Executive at the time the Executive executes this Separation Agreement, including but not limited to any and all claims:

- (a) arising from the Executive's Employment Agreement with, or activities on behalf of, the Company;
- (b) based on any contract, tort, or common law theory; and
- (c) based on any other federal, state or local constitution, regulation, law (statutory or common), or legal theory.

Except as otherwise may be provided in this Separation Agreement, it is understood and agreed that this is a full, complete and final general release of any and all claims described as aforesaid, and that the Parties agree that it shall apply to all unknown, unanticipated, unsuspected and undisclosed claims, demands, liabilities, actions or causes of action, in law, equity or otherwise, as well as those which are now known, anticipated, suspected or disclosed. Notwithstanding the foregoing, the provisions of this Paragraph 6 shall not be deemed to be a release of any claims arising under Sections 9 and 10 of the Employment Agreement.

Executive's Covenant Not to Sue or Accept Recovery

. The Executive covenants not to file a lawsuit against the Company or Releasee based on any claim released under this Separation Agreement. It is understood and agreed that the following are not waived or barred by this Separation Agreement: (i) claims related to the validity or challenging the enforceability of this Separation Agreement; (ii) claims by either party to enforce this Separation Agreement; (iii) claims which cannot legally be waived; (iv) claims seeking state workers' compensation or unemployment benefits. Further, it is understood and agreed that this Separation Agreement does not bar the Executive's right to file an administrative charge with the Equal Employment Opportunity Commission ("EEOC"), the United States Department of Labor ("USDOL"), the Securities and Exchange Commission ("SEC"), or any other federal, state or local agency. Other than unemployment benefits, the Executive further covenants not to accept, recover or receive any monetary damages or any other form of relief which may arise out of or in connection with any administrative remedies which may be filed with or pursued against the Company or any Releasee independently by any governmental agency or agencies, whether federal, state or local, except that Executive may receive an award from the SEC under the federal securities laws.

No Pending Actions or Claims

. To the extent applicable, the Executive represents that the Executive has not filed any lawsuits against the Company or any Releases at the time the Executive executes this Separation Agreement. Further, to the extent applicable, the Executive has not suffered any work-related illness or injury that could form the basis of any workers' compensation or disability claim as of the date the Executive executed this Separation Agreement of which Executive is reasonably aware. The Executive further agrees that the Executive has been paid all compensation due as a result of the Executive's employment with the Company, *provided* that Executive has received all compensation and payments due and owing to the Executive under Section 6(a) of the Employment Agreement.

Confidentiality

. Except as otherwise expressly provided in this paragraph, the parties agree that the terms and conditions of this Separation Agreement are and shall be deemed to be confidential and hereafter shall not be disclosed to any other person or entity. The only disclosures excepted by this paragraph are (a) as may be required by applicable law, rule or regulation or the stock exchange on which the Company's securities may then be listed; (b) the parties may tell prospective employers the dates of the Executive's employment, positions held, the Executive's duties and responsibilities and salary history with the Company; (c) the Executive is able to disclose Sections 9 and 10 of the Employment Agreement, as referenced herein, to potential or future employers; (d) the parties may disclose the terms and conditions of this Separation Agreement to their attorneys, accountants, tax advisors, and/or any other person necessary to enforce such terms and conditions; and (e) the parties may disclose the terms and conditions of this Separation Agreement to their respective spouses, if any, *provided, however*, that the Executive makes the Executive's spouse aware of the confidentiality provisions of this paragraph and the Executive's spouse agrees to keep the terms of this Separation Agreement confidential.

No Harassing Conduct

- (a) The Executive covenants that the Executive shall not undertake any harassing or disparaging conduct directed at the Company or any Releasee and that the

Executive shall refrain from making any harassing or disparaging statements concerning the Company or any Releasee to any third party.

(b) The Company covenants that the Company shall not undertake any harassing or disparaging conduct directed at the Executive and that the Company shall refrain from making any harassing or disparaging statements concerning the Executive to any third party.

Enforcement

. The parties agree to pay their own attorneys' fees and all other costs and expenses incurred in enforcing this Separation Agreement.

No Reliance Upon Other Statements

. This Separation Agreement is entered into without reliance upon any statement or representation of any party hereto or parties hereby released other than the statements and representations contained in writing in this Separation Agreement, and the terms of the Employment Agreement, incorporated herein by reference.

Full and Knowing Waiver

. By signing this Separation Agreement, the Executive certifies that:

- (a) the Executive has read and understands this Separation Agreement;
- (b) the Executive was given at least twenty-one (21) calendar days from the date this Separation Agreement was initially presented to consider this Separation Agreement before signing this Separation Agreement;
- (c) the Executive was advised in writing, via this Separation Agreement, to consult with an attorney before signing this Separation Agreement;
- (d) the Executive agrees to its terms knowingly, voluntarily and without intimidation, coercion or pressure.

Revocation of Age Release

. The Executive may revoke this Separation Agreement within seven (7) calendar days after signing it. To be effective, such revocation must be received in writing by the Human Resources Director for Century Communities, Inc., at 8390 E. Crescent Parkway, Suite 650, Greenwood Village, CO 80111. Revocation can be made by hand delivery, telegram, facsimile, or postmarking before the expiration date of this seven (7) day period.

Acceptance of Separation Agreement

. To accept this Separation Agreement, the Executive understands that he must sign this Separation Agreement and return an original signed document to the Human Resources Director for Century Communities, Inc., at 8390 E. Crescent Parkway, Suite 650, Greenwood Village, CO 80111.

No Application or Reemployment

. The Executive hereby agrees that he shall not seek reinstatement or apply for future employment with the Company. The Executive agrees that any application for reinstatement or for future employment with the Company will be considered void from its inception, and may be summarily rejected by the Company without explanation or liability. In addition, if the Executive should be offered or accept a position with the Company, the offer may be withdrawn, or the Executive may be terminated immediately, without notice or

cause. The Executive further agrees that, in the event of such an offer and withdrawal, or hiring and termination, he waives any right to recover damages, seek or obtain equitable remedies, obtain unemployment benefits, claim wrongful termination or breach of contract, and that this Separation Agreement may be used as a defense by the Company in any legal or administrative proceeding.

Colorado Law and Venue

. The laws of the State of Colorado shall govern this Separation Agreement without regard to choice of law. The parties further understand and agree that, in any legal proceeding arising under this Separation Agreement, venue shall be in Arapahoe County, Colorado.

Severability

. Should any provision of this Separation Agreement be declared or be determined by any court of competent jurisdiction to be wholly or partially illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, or provisions shall not be affected thereby, and said illegal, unenforceable, or invalid part, term, or provision shall be deemed not to be a part of this Separation Agreement.

Entire Agreement

. This Separation Agreement, and the references to certain provisions of the Employment Agreement (i.e., Sections 6, 8, 9, 10, and 11) incorporated by reference herein sets forth the entire agreement between the parties hereto and fully supersedes any and all prior or contemporaneous agreements or understandings, written or oral, between the parties pertaining to the subject matter hereof.

[Signature Page Follows]

In Witness Whereof, the undersigned hereunto set their hands to this Separation Agreement effective as of _____.

Executive:

Dale Francescon

Address:

City, State &

Zip:

Telephone

Facsimile:

email:

Company:

Century Communities, Inc., a Delaware corporation

By:

Name:

Title:

Address: 8390 E. Crescent Parkway, Suite 650
Greenwood Village, CO 80111

Telephone:

Facsimile:

email:

Amended and Restated Employment Agreement

This Amended and Restated Employment Agreement (the “Amended Agreement”) is made between Century Communities, Inc., a Delaware corporation (the “Company”), and Robert J. Francescon (the “Executive”), effective as of May 3, 2023 (“Effective Date”).

R e c i t a l s

Whereas, the Company has employed the Executive as its Co-Chief Executive Officer and President pursuant to an Amended and Restated Employment Agreement dated as of July 28, 2020 (the “Prior Agreement”), who further serves as a member of the Company’s Board of Directors;

Whereas, the Company and the Executive desire to modify the Prior Agreement and accordingly fully amend and restate the Prior Agreement pursuant to this Amended Agreement;

Now, Therefore, in consideration of the promises and mutual covenants herein and for other good and valuable consideration, the parties agree that the Prior Agreement is hereby amended and restated in its entirety to provide the following:

General

. The parties agree that, subject to the terms hereof, the Executive shall continue to serve as Co-Chief Executive Officer and President of the Company and member of its Board of Directors, after the Effective Date hereof in accordance with the terms and conditions set out in this Amended Agreement.

Employment, Duties and Agreements

. The Company hereby agrees to continue to employ the Executive as its Co-Chief Executive Officer and President and member of its Board of Directors at a location in Greenwood Village, Colorado, and the Executive hereby accepts such position and agrees to continue to serve the Company in such capacities on a full-time basis during the employment period fixed by Section 4 below (the “Employment Period”). With the Executive’s consent, the Executive shall also be appointed as Co-Chief Executive Officer of each of the principal, direct and indirect operating subsidiaries of the Company, and may also be appointed to other positions with the Company consistent with his leadership role as Co-Chief Executive Officer of the Company.

(a) The Executive shall have such duties and responsibilities as are consistent with the Executive’s position and as may be reasonably assigned by the Company’s Board of Directors (the “Board”) from time to time. During the Employment Period, the Executive shall be subject to, and shall act in accordance with, all reasonable instructions and directions of the Board and all applicable policies and rules of the Company.

