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, 2024

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	**68-0521411**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8390 East Crescent Parkway, Suite 650 Greenwood Village, CO	**80111**
(Address of principal executive offices)	(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	☒	Accelerated filer	☐
Non-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 19, 2024, 31,336,340 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, 2024

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Century Communities, Inc.
Condensed Consolidated Balance Sheets
As of June 30, 2024 and December 31, 2023
(in thousands, except share and per share amounts)

	June 30, 2024	December 31, 2023
Assets	(unaudited)	(audited)
Cash and cash equivalents	$ 106,682	$ 226,150
Cash held in escrow	44,823	101,845
Accounts receivable	78,260	76,213
Inventories	3,295,336	3,016,641
Mortgage loans held for sale	255,305	251,852
Prepaid expenses and other assets	404,315	350,193
Property and equipment, net	97,215	69,075
Deferred tax assets, net	17,426	16,998
Goodwill	32,082	30,395
Total assets	$ 4,331,444	$ 4,139,362
Liabilities and stockholders' equity		
Liabilities:		
Accounts payable	$ 158,778	$ 147,265
Accrued expenses and other liabilities	271,849	303,392
Notes payable	1,075,344	1,062,471
Revolving line of credit	111,000	—
Mortgage repurchase facilities	248,816	239,298
Total liabilities	1,865,787	1,752,426
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, 31,336,340 and 31,774,615 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	313	318
Additional paid-in capital	540,573	592,989
Retained earnings	1,924,771	1,793,629
Total stockholders' equity	2,465,657	2,386,936
Total liabilities and stockholders' equity	$ 4,331,444	$ 4,139,362

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, 2024 and 2023
(in thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues				
Homebuilding revenues				
Home sales revenues	$ 1,017,414	$ 818,360	$ 1,939,816	$ 1,553,960
Land sales and other revenues	377	1,554	1,593	3,089
Total homebuilding revenues	1,017,791	819,914	1,941,409	1,557,049
Financial services revenues	21,659	24,277	46,585	40,132
Total revenues	1,039,450	844,191	1,987,994	1,597,181
Homebuilding cost of revenues				
Cost of home sales revenues	(787,556)	(656,834)	(1,513,127)	(1,258,219)
Cost of land sales and other revenues	—	(375)	(37)	(375)
Total homebuilding cost of revenues	(787,556)	(657,209)	(1,513,164)	(1,258,594)
Financial services costs	(15,996)	(11,770)	(30,873)	(22,551)
Selling, general and administrative	(125,973)	(105,120)	(240,082)	(203,433)
Inventory impairment	(570)	—	(570)	—
Other income (expense)	1,278	(1,344)	(8,353)	154
Income before income tax expense	110,633	68,748	194,952	112,757
Income tax expense	(26,909)	(17,303)	(46,897)	(28,001)
Net income	$ 83,724	$ 51,445	$ 148,055	$ 84,756
Earnings per share:				
Basic	$ 2.65	$ 1.61	$ 4.67	$ 2.65
Diluted	$ 2.61	$ 1.60	$ 4.60	$ 2.63
Weighted average common shares outstanding:				
Basic	31,648,130	32,025,186	31,728,544	31,970,106
Diluted	32,092,789	32,247,396	32,165,798	32,182,545

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, 2024 and 2023
(in thousands)

	Six Months Ended June 30, 2024	2023
Operating activities		
Net income	$ 148,055	$ 84,756
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	11,165	6,913
Stock-based compensation expense	10,710	14,291
Fair value of mortgage loans held for sale and other	(4,578)	(2,309)
Inventory impairment	570	—
Impairment on other investment	7,722	—
Purchase price accounting for acquired work in process inventory	2,553	—
Abandonment of lot option contracts	1,818	1,670
Deferred income taxes	(428)	426
(Gain) loss on disposition of assets	(2,187)	825
Changes in assets and liabilities:		
Cash held in escrow	57,022	33,324
Accounts receivable	(1,442)	(7,196)
Inventories	(249,329)	(24,354)
Mortgage loans held for sale	(7,631)	6,400
Prepaid expenses and other assets	(32,058)	11,564
Accounts payable	11,402	39,632
Accrued expenses and other liabilities	(31,824)	(33,167)
Net cash (used in) provided by operating activities	(78,460)	132,775
Investing activities		
Purchases of property and equipment	(23,492)	(8,843)
Proceeds from sale of property and equipment	11,014	130
Expenditures related to development of rental properties	(42,431)	(39,501)
Business combination and other investing activities	(32,716)	(391)
Net cash used in investing activities	(87,625)	(48,605)
Financing activities		
Borrowings under revolving credit facilities	656,000	—
Payments on revolving credit facilities	(545,000)	—
Borrowing under construction loan agreements	27,965	13,757
Proceeds from issuance of insurance premium notes and other	11,166	3,032
Principal payments on insurance premium notes and other	(27,053)	(6,213)
Net proceeds (payments) for mortgage repurchase facilities	9,518	(6,602)
Withholding of common stock upon vesting of stock-based compensation awards	(10,424)	(10,643)
Repurchases of common stock under stock repurchase program	(53,