(b) During the Employment Period, excluding any periods of paid time off to which the Executive is entitled, the Executive shall devote substantially his full working time and efforts to the performance of his duties and responsibilities hereunder and shall endeavor to promote the business and best interests of the Company.

(c) During the Employment Period, the Executive shall not engage in any business activity other than on behalf of the Company without the express prior written approval of the Board. It will not be a violation of this exclusivity provision for the Executive to (i) manage the Executive's personal, financial and legal affairs, (ii) acquire, invest, manage, construct, develop, and dispose of the Executive's investments in apartments for-rent, multi-family properties, and non-residential real estate, directly or indirectly in any capacity, *provided* such activities do not take a material amount of the Executive's time and do not interfere with the Executive's duties and obligations to the Company, or (iii) serve on charitable or civic boards or committees.

(d) During the Employment Period, the Executive shall be nominated by the Board for election as a member of the Board at each annual meeting of stockholders of the Company held during the Employment Period. During the Employment Period, the Executive may also be a member of the board of directors of each principal operating subsidiary of the Company.

Compensation

. As compensation for the agreements made by the Executive herein and the performance by the Executive of his obligations hereunder, during the Employment Period the Executive is entitled to receive the following compensation:

(a) The Company shall pay the Executive, pursuant to the Company's normal and customary payroll procedures, a base salary at the rate of \$1,000,000 per annum (the "Base Salary"). The Base Salary shall be reviewed at least annually for possible increase (but not decrease) in the Company's sole discretion, as determined by the Compensation Committee of the Board (the "Compensation Committee"); *provided, however*, that the Executive shall be entitled to any annual cost-of-living increases in Base Salary that are granted to senior executives of the Company generally. Any increase in Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Amended Agreement. The term "Base Salary" as utilized in this Amended Agreement shall refer to Base Salary as so adjusted.

(b) In addition to the Base Salary, the Executive shall be eligible to earn, for each fiscal year of the Company ending during the Employment Period, an annual cash performance bonus (an "Annual Bonus") under the Company's bonus plan or plans applicable to senior executives. The amount of the Annual Bonus and the performance goals applicable to the Annual Bonus for any applicable year during the Employment Period shall be determined in accordance with the terms and conditions of said bonus plan as in effect from time to time with a threshold Annual Bonus opportunity equal to at least 175% of Base Salary (the "Threshold Bonus"), a target Annual Bonus opportunity equal to at least 350% of Base Salary (the "Target Bonus") and a maximum Annual Bonus opportunity equal to at least 700% of Base Salary (the "Maximum Bonus"). The terms and conditions of any such bonus plan shall be determined by the Compensation Committee in its sole discretion, except that the Threshold Bonus, Target Bonus and Maximum Bonus cannot be decreased from the levels set forth above, although they may be increased. Any Annual Bonus shall be paid on or before March 15th of each calendar year immediately following the year in which compensation is earned in accordance with the applicable plan.

(c) Pursuant to the Century Communities, Inc. 2022 Omnibus Incentive Plan, as amended from time to time, or such predecessor or successor plan (the “Incentive Plan”), the Company has granted and may in the future grant to the Executive certain equity awards (collectively and including awards substituted therefor covering the securities of a successor company, the “Equity Awards”), including, without limitation, restricted stock units that are to be settled with shares of the Company’s common stock (the “RSUs”) and performance-based awards in the form of performance share units that are to be settled with shares of the Company’s common stock (“PSUs”). The terms and conditions of the Equity Awards are and shall be set forth in an award agreement(s) entered into by the Company and the Executive in the form adopted by the Board or the Compensation Committee, as applicable, or as documented in minutes of meetings or consents of the Board or Compensation Committee and communicated to the Executive within five (5) days after any such term or condition is adopted (each, an “Equity Agreement,” and collectively, the “Equity Agreements”), as modified by the terms hereof.

(d) During the Employment Period, (i) the Executive shall be eligible to participate in all other incentive plans, practices, policies and programs, and all savings and retirement plans, policies and programs, in each case that are applicable generally to senior executives of the Company; (ii) the Executive and the Executive’s eligible family members and other qualified dependents shall be eligible for participation in the welfare benefit plans, practices, policies and programs (including, if applicable, medical, dental, vision, disability, employee life, group life and accidental death insurance plans and programs) maintained by the Company for its senior executives; (iii) the Company shall reimburse the Executive up to \$2,500 per month for premiums paid by or on behalf of the Executive for term life insurance coverage on the Executive’s life; (iv) the Executive shall be entitled to a \$2,500 per month automobile and cell phone allowance; and (v) the Executive shall be entitled to such fringe benefits and perquisites as are provided or maintained by the Company to and for its senior executives from time to time, in accordance with the policies, practices, and procedures of the Company.

(e) During the Employment Period, the Executive shall be entitled to personal time off in accordance with the Company’s policies and practices that are applicable to the Company’s senior executives.

(f) During the Employment Period, the Company shall maintain (i) a directors’ and officers’ liability insurance policy, or an equivalent errors and omissions liability insurance policy, including fiduciary coverage, and (ii) an employment practices liability insurance policy. Each such policy shall cover the Executive with scope, exclusions, amounts, and deductibles no less favorable to the Executive than those applicable to the Company’s senior executives and directors on the Effective Date, or any more favorable terms as may be available in the future to any other director or senior executive officer of the Company, while the Executive is employed with the Company and thereafter until the sixth (6th) anniversary of the Executive’s Scheduled Termination Date (as defined in Section 4) or other Date of Termination (as defined in Section 5(b)). Moreover, during the Employment Period and thereafter, the Company shall comply with the terms of its (i) bylaws with respect to indemnification of the Executive, and (ii) that certain indemnification agreement between the Company and the Executive dated as of April 30,

2013 and shall not repeal or modify the indemnification provisions contained therein in any manner that would adversely affect any right or protection of the Executive thereunder.

(g) The Company shall reimburse the Executive for all reasonable business expenses upon the presentation of statements of such expenses in accordance with the Company's policies and procedures now in force or as such policies and procedures may be modified with respect to all senior executives of the Company.

Employment Period

For purposes of this Amended Agreement, the Employment Period shall commence on the Effective Date and terminate on the fifth (5th) anniversary of the Effective Date (the "Initial Term"), provided that on the fifth (5th) anniversary of the Effective Date and on each anniversary thereafter, the Employment Period shall automatically be extended for additional one-year periods unless either party provides the other party with notice of non-renewal at least ninety (90) days before any such anniversary (the anniversary date on which the Employment Period terminates shall be referred to herein as the "Scheduled Termination Date"). Notwithstanding the foregoing, the Executive's employment hereunder may be terminated during the Employment Period prior to the Scheduled Termination Date upon the earliest to occur of any one of the following events (at which time the Employment Period shall be terminated):

(a) Death. The Executive's employment hereunder shall terminate upon his death.

(b) Disability. The Company shall be entitled to terminate the Executive's employment hereunder for Disability. For purposes of this Amended Agreement, the term "Disability" shall mean the Executive's inability by reason of physical or mental illness to fulfill his obligations hereunder for one hundred twenty (120) consecutive days or a total of one hundred eighty (180) days in any twelve (12) month period which, in the reasonable opinion of an independent physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive's legal representative, renders the Executive unable to perform the essential functions of his job, even after reasonable accommodations are made by the Company, and which inability by reason of such physical or mental illness to fulfill his obligations has not been cured, as determined by such physician prior to the Date of Termination.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Amended Agreement, the term "Cause" shall mean:

(i) conviction (or a plea of *nolo contendere*) by the Executive to a felony;

(ii) acts of fraud, dishonesty or misappropriation committed by the Executive and intended to result in substantial personal enrichment at the expense of the Company;

(iii) willful misconduct by the Executive in the performance of the Executive's material duties required by this Amended Agreement which is likely to materially damage the financial position or reputation of the Company, which is

not cured within thirty (30) days following receipt by the Executive of a Notice of Termination (as defined under Section 5 below) from the Company; or

(iv) a material breach of this Amended Agreement by the Executive which is likely to materially damage the financial position or reputation of the Company and which is not cured within thirty (30) days following receipt by the Executive of a Notice of Termination (as defined under Section 5 below) from the Company.

The foregoing is an exclusive list of the acts or omissions that shall be considered Cause. Notwithstanding the foregoing, the termination of the Executive shall not be deemed to be for Cause unless and until: (A) the Board shall have provided the Executive with a Notice of Termination (as defined in Section 5 below) specifying in detail the basis for the termination of employment for Cause and the provision(s) under this Amended Agreement on which such termination is based, and (B) in the case of subsections (iii) and (iv) above, the Executive shall have had the opportunity to cure such breach within the time period specified, and (C) in all cases where Cause is alleged, the Executive shall have had a reasonable opportunity to prepare and present his case to the full Board (with the assistance of his own counsel) before any termination for Cause is finalized by a vote of a majority of the Board, including a majority of independent directors (not including the vote of the Executive).

For purposes of this Amended Agreement, no act or failure to act of the Executive shall be willful or intentional if performed in good faith with the reasonable belief that the action or inaction was in the best interest of the Company. In addition, nothing herein shall limit or otherwise prevent the Executive from challenging judicially any determination of Cause as made by the Board hereunder.

(d) Without Cause. The Company may terminate the Executive's employment hereunder during the Employment Period without Cause. For purposes of this Amended Agreement, a notice of non-renewal given by the Company as provided in Section 4 above shall be treated as a termination of employment by the Company without Cause.

(e) For Good Reason. The Executive may terminate his employment hereunder for Good Reason. For purposes of this Amended Agreement, "Good Reason" shall mean: (i) a material breach of this Amended Agreement by the Company (including the Company's withholding or failure to pay compensation when due to the Executive, and including a violation of Section 13(i) below); (ii) relocation of the Company's headquarters or the primary location where the Executive works to a location more than twenty-five (25) miles from the Company's office in Greenwood Village, Colorado as of the Effective Date; (iii) a material reduction in the Executive's titles, duties, authority, or responsibilities, or the assignment to the Executive of any duties materially inconsistent with the Executive's position, authority, duties, or responsibilities without the written consent of the Executive; (iv) a reduction in the Executive's annual Base Salary or Annual Bonus opportunity or other compensation, as currently in effect or as may be increased from time to time, including, but not limited to, elimination or reduction in the Executive's participation in the Incentive Plan for reasons other than those specified in such plan; (v) the failure of the

Company to nominate the Executive for election as a member of the Board; (vi) the failure of the Company's stockholders to elect the Executive as a member of the Board; (vii) the removal of the Executive as a member of the Board by the Company's stockholders; or (viii) the failure by the Company to obtain a satisfactory agreement from any successor of the Company requiring such successor to assume and agree to perform all obligations under this Amended Agreement. With respect to the acts or omissions set forth in this Section 4(e), (A) the Executive shall provide the Board with a Notice of Termination (as defined in Section 5 below) within ninety (90) days after the initial existence of the circumstances constituting Good Reason specifying in detail the basis for the termination of employment for Good Reason and the provision(s) under this Amended Agreement on which such termination is based, (B) the Company shall have thirty (30) days to cure the matters specified in the notice delivered, and (C) if uncured, the Executive must terminate his employment with the Company within ninety (90) days after the expiration of the Company's cure period in order for such termination to be considered to be for Good Reason.

(f) Voluntarily. The Executive may voluntarily terminate his employment hereunder, without Good Reason, *provided* that the Executive provides the Company with notice of his intent to terminate his employment at least thirty (30) days in advance of the Date of Termination (as defined in Section 5 below).

(g) Retirement. The Executive may voluntarily terminate his employment hereunder at any time by reason of Retirement. For purposes of this Amended Agreement, "Retirement" shall mean the Executive's voluntary termination of his employment upon satisfaction of the following conditions: (i) the Executive has reached (or will reach on the Date of Termination) the age of sixty (60) along with at least twenty five (25) years of employment with the Company (for purposes of this Amended Agreement, it is agreed that the Executive's employment with the Company commenced on November 1, 2000); and (ii) the Executive provides the Company with a Notice of Termination stating his intent to terminate his employment due to Retirement at least ninety (90) days in advance of the Date of Termination (as defined in Section 5 below).

Termination Procedure

(a) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive during the Employment Period (other than a termination on account of the death of the Executive) shall be communicated by a written "Notice of Termination" to the other party hereto in accordance with Section 13(a) below.

(b) Date of Termination. "Date of Termination" shall mean: (i) if the Executive's employment is terminated by his death, the date of his death, (ii) if the Executive's employment is terminated due to his Disability in accordance with and pursuant to Section 4(b) above, on the date the Executive receives Notice of Termination from the Company, (iii) if the Executive voluntarily terminates his employment (other than for Good Reason), the date specified in the notice given pursuant to Section 4(f) or Section 4(g) above, as the case may be, which shall not be less than thirty (30) days after the Notice of Termination (or ninety (90) days in event of Retirement), (iv) if the Executive terminates

his employment for Good Reason, the date specified in the notice given pursuant to Section 4(e) which shall not be more than ninety (90) days after the expiration of the Company's cure period, and (v) if the Executive's employment is terminated for any other reason, the date on which a Notice of Termination is given or any later date (within thirty (30) days, or any alternative time period agreed upon by the parties, after the giving of such notice) set forth in such Notice of Termination (subject to the rights granted to the Executive under Section 4(c) above).

Termination Payments

(a) Without Cause or for Good Reason, Including in Connection with a Change in Control. In the event the Employment Period terminates under this Amended Agreement as a result of the Company terminating the Executive's employment without Cause (other than pursuant to Sections 4(a) or 4(b)) or the Executive terminating his employment for Good Reason:

(i) The Company shall pay or deliver, as applicable, to the Executive, upon the Date of Termination (or as otherwise provided below):

(A) (i) the Executive's unreimbursed business expenses and Base Salary through the Date of Termination (to the extent not theretofore paid) (the "Accrued Benefits"); and (ii) two (2) times the Executive's Base Salary, in each case payable in a lump sum (the "Base Severance");

(B) a lump sum amount equal to the greater of: (i) two (2) times the Executive's average Annual Bonus for the three (3) completed fiscal years immediately preceding the Date of Termination; or (ii) two (2) times the Executive's potential Target Bonus for the year in which the Date of Termination occurs (the "Base Incentive");

(C) in lieu of any Annual Bonus under Section 3(b) for the fiscal year in which the Executive's employment terminates, a lump sum amount equal to the Annual Bonus that would have become payable in cash to the Executive for that fiscal year if his employment had not terminated, based on performance actually achieved in that year (determined by the Board following completion of the performance year and paid at the time specified in the applicable plan) multiplied by a fraction, the numerator of which is the number of days the Executive was employed in such fiscal year and the denominator of which is the total number of days in such fiscal year;

(D) (i) any fully vested Equity Awards previously granted to the Executive, if not then already delivered or paid, shall be delivered or paid to the Executive on the Date of Termination; (ii) with regard to Equity Awards held by the Executive as of the Date of Termination not then based on performance, any such unvested Equity Awards will be 100% vested and delivered or paid to the Executive on the Date of Termination; and (iii) with regard to any Equity Awards held by the Executive as of the Date of

Termination the amount of which is based on the attainment of specified levels of performance, the amount of such Equity Awards to be vested and delivered to the Executive shall be equal to the greater of: (1) the amount payable upon attainment of the target level for performance without proration of any kind; or (2) if actual performance has exceeded the target level, the actual performance achieved based on a proration of the original performance goals as hereinafter described (but without proration based on the Executive's actual period of service). For purposes of subparagraph (iii), actual performance achieved will be determined utilizing the Company's cumulative financial results from the beginning of the performance period through the last completed quarter immediately prior to the Date of Termination (the "Measurement Period"). The actual performance for the Measurement Period will then be compared to time-adjusted performance goals (at all levels) determined by multiplying the performance goals for the original performance period by a fraction, the numerator of which is the number of days in the Measurement Period and the denominator of which is the total number of days in the original performance period. Each performance based Equity Award subject to this provision will be calculated based on the performance measures, interpolation methods or other criteria set forth in the particular Equity Agreement to determine if it will be vested and paid at target or a higher level. To the extent that the formula in subparagraph (iii) cannot be applied to any performance based Equity Awards because the performance goals cannot reasonably be pro-rated as indicated above, then performance as of the Date of Termination will be calculated as set forth in the applicable Equity Agreement in accordance with the termination provisions thereof; and

(E) any Annual Bonus(es) that the Executive earned for any fiscal year(s) prior to the fiscal year in which the Executive's employment terminated to the extent that such Annual Bonus(es) had not yet been paid before the Date of Termination.

Notwithstanding any provision of Section 6(a)(i)(D) above, any holding period requirement applicable to any Equity Award held by the Executive will be eliminated.

(ii) If the Executive timely elects continuation coverage under the Company's group medical plan for the Executive and his covered dependents pursuant to Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 601 of the Employee Retirement Income Security Act of 1974, as amended (which provisions are commonly known as "COBRA"), in accordance with ordinary plan practices, the Company shall pay, for up to eighteen (18) months, that portion of the COBRA premium payable by the Executive that is in excess of the premium payable by the Executive for the level of coverage the Executive and his covered dependents are enrolled in the Company's group medical plan at the Date of Termination, to the extent permitted under the terms of the Company's medical plan; *provided, however*, that if the Executive and his covered

dependents become eligible to receive comparable medical benefits under another employer provided plan, the Company's obligation to make COBRA payments described herein shall be terminated. Unless direct payment by the Company of such COBRA payments is permitted by applicable law, the Executive shall pay the full cost of the premiums for such coverage, as determined and set under the then current practices of the Company, on the first day of each month such coverage is provided and the Company shall reimburse the Executive the excess, if any, of the amount the Executive pays for COBRA continuation coverage above the amount of the applicable premium that the Executive would have paid for comparable coverage if he had remained an executive officer of the Company during the period such coverage is provided (the "Reimbursement Amounts"). Any Reimbursement Amounts to be paid by the Company to the Executive under this Section 6(a)(ii) shall be made on the tenth (10th) day of each month the Executive pays the amount required by this Section 6(a)(ii) for COBRA continuation coverage, commencing on the first such date immediately following the effective date of the Release under Section 6(a)(vi) (the "First Reimbursement Date"), and any installment of the Reimbursement Amount that would have otherwise been paid prior to the First Reimbursement Date shall instead be accumulated and paid on the First Reimbursement Date. To the extent the Executive is precluded from participation in the Company's medical plan due to Medicare eligibility and/or requirements to enroll in Medicare, the Executive will receive the monthly COBRA subsidy amount for the balance of the COBRA continuation period. The Executive shall promptly notify the Company of any changes in his eligibility for medical benefits coverage.

(iii) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any vested benefits and other amounts or benefits required to be paid or provided or which the Executive is eligible to receive as of the Date of Termination under any plan, program, policy, practice, contract, or agreement of the Company and its affiliates (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(iv) If the Date of Termination under this Section 6(a) occurs within six (6) months preceding or within twenty-four (24) months following a Change in Control, the Company shall, in lieu of the payment provided for in subsection 6(a)(i)(B) above, pay the Executive an amount equal to the greater of: (A) three (3) times the Executive's potential Target Bonus for the year in which the Date of Termination occurs; or (B) three (3) times the Executive's average Annual Bonus for the three (3) completed fiscal years immediately preceding the Date of Termination. In addition, the Company shall pay the Executive three (3) times the Executive's Base Salary in a lump sum in lieu of the payment provided for in subsection 6(a)(i)(A)(ii) above. For purposes of this Amended Agreement, "Change in Control" shall have the meaning specified on Exhibit A attached hereto.

(v) For the avoidance of doubt, upon a termination of the Employment Period by the Company without Cause or by the Executive for Good Reason, the Executive shall not be entitled to any other compensation or benefits not expressly provided for in this Section 6(a), regardless of the time that would otherwise remain

in the Employment Period had the Employment Period not been terminated without Cause or for Good Reason. The Company shall have no additional obligations under this Amended Agreement except as provided in this Section 6(a), any vested benefits under any tax qualified pension plans of the Company, and continuation of health insurance benefits on the terms and to the extent required by COBRA or such other analogous legislation as may be applicable to the Executive.

(vi) The payments and benefits provided under this Section 6(a), other than the Accrued Benefits described in Section 6(a)(i)(A), the earned Bonus(es) described in Section 6(a)(i)(E), the vested Equity Awards described in Section 6(a)(i)(D)(i) and the Other Benefits under Section 6(a)(iii), are subject to and conditioned upon: (A) the Executive executing a timely and valid release of claims ("Release") in the form attached hereto as Exhibit B (but reflecting any subsequent changes in applicable law as provided therein) waiving all claims the Executive may have against the Company, its successors, assigns, affiliates, executives, officers and directors; (B) the Executive delivering the executed Release to the Company within twenty-one (21) days following the Date of Termination (the "Release Period"); (C) such Release and the waiver contained therein becoming effective; and (D) the Executive's compliance with the restrictive covenants contained in Sections 9 and 10 of this Amended Agreement. In the event that the Release Period spans two of the Executive's taxable years, the payments and benefits provided under this Section 6(a), other than the Accrued Benefits described in Section 6(a)(i)(A), the earned Bonus(es) described in Section 6(a)(i)(E), the vested Equity Awards described in Section 6(a)(i)(D)(i) and the Other Benefits under Section 6(a)(iii), must be made in the second of the two taxable years. In the event that payments are made hereunder prior to the execution of the Release and the Executive does not execute the Release in the time and manner set forth herein, the Executive shall promptly pay to the Company, together with interest from the date of payment to the date of repayment at the prime rate, such amounts or the value of such benefits so received.

(a) For Cause or Voluntary Termination by Executive. If the Executive's employment is terminated during the Employment Period by the Company for Cause, then the Company shall pay the Executive upon the Date of Termination the Accrued Benefits and the Other Benefits, and any benefits or compensation provided under the Equity Agreements shall be paid in accordance with such agreements. If the Executive's employment is terminated during the Employment Period by the Executive other than for Good Reason and other than by reason of Retirement, then the Company shall pay the Executive upon the Date of Termination the Accrued Benefits, the Other Benefits, the earned Bonus(es) described in Section 6(a)(i)(E), the vested Equity Awards described in Section 6(a)(i)(D)(i), and any benefits or compensation provided under the Equity Agreements shall be paid in accordance with such agreements. Except as provided in this Section 6(b) or with respect to any vested benefits under any tax qualified pension plans of the Company and the continuation of health insurance benefits on the terms and to the extent required by COBRA or any other analogous legislation as may be applicable to the Executive, the Company shall have no additional obligations under this Amended Agreement. Notwithstanding anything herein to the contrary, the Executive will not be

required to execute a Release to receive the payments and benefits under this Section 6(b). For the avoidance of doubt, this Section 6(b) does not address the situation of a termination of the Executive's employment as a result of the Executive's death or a termination of the Executive's employment by the Company for Disability, which are covered under Section 6(c).

(b) Death, Disability, or Retirement. If the Executive's employment is terminated during the Employment Period as a result of the Executive's death, by the Company for Disability or by the Executive by reason of Retirement, then:

(i) The Company shall pay or deliver, as applicable, to the Executive or the Executive's estate, as the case may be, within thirty (30) days following the Date of Termination (or otherwise as provided below):

(A) the Accrued Benefits and Other Benefits;

(B) Equity Awards held by the Executive on the Date of Termination shall be vested, delivered and paid in the same manner as provided in Section 6(a)(i)(D)(i), (ii) and (iii), except that in the event of Retirement, the Executive shall continue to vest and be paid for any performance based Equity Awards in accordance with the terms in place for the performance based Equity Awards as if his Retirement had not occurred;

(C) in lieu of any Annual Bonus under Section 3(b) for the fiscal year in which the Executive's employment terminates, a lump sum amount equal to the Annual Bonus that would have become payable in cash to the Executive for that fiscal year if his employment had not terminated, based on performance actually achieved in that year (determined by the Board following completion of the performance year and paid at the time specified in the applicable plan) multiplied by a fraction, the numerator of which is the number of days the Executive was employed in such fiscal year and the denominator of which is the total number of days in such fiscal year; and

(D) any Annual Bonus(es) that the Executive earned for any fiscal year(s) prior to the fiscal year in which the Executive's employment terminated to the extent that such Annual Bonus(es) had not yet been paid before the Date of Termination.

Notwithstanding any provision of Section 6(c)(i)(B) above, any holding period requirement applicable to any Equity Award held by the Executive will be eliminated.

(ii) If the Executive or his covered dependents timely elect COBRA continuation coverage under the Company's group medical plan, in accordance with ordinary plan practices, the Company shall pay that portion of the COBRA premium payable by the Executive or such covered dependents that is in excess of the premium payable by the Executive for the level of coverage the Executive and such covered dependents are enrolled in the Company's group medical plan at the

Date of Termination for up to the maximum COBRA continuation period following the Date of Termination, to the extent permitted under the terms of the Company's medical plan; *provided, however*, that if the Executive becomes eligible to receive comparable medical benefits under another employer provided plan, then the Company's obligation to make COBRA payments described herein shall be terminated. Unless direct payment by the Company of such COBRA payments is permitted by applicable law, the Executive or covered dependent shall pay the full cost of the premiums for such coverage, as determined and set under the then current practices of the Company, on the first day of each month such coverage is provided and the Company shall reimburse the Executive or covered dependent the excess, if any, of the amount the Executive or covered dependent pays for COBRA continuation coverage above the amount of the applicable premium that the Executive would have paid for comparable coverage if he had remained an executive officer of the Company during the period such coverage is provided. Any such Reimbursement Amounts to be paid by the Company to the Executive or covered dependent under this Section 6(c)(ii) shall be made on the tenth (10th) day of each month the Executive pays the amount required by this Section 6(c)(ii) for COBRA continuation coverage, and, if applicable, commencing on the First Reimbursement Date, and any installment of the Reimbursement Amount that would have otherwise been paid prior to the First Reimbursement Date shall instead be accumulated and paid on the First Reimbursement Date. To the extent the Executive or covered dependent is precluded from participation in the Company's medical plan due to Medicare eligibility and/or requirements to enroll in Medicare, the Executive or covered dependent will receive the monthly COBRA subsidy amount for the balance of the COBRA continuation period. The Executive or covered dependent shall promptly notify the Company of any changes in his or her eligibility for medical benefits coverage.

(iii) The Company shall have no additional obligations under this Amended Agreement except as provided in this Section 6(c), or pursuant to the terms of the Equity Agreements, and except for any vested benefits under any tax qualified pension plans of the Company, and continuation of health insurance benefits on the terms and to the extent required by COBRA or any other analogous legislation as may be applicable to the Executive.

(iv) Except in the event of the Executive's death or a termination by the Company for Disability, the Executive will be required to execute a Release as set forth in Section 6(a)(vi) above to receive the payments, grants, vesting and benefits under this Section 6(c), other than the benefits provided under Section 6(c)(i)(A), and Section 6(a)(i)(D)(i) as referred to in Section 6(c)(i)(B) and Section 6(c)(i)(D).

(c) Mitigation. In no event shall the Executive be obligated to seek other employment or to take any other action by way of mitigation of the amounts payable to the Executive under the provisions of this Section 6.

(d) Termination from the Board and any Offices Held. Upon termination of the Executive's employment for any reason, the Executive agrees that the Executive's

membership on the Board, the board of directors of any of the Company's subsidiaries or affiliates, any committees of the Board, any committees of the board of directors of any of the Company's subsidiaries or affiliates and any and all offices held, if applicable, shall be automatically terminated. The Executive hereby agrees to cooperate with the Company and its subsidiaries and affiliates and to execute any documents reasonably required by them or competent authorities to effect this provision.

Excise Tax Limitation

(a) Payment Limitation. Notwithstanding anything contained in this Amended Agreement (or in any other agreement between the Executive and the Company) to the contrary, to the extent that any payments and benefits provided under this Amended Agreement or any other plan or agreement of the Company (such payments or benefits are collectively referred to as the "Payments") would be subject to the excise tax (the "Excise Tax") imposed under Section 4999 of the Code, the Payments shall be reduced if and to the extent that a reduction in the Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax), than he would have retained had he been entitled to receive all of the Payments (such reduced amount is hereinafter referred to as the "Limited Payment Amount"). The Company shall reduce the Payments by first reducing or eliminating payments or benefits which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the date the "Determination" (as defined in Section 7(b) below) is delivered to the Company and the Executive.

(b) Determination and Dispute. The determination as to whether the Payments shall be reduced to the Limited Payment Amount and the amount of such Limited Payment Amount (the "Determination") shall be made at the Company's expense by an accounting or consulting firm selected by the Company and reasonably acceptable to the Executive (the "Firm"). The Firm shall provide the Determination in writing, together with detailed supporting calculations and documentation, to the Company and the Executive on or prior to the effective date of termination of the Executive's employment if applicable, or at such other time as requested by the Company or by the Executive. Within ten (10) days of the delivery of the Determination to the Executive, the Executive shall have the right to dispute the Determination (the "Dispute") in writing setting forth the precise basis of the Dispute. If there is no Dispute, the Determination shall be binding, final and conclusive upon the Company and the Executive.

(c) Excise Tax is Obligation of the Executive. Any Excise Tax with respect to the Executive's Payments shall be the sole obligation of the Executive, subject to any tax withholding obligation imposed on the Company with respect thereto.

Compliance with Section 409A

This Amended Agreement and the payments hereunder are intended to be exempt, to the greatest extent possible, from the requirements of Section 409A of the Code, and to the extent not so exempt, to comply with the requirements of Section 409A of the Code, and shall be construed and administered consistent with, and to give full effect to, such intent. The payments to the Executive pursuant to this Amended Agreement

are also intended to be exempt from Section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation § 1.409A-1 (b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation § 1.409A-1(b)(4). In the event the terms of this Amended Agreement would subject the Executive to taxes or penalties under Section 409A of the Code ("409A Penalties"), the Company and the Executive shall cooperate diligently to amend the terms of the Amended Agreement to avoid such 409A Penalties, to the extent possible; *provided* that such amendment shall not increase or reduce (in the aggregate) the amounts payable to the Executive hereunder. Any taxable reimbursement payable to the Executive pursuant to this Amended Agreement shall be paid to the Executive no later than the last day of the calendar year following the calendar year in which the Executive incurred the reimbursable expense. Any amount of expenses eligible for taxable reimbursement, or such in-kind benefit provided, during a calendar year shall not affect the amount of such expenses eligible for reimbursement, or such in-kind benefit to be provided, during any other calendar year. The right to such reimbursement or such in-kind benefits pursuant to this Amended Agreement shall not be subject to liquidation or exchange for any other benefit. Any right to a series of installment payments pursuant to this Amended Agreement is to be treated as a right to a series of separate payments. A termination of employment shall not be deemed to have occurred for purposes of this Amended Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A of the Code. If on the date of termination of employment the Executive is a "specified employee" within the meaning of that term under Section 409A of the Code, then, notwithstanding any other provision herein, with regard to any payment or benefit that is properly treated as nonqualified deferred compensation under Section 409A of the Code (after taking into account all exclusions applicable to such payment or benefit) and is payable on account of such separation from service, such payment or benefit shall not be made or provided prior to the expiration of the earlier of the six-month period measured from the date of such separation from service, or the Executive's death. All payments and benefits delayed pursuant to the preceding provisions of this Section 8 shall be paid to the Executive on the first payroll date following the end of the delay period.

Protection of Trade Secrets and Confidential Information

(a) Acknowledgments Regarding "Confidential Information". In performing his duties as an executive of the Company, the Executive acknowledges that he will have access to documents, trade secrets, and other confidential and proprietary information which consists of information known by the Executive as a consequence of his employment with the Company (including information originated, discovered and/or developed by the Executive). The Executive acknowledges: (i) that all of the Confidential Information, as defined in Section 9(b) below, made accessible to the Executive shall be provided only in strict confidence; (ii) that unauthorized disclosure of Confidential Information may damage the Company's business; (iii) that Confidential Information could be susceptible to immediate competitive application by a competitor of the Company; (iv) that the Company's business is substantially dependent on access to and the continuing secrecy of Confidential Information; (v) that Confidential Information is novel, unique to the Company and known only to the Executive, the Company and certain key employees and contractors of the Company; (vi) that the Company shall at all times retain ownership and control of all Confidential Information; and (vii) that the restrictions contained in this

Amended Agreement are reasonable and necessary for the protection of the Company's legitimate business interests.

(b) Definition of Confidential Information. The term "Confidential Information" means confidential and proprietary information of the Company, including, but not limited to, (i) information not generally known outside the Company such as information which is unique to the Company, (ii) information about the Company's real estate investments, projects, developments, business plans, financial plans, products, processes and services, research and development activities, client lists, marketing techniques, pricing policies, financial targets, financial information and projections, and (iii) any trade secret information as that term is defined in the Colorado Uniform Trade Secrets Act, C.R.S. § 7-74-101 *et seq.* However, the term Confidential Information shall not include information that: (w) becomes generally available to and known by the public; (x) was available to the Executive on a non-confidential basis prior to its disclosure; (y) becomes available to the Executive from a source other than the Company, *provided* that the Executive has no knowledge that such source is prohibited from disclosing such information to the Executive by a contractual, legal or fiduciary obligation to the Company; or (z) the Executive has independently developed with no reliance on or access to any of the information provided directly or indirectly by the Company.

(c) The Executive's Use of Confidential Information. Except in connection with and in furtherance of the Executive's work on the Company's behalf, the Executive shall not, without the Company's prior written consent, at any time, directly or indirectly: (i) use any Confidential Information for any purpose; or (ii) disclose or otherwise communicate any Confidential Information to any person or entity; or (iii) accept or participate in any employment, consulting engagement, or other business opportunity that inevitably will result in the disclosure or use of any Confidential Information.

(d) Third-Parties' Confidential Information. The Executive acknowledges that the Company has received and in the future will receive from third parties confidential or proprietary information, and that the Company must maintain the confidentiality of such information and use it only for authorized purposes. The Executive shall not use or disclose any such information except as authorized by the Company or the third party to whom the information belongs.

(e) Ownership of Works. The Executive agrees to promptly disclose in writing to the Company all inventions, discoveries, developments, improvements, and innovations (collectively referred to as "Inventions") that the Executive has conceived or made during his employment with the Company; *provided, however*, that in this context "Inventions" are limited to those which (i) relate in any manner to the existing or contemplated business or research activities of the Company and its affiliates; (ii) are suggested by or result from the Executive's work at the Company; or (iii) result from the use of the time, materials or facilities of the Company and its affiliates. All Inventions will be the Company's property rather than the Executive's. Should the Company request it, the Executive agrees to sign any document that the Company may reasonably require to establish ownership in any Invention.

(f) Subsidiaries Included. For purposes of this Section 9, the term “Company” includes all of the Company’s direct and indirect wholly-owned and majority-owned subsidiaries.

Unfair Competition

. To protect the interests of the Company and its Confidential Information, and in consideration of the covenants and promises and other valuable consideration described in this Amended Agreement, the Executive agrees as follows:

(a) Non-Compete. The Executive will not, at any time during his employment and for a period of two (2) years following termination of his employment by the Company for Cause, by the Executive without Good Reason, or by the Executive by reason of Retirement, acting alone or in conjunction with others, directly or indirectly, engage (either as owner, investor, partner, stockholder, lender, employer, employee, consultant, advisor, member, or director) in any aspect of a Residential Project (as defined in Section 10(a)(ii) below) in the Geographic Region (as defined in Section 10(a)(iii) below), including, but not limited to, any land acquisition, land development, entitlements or construction, marketing, sale, financing or management of any Residential Project.

(i) The Executive acknowledges that in light of his position, duties and responsibilities with the Company, the Executive will have access to and be familiar with the Company’s Confidential Information and trade secrets for each such Residential Project, and that this two (2) year non-compete provision is narrowly tailored and reasonable to protect the Company’s Confidential Information and trade secrets.

(ii) For purposes of this Section 10, the term “Residential Project” shall mean any residential building project for which the Company has invested resources, performed due diligence, planned land development and/or initiated real estate acquisitions during the Executive’s employment with the Company.

(iii) For purposes of this Section 10, the term “Geographic Region” shall mean (i) any and all counties in any state in which the Company has engaged in any Residential Project in the past or in which it is currently conducting any Residential Project, and (ii) any and all other counties in any state that the Company engages in any Residential Project in the future during the Executive’s employment with the Company.

(iv) It will not be a violation of this Section 10 or of Section 10(c) below for the Executive to own not more than five percent (5%) of the equity securities of any company having securities listed on an exchange or regularly traded in the over-the-counter market.

(v) It will not be a violation of this Section 10 or of Section 10(c) below for the Executive to acquire, invest, manage, construct, develop, or dispose of the Executive’s investments in apartments for-rent, multi-family properties, and non-residential real estate, directly or indirectly, in any capacity.

(b) Non-Solicitation of Company Employees. The Executive agrees that the Company has invested substantial time and effort in assembling and training its present staff of personnel. Accordingly, the Executive agrees that for a period of two (2) years following termination of employment by the Company for Cause, by the Executive without Good Reason or by the Executive by reason of Retirement, the Executive will not directly or indirectly induce or solicit or seek to induce or solicit on behalf of employee or others any of the Company's employees to leave employment with the Company.

(c) Non-Solicitation of Clients and Suppliers. The Executive agrees that the Company's relationships with its "Clients and Suppliers" (as such term is defined in this Section 10(c)) are solely the assets and property of the Company. The Executive agrees that for a period of two (2) years following termination of the Executive's employment by the Company for Cause, by the Executive without Good Reason or by the Executive by reason of Retirement, the Executive shall not directly or through others solicit or attempt to solicit any of the Company's Clients and/or Suppliers for the purpose of providing products or services competitive to those offered by the Company. This restriction applies only to those Clients and/or Suppliers with whom the Executive had "material contact" (as such term is defined in this Section 10(c)) on behalf of the Company. "Material contact" means: (i) direct personal contact with a Supplier or Client for the purpose of, respectively, purchasing real estate, materials or services for use by the Company or selling the Company's real estate, products or services to Clients or (ii) any direct supervision of direct personal contacts other employees of the Company may have with Suppliers and/or Clients. "Clients and Suppliers" are those clients or suppliers with whom the Executive had material contact within one (1) year prior to the termination of the Executive's employment with the Company. The terms "Client" and "Supplier" shall also include prospective Clients and Suppliers of the Company.

(d) Acknowledgments. The Executive acknowledges that the foregoing restriction on competition is fair and reasonable, given the nature and scope of the Company's business operations and the nature of the Executive's position with the Company. The Executive also acknowledges that while employed by the Company, the Executive will have access to information that would be valuable or useful to the Company's competitors, and therefore acknowledges that the foregoing restrictions on the Executive's future employment and business activities are fair and reasonable.

(e) Acknowledgments of Law. The Executive acknowledges the following provisions of Colorado law, set forth in Colorado Revised Statutes § 8-2-113(2):

Any covenant not to compete which restricts the right of any person to receive compensation for performance of skilled or unskilled labor for any employer shall be void, but this subsection (2) shall not apply to:

any contract for the protection of trade secrets; or

executive and management personnel and officers and employees who constitute professional staff to executive and management personnel.

The Executive acknowledges that this Amended Agreement is a contract for the protection of trade secrets within the meaning of § 8-2-113(2)(b) and is intended to protect the Confidential Information identified above and that the Executive qualifies as executive personnel within the meaning of § 8-2-113(2)(d).

(f) Subsidiaries Included. For purposes of this Section 10, the term “Company” includes all of the Company’s direct and indirect wholly-owned and majority-owned subsidiaries.

Enforcement of Restrictive Covenants

. The Executive agrees and acknowledges that the remedies at law for any breach by the Executive of any provision of Section 9 or Section 10 of this Amended Agreement will be inadequate and that the Company shall be entitled to obtain injunctive relief against the Executive from a court of competent jurisdiction in the event of any breach of any provision of Section 9 or 10 of this Amended Agreement, in addition to seeking monetary damages as afforded by this Amended Agreement and applicable law.

Cooperation

. The parties agree that certain matters in which the Executive will be involved during the term of this Employment Agreement may necessitate the Executive’s cooperation in the future. Accordingly, following the termination of the Executive’s employment for any reason and *provided* such cooperation is not directly adverse to his legal interests, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company and its subsidiaries and affiliates and their designated attorneys, representatives and agents in connection with matters arising out of the Executive’s service to the Company; *provided* that, the Company shall provide reasonable advance notice and make reasonable efforts to minimize disruption of Executive’s other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation within thirty (30) business days of receipt of supporting documentation of such expenses and the Company shall compensate the Executive at an hourly rate based on the Executive’s Base Salary and Annual Bonus for the most recently completed fiscal year as determined under Item 402 of Regulation S-K promulgated under the Exchange Act divided by 2,080. The Executive will submit invoices to the Company each month indicating the number of hours of services provided hereunder by the Executive, and payment of agreed-upon charges will be made within thirty (30) days of receipt of invoice, but in no event later than March 15 of the year following the year in which the services were performed. If invoices are not submitted within sixty (60) days following the end of the month in which the Executive’s services are performed, such invoices will not be eligible for payment and the Executive will not be compensated by the Company for the services described therein. For the avoidance of doubt, the parties understand, acknowledge and agree that if the Executive continues to serve as a non-employee director on the Board after the Date of Termination, the Executive will be eligible to receive non-employee director compensation in addition to any compensation received pursuant to this Section 12.

Miscellaneous

(a) Any notice or other communication required or permitted under this Amended Agreement shall be effective only if it is in writing and shall be deemed to be given when delivered personally or four (4) days after it is mailed by registered or certified mail, postage prepaid, return receipt requested or one (1) day after it is sent by a reputable

overnight courier service and, in each case, addressed as follows (or if it is sent through any other method agreed upon by the parties):

If to the Company: Century Communities, Inc.
8390 East Crescent Parkway
Suite 650
Greenwood Village, CO 80111
Attn: Chief Executive Officer

with a copy to: Fox Rothschild LLP
222 South Ninth Street
Suite 2000
Minneapolis, MN 55402
Attn: Amy E. Culbert, Esq.

If to the Executive: Robert J. Francescon
8390 East Crescent Parkway
Suite 650
Greenwood Village, CO 80111

or to such other address as any party hereto may designate by notice to the others.

(b) This Amended Agreement may be amended only by an instrument in writing signed by the parties hereto, and any provision hereof may be waived only by an instrument in writing signed by the party or parties against whom or which enforcement of such waiver is sought. The failure of any party hereto at any time to require the performance by any other party hereto of any provision hereof shall in no way affect the full right to require such performance at any time thereafter, nor shall the waiver by any party hereto of a breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision or a waiver of the provision itself or a waiver of any other provision of this Amended Agreement.

(c) The parties hereto acknowledge and agree that each party has reviewed and negotiated the terms and provisions of this Amended Agreement and has had the opportunity to contribute to its revision. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Amended Agreement. Rather, the terms of this Amended Agreement shall be construed fairly as to both parties hereto and not in favor of or against either party.

(d) The parties hereto hereby represent that they each have the authority to enter into this Amended Agreement, and the Executive hereby represents to the Company that the execution of, and performance of duties under, this Amended Agreement shall not constitute a breach of or otherwise violate any other agreement to which the Executive is a party. The Executive hereby further represents to the Company that he will not utilize or disclose any confidential information obtained by the Executive in connection with any former employment with respect to his duties and responsibilities hereunder.

(e) By entering into this Agreement, the Executive acknowledges and agrees that the Company has given him a full and complete opportunity and sufficient time to consult with counsel and other advisors of his own choosing concerning the terms, enforceability and implications of this Amended Agreement and related documents/matters, or has made a knowing and voluntary decision to not engage his own counsel and other advisors with respect to the foregoing. The Executive also acknowledges and affirms that the Company has not made any representations or warranties to the Executive concerning the terms, enforceability or implications of this Amended Agreement other than as reflected in this Amended Agreement, and that the Executive has not relied upon the advice of the Company and/or its counsel or advisors as he has negotiated regarding, and decided to enter into, this Amended Agreement.

(f) This Amended Agreement is binding on and is for the benefit of the parties hereto and their respective successors, assigns, heirs, executors, administrators and other legal representatives. Neither this Amended Agreement nor any right or obligation hereunder may be assigned by the Executive.

(g) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume this Amended Agreement in the same manner and to the same extent that the Company would have been required to perform it if no such succession had taken place. As used in the Amended Agreement, the “Company” shall mean both the Company as defined above and any such successor that assumes this Amended Agreement, by operation of law or otherwise.

(h) Any provision of this Amended Agreement (or portion thereof) which is deemed invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this Section 13(h), be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions thereof in such jurisdiction or rendering that or any other provisions of this Amended Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable.

(i) As material obligations of the Company hereunder: the Company shall employ Dale Francescon as its Co-Chief Executive Officer and as Chairman of the Board of the Company’s Board of Directors; the Company shall not: (a) terminate the employment of Dale Francescon without Cause; or (b) create or permit to exist any circumstance that would constitute “Good Reason” (as such term is defined in Dale Francescon’s employment agreement with the Company) which results in Dale Francescon terminating his employment under his employment agreement, unless in the case of clause (b) hereof, Dale Francescon consents in writing to such action.

(j) The Executive’s or the Company’s failure to insist upon strict compliance with any provision of this Amended Agreement or the failure to assert any right the

Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Amended Agreement.

(k) Notwithstanding anything herein to the contrary, payment of amounts to the Executive under this Amended Agreement will be subject to applicable mandatory forfeiture or repayment provisions under the Sarbanes-Oxley Act of 2002 or any other applicable law, rule or regulation or stock exchange requirement, and the Company's clawback and forfeiture policy, and if the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002, any other law, rule or regulation or any stock exchange requirement, or under the Company's clawback and forfeiture policy, in each case which is applicable to the Company and the Executive, such forfeiture or repayment shall not constitute Good Reason under this Amended Agreement.

(l) The obligations under this Amended Agreement shall be unfunded. Payments and benefits payable under this Amended Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Amended Agreement.

(m) The Company may withhold from any amounts payable to the Executive hereunder all federal, state, city or other taxes that the Company may reasonably determine are required to be withheld pursuant to any applicable law or regulation (it being understood that the Executive shall be responsible for payment of all taxes in respect of the payments and benefits provided herein).

(n) This Amended Agreement shall be governed by and construed in accordance with the laws of the State of Colorado without reference to its principles of conflicts of law.

(o) This Amended Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. A facsimile or PDF of a signature shall be deemed to be and have the effect of an original signature.

(p) The headings in this Amended Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof.

(q) This Amended Agreement shall constitute the entire agreement among the parties hereto with respect to the Executive's employment hereunder, and supersedes and is in full substitution for any and all prior understandings or agreements (including the Prior Agreement) with respect to the Executive's employment.

(r) Effective at the Effective Date, the Prior Agreement shall terminate and shall be superseded in its entirety by this Amended Agreement with respect to all aspects of the Executive's employment with the Company on or after the Effective Date. The Executive acknowledges and agrees that, as of the Effective Date, no event has occurred which constitutes Good Reason, as that term is defined in the Prior Agreement. For the

avoidance of doubt, the Prior Agreement shall continue to apply after the Effective Date with respect to any compensation or benefits due to the Executive through the Effective Date.

[Signature Page Follows]

In Witness Whereof, the parties have executed this Amended and Restated Employment Agreement as of the Effective Date first written above.

Executive: /s/ Robert J. Francescon
Robert J. Francescon

Company: **Century Communities, Inc.**, a Delaware corporation

By: /s/ David L.
Messenger
David L. Messenger,
Chief Financial Officer

EXHIBIT A

For purposes of the Amended Agreement, “Change in Control” shall mean the occurrence of any of the following events:

(a) Any transaction or event resulting in the beneficial ownership of voting securities, directly or indirectly, by any “person” or “group” (as those terms are defined in Sections 3(a)(9), 13(d), and 14(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules thereunder) having “beneficial ownership” (as determined pursuant to Rule 13d-3 under the Exchange Act) of securities entitled to vote generally in the election of directors (“voting securities”) of the Company that represent greater than 35% of the combined voting power of the Company’s then outstanding voting securities (unless the Executive has beneficial ownership of at least 35% of such voting securities), other than any transaction or event resulting in the beneficial ownership of securities:

(i) by a trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company or by any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company, or

(ii) by the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the stock of the Company, or

(iii) pursuant to a transaction described in clause (c) below that would not be a Change in Control under clause (c);

(s) Individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election by the Company’s stockholders, or nomination for election by the Board, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an election contest with respect to the election or removal of directors or other solicitation of proxies or consents by or on behalf of a person other than the Board;

(t) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (i) a merger, consolidation, reorganization, or business combination, (ii) a sale or other disposition of all or substantially all of the Company’s assets, or (iii) the acquisition of assets or stock of another entity, in each case, other than a transaction:

(i) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the

person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity") directly or indirectly, greater than 25% of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) after which no person or group beneficially owns voting securities representing greater than 50% of the combined voting power of the Successor Entity; *provided, however*, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning greater than 50% of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(u) The approval by the Company's stockholders of a liquidation or dissolution of the Company.

For purposes of clause (a) above, the calculation of voting power shall be made as if the date of the acquisition were a record date for a vote of the Company's stockholders, and for purposes of clause (c) above, the calculation of voting power shall be made as if the date of the consummation of the transaction were a record date for a vote of the Company's stockholders.

EXHIBIT B

FORM OF SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (this “Separation Agreement”) is entered into by and between ROBERT J. FRANCESCON (the “Executive,” a term which includes the Executive’s spouse (if any), and all assigns, heirs, and successors in interest) and CENTURY COMMUNITIES, INC. (the “Company”), a term which for the purposes of this Separation Agreement includes Century Communities, Inc. or any affiliate or subsidiary thereof), and its directors, owners, officers and shareholders. Pursuant to the mutual promises, covenants and commitments as referenced herein, the parties agree as follows:

Termination of Employment

. The Executive’s employment with the Company ended on [] pursuant to the terms of an Amended and Restated Employment Agreement between the parties dated [] (hereinafter “Employment Agreement”), the terms of which are incorporated herein by reference. Capitalized terms not otherwise defined herein have the respective meanings as set forth in the Employment Agreement. Nothing herein shall affect in any way Executive’s rights with respect to the ownership or acquisition of any Company stock or securities and options or other rights to acquire any Company stock or securities, or any rights Executive has as a holder of any stock or securities of the Company. For the avoidance of doubt, the treatment of the Executive’s rights with respect to its Equity Awards will be governed by the terms of the Equity Agreements and modified by the Employment Agreement.

No Admissions

. The Executive and the Company agree that the entry of the parties into this Separation Agreement is not and shall not be construed to be an admission of liability on the part of any party hereto or hereby released.

Adequacy of Consideration

. The parties acknowledge and agree that in the Employment Agreement, the Company offered certain severance payments conditioned upon the Executive’s execution of this Separation Agreement. The Executive acknowledges that the severance payments offered by the Company constitute good and valuable consideration to which the Executive would otherwise not be entitled absent his execution of this Separation Agreement.

Acknowledgement and Covenants Made by the Company for the Benefit of the Executive

. In consideration for the promises made by the Executive as set forth herein, the Company agrees to pay the Executive the conditional severance payments as set forth in Section 6 of the Executive’s Employment Agreement.

Acknowledgements and Covenants Made by the Executive for the Benefit of the Company

. In consideration for the undertakings and promises of the Company as set forth in this Separation Agreement, the Executive:

(a) acknowledges that he has been or by virtue of this Separation Agreement will be paid all compensation and benefits to which he is legally due;

(b) acknowledges the enforceability of Sections 9 and 10 of his Employment Agreement with the Company and promises that he has been, currently is, and will continue

to be in full compliance with Sections 9 and 10 of the Employment Agreement, which by their terms extend beyond and survive the termination of the employment relationship.

(c) Unconditionally releases, discharges, and holds harmless the Company and the Company's officers, directors, shareholders, employees, agents, attorneys and contractors, (hereinafter referred to collectively as "Releasees") from each and every claim, cause of action, right, liability or demand of any kind and nature arising from the Executive's relationship with the Company as an employee and officer of the Company, and from any claims which may be derived therefrom (collectively referred to as "claims"), that the Executive had, has, or might claim to have against the Company at the time the Executive executes this Separation Agreement, including but not limited to any and all claims:

(i) arising from the Executive's Employment Agreement with the Company, employment, pay, bonuses, employee benefits, and other terms and conditions of employment or employment practices of the Company;

(ii) relating to the termination of the Executive's employment with the Company or the surrounding circumstances thereof;

(iii) relating to payment of any attorneys' fees for the Executive; except for attorneys' fees that may be provided in connection with a claim covered under the Company's directors' and officers' liability ("D&O") and employment practice liability ("EPL") insurance policies for actions by the Executive within the scope of employment and within the coverage of the Company's D&O and EPL insurance policies, or in connection with any indemnification agreement between the Executive and the Company for actions by the Executive within the scope covered by such agreement.

(iv) based on discrimination on the basis of race, color, religion, sex, pregnancy, national origin, handicap, disability, or any other category protected by law under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, 42 USC § 1981, Executive Order 11246, the Equal Pay Act, the Americans With Disabilities Act, the Rehabilitation Act of 1973, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, as any of these laws may have been amended or any other similar federal, state or local labor, employment or anti-discrimination laws;

(v) the Age Discrimination in Employment Act and the Older Workers Benefits Protection Act;

(vi) based on any contract, tort, whistleblower, personal injury, or wrongful discharge theory; and

(vii) based on any other federal, state or local constitution, regulation, law (statutory or common), or legal theory.

Except as otherwise may be provided in this Separation Agreement, it is understood and agreed that this is a full, complete and final general release of any and all claims described as aforesaid, and that the parties hereto agree that it shall apply to all unknown, unanticipated, unsuspected and undisclosed claims, demands, liabilities, actions or causes of action, in law, equity or otherwise, as well as those which are now known, anticipated, suspected or disclosed. Notwithstanding the foregoing, the provisions of this Paragraph 5 shall not be deemed to be a release of any claims arising from the Executive's ownership of stock or other equity securities of the Company or any other contractual relationship between the Executive and the Company not released under Paragraph 5(c) above, as limited by this paragraph, including, but not limited to, (A) any payments and benefits pursuant to Section 6 of the Employment Agreement, any equity award granted to the Executive by the Company, or the Indemnification Agreement between the Company and the Executive; (B) to be indemnified and advanced expenses in accordance with applicable law or the corporate documents of the Company, or to be covered under any applicable directors' and officers' liability insurance policies of the Company; and (C) with respect to any claims which arise after the Effective Date of this Release, including but not limited to any claims arising out of this Separation Agreement.

18. Acknowledgements and Covenants made by the Company for the benefit of the Executive. In consideration for the undertakings and promises of the Executive as set forth in this Separation Agreement, the Company: Unconditionally releases, discharges, and holds harmless the Executive from each and every claim, cause of action, right, liability or demand of any kind and nature arising from the Executive's relationship with the Company as an employee and officer of the Company, and from any claims which may be derived therefrom (collectively referred to as "claims"), that the Company had, has, or might claim to have against the Executive at the time the Executive executes this Separation Agreement, including but not limited to any and all claims:

- (a) arising from the Executive's Employment Agreement with, or activities on behalf of, the Company;
- (b) based on any contract, tort, or common law theory; and
- (c) based on any other federal, state or local constitution, regulation, law (statutory or common), or legal theory.

Except as otherwise may be provided in this Separation Agreement, it is understood and agreed that this is a full, complete and final general release of any and all claims described as aforesaid, and that the Parties agree that it shall apply to all unknown, unanticipated, unsuspected and undisclosed claims, demands, liabilities, actions or causes of action, in law, equity or otherwise, as well as those which are now known, anticipated, suspected or disclosed. Notwithstanding the foregoing, the provisions of this Paragraph 6 shall not be deemed to be a release of any claims arising under Sections 9 and 10 of the Employment Agreement.

Executive's Covenant Not to Sue or Accept Recovery

. The Executive covenants not to file a lawsuit against the Company or Releasee based on any claim released under this Separation Agreement. It is understood and agreed that the following are not waived or barred by this Separation Agreement: (i) claims related to the validity or challenging the enforceability of this Separation Agreement; (ii) claims by either party to enforce this Separation Agreement; (iii) claims which cannot legally be waived; (iv) claims seeking state workers' compensation or unemployment benefits. Further, it is understood and agreed that this Separation Agreement does not bar the Executive's right to file an administrative charge with the Equal Employment Opportunity Commission ("EEOC"), the United States Department of Labor ("USDOL"), the Securities and Exchange Commission ("SEC"), or any other federal, state or local agency. Other than unemployment benefits, the Executive further covenants not to accept, recover or receive any monetary damages or any other form of relief which may arise out of or in connection with any administrative remedies which may be filed with or pursued against the Company or any Releasee independently by any governmental agency or agencies, whether federal, state or local, except that Executive may receive an award from the SEC under the federal securities laws.

No Pending Actions or Claims

. To the extent applicable, the Executive represents that the Executive has not filed any lawsuits against the Company or any Releasees at the time the Executive executes this Separation Agreement. Further, to the extent applicable, the Executive has not suffered any work-related illness or injury that could form the basis of any workers' compensation or disability claim as of the date the Executive executed this Separation Agreement of which Executive is reasonably aware. The Executive further agrees that the Executive has been paid all compensation due as a result of the Executive's employment with the Company, *provided* that Executive has received all compensation and payments due and owing to the Executive under Section 6(a) of the Employment Agreement.

Confidentiality

. Except as otherwise expressly provided in this paragraph, the parties agree that the terms and conditions of this Separation Agreement are and shall be deemed to be confidential and hereafter shall not be disclosed to any other person or entity. The only disclosures excepted by this paragraph are (a) as may be required by applicable law, rule or regulation or the stock exchange on which the Company's securities may then be listed; (b) the parties may tell prospective employers the dates of the Executive's employment, positions held, the Executive's duties and responsibilities and salary history with the Company; (c) the Executive is able to disclose Sections 9 and 10 of the Employment Agreement, as referenced herein, to potential or future employers; (d) the parties may disclose the terms and conditions of this Separation Agreement to their attorneys, accountants, tax advisors, and/or any other person necessary to enforce such terms and conditions; and (e) the parties may disclose the terms and conditions of this Separation Agreement to their respective spouses, if any, *provided, however*, that the Executive makes the Executive's spouse aware of the confidentiality provisions of this paragraph and the Executive's spouse agrees to keep the terms of this Separation Agreement confidential.

No Harassing Conduct

- (a) The Executive covenants that the Executive shall not undertake any harassing or disparaging conduct directed at the Company or any Releasee and that the

Executive shall refrain from making any harassing or disparaging statements concerning the Company or any Releasee to any third party.

(b) The Company covenants that the Company shall not undertake any harassing or disparaging conduct directed at the Executive and that the Company shall refrain from making any harassing or disparaging statements concerning the Executive to any third party.

Enforcement

. The parties agree to pay their own attorneys' fees and all other costs and expenses incurred in enforcing this Separation Agreement.

No Reliance Upon Other Statements

. This Separation Agreement is entered into without reliance upon any statement or representation of any party hereto or parties hereby released other than the statements and representations contained in writing in this Separation Agreement, and the terms of the Employment Agreement, incorporated herein by reference.

Full and Knowing Waiver

. By signing this Separation Agreement, the Executive certifies that:

- (a) the Executive has read and understands this Separation Agreement;
- (b) the Executive was given at least twenty-one (21) calendar days from the date this Separation Agreement was initially presented to consider this Separation Agreement before signing this Separation Agreement;
- (c) the Executive was advised in writing, via this Separation Agreement, to consult with an attorney before signing this Separation Agreement;
- (d) the Executive agrees to its terms knowingly, voluntarily and without intimidation, coercion or pressure.

Revocation of Age Release

. The Executive may revoke this Separation Agreement within seven (7) calendar days after signing it. To be effective, such revocation must be received in writing by the Human Resources Director for Century Communities, Inc., at 8390 E. Crescent Parkway, Suite 650, Greenwood Village, CO 80111. Revocation can be made by hand delivery, telegram, facsimile, or postmarking before the expiration date of this seven (7) day period.

Acceptance of Separation Agreement

. To accept this Separation Agreement, the Executive understands that he must sign this Separation Agreement and return an original signed document to the Human Resources Director for Century Communities, Inc., at 8390 E. Crescent Parkway, Suite 650, Greenwood Village, CO 80111.

No Application or Reemployment

. The Executive hereby agrees that he shall not seek reinstatement or apply for future employment with the Company. The Executive agrees that any application for reinstatement or for future employment with the Company will be considered void from its inception, and may be summarily rejected by the Company without explanation or liability. In addition, if the Executive should be offered or accept a position with the Company, the offer may be withdrawn, or the Executive may be terminated immediately, without notice or

cause. The Executive further agrees that, in the event of such an offer and withdrawal, or hiring and termination, he waives any right to recover damages, seek or obtain equitable remedies, obtain unemployment benefits, claim wrongful termination or breach of contract, and that this Separation Agreement may be used as a defense by the Company in any legal or administrative proceeding.

Colorado Law and Venue

. The laws of the State of Colorado shall govern this Separation Agreement without regard to choice of law. The parties further understand and agree that, in any legal proceeding arising under this Separation Agreement, venue shall be in Arapahoe County, Colorado.

Severability

. Should any provision of this Separation Agreement be declared or be determined by any court of competent jurisdiction to be wholly or partially illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, or provisions shall not be affected thereby, and said illegal, unenforceable, or invalid part, term, or provision shall be deemed not to be a part of this Separation Agreement.

Entire Agreement

. This Separation Agreement, and the references to certain provisions of the Employment Agreement (i.e., Sections 6, 8, 9, 10, and 11) incorporated by reference herein sets forth the entire agreement between the parties hereto and fully supersedes any and all prior or contemporaneous agreements or understandings, written or oral, between the parties pertaining to the subject matter hereof.

[Signature Page Follows]

In Witness Whereof, the undersigned hereunto set their hands to this Separation Agreement effective as of _____.

Executive:

Robert J. Francescon

Address:

City, State &

Zip:

Telephone

Facsimile:

email:

Company:

Century Communities, Inc., a Delaware corporation

By:

Name:

Title:

Address: 8390 E. Crescent Parkway, Suite 650
Greenwood Village, CO 80111

Telephone:

Facsimile:

email:

LIST OF SUBSIDIARY GUARANTORS

As of June 30, 2023, 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 June 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”). The Issuer’s subsidiaries associated with its financial services operations do not guarantee the Senior Notes.

As of June 30, 2023, the entities set forth below, which are 100% owned subsidiaries of the Issuer, were guarantors of the outstanding Senior Notes. However, only the 2027 Notes and the related guarantees are 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.

The Guarantors’ condensed supplemental financial information is presented in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 as if the guarantees existed during the periods presented pursuant to applicable SEC rules and guidance. In addition, pursuant to SEC rules and guidance, the information regarding the Guarantors as of June 30, 2023 is set forth below.

<u>Name of Entity</u>	<u>State of Formation, Organization, or Incorporation</u>
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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
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 Tennessee, LLC	California

Name of Entity**State of Formation, Organization, or
Incorporation**

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 Bellevue 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
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

<u>Name of Entity</u>	<u>State of Formation, Organization, or Incorporation</u>
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	Colorado
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 Georgia, LLC	Colorado
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

<u>Name of Entity</u>	<u>State of Formation, Organization, or Incorporation</u>
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Century Land Holdings II, LLC	Colorado
Century Land Holdings of Texas, LLC	Colorado
Century Land Holdings of Utah, LLC	Utah
Century Living, LLC	Delaware
Century Townhomes at Candelas, LLC	Colorado
Century Tuscany 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
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
Reserve at Highpointe Estates, LLC	Colorado
Reserve at The Meadows, 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
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 Tapestry, LLC	Delaware
Venue at Arista, LLC	Colorado
Verona Estates, LLC	Colorado

Name of Entity**State of Formation, Organization,
or Incorporation**

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
WJHAL LLC	Alabama
WJHFL LLC	Delaware
WJHID LLC	Idaho
WJHKY LLC	Kentucky
WJH Brokerage AZ LLC	Arizona
WJH Brokerage FL LLC	Florida
WJH Brokerage IA LLC	Iowa
WJH Brokerage IN LLC	Indiana
WJH Brokerage MI LLC	Michigan
WJH Brokerage NC LLC	North Carolina
WJH Brokerage OH LLC, D/B/A WADE JURNEY HOMES	Ohio
WJH Brokerage TX LLC	Texas
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: July 26, 2023

/s/ Dale Francescon

Dale Francescon

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

**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: July 26, 2023

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

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: July 26, 2023

/s/ David Messenger

David Messenger
Chief Financial Officer
(Principal Financial Officer)

**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 June 30, 2023, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Quarterly Report”), I, Dale Francescon, Chairman of the Board and Co-Chief 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 Quarterly 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 26, 2023

/s/ Dale Francescon

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

**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 June 30, 2023, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Quarterly Report”), I, Robert J. Francescon, Co-Chief Executive Officer and President 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 Quarterly 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 26, 2023

/s/ Robert J. Francescon

Robert J. Francescon

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

**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 June 30, 2023, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Quarterly Report”), I, David Messenger, Chief 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 Quarterly 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 26, 2023

/s/ David Messenger

David Messenger
Chief Financial Officer
(Principal Financial Officer)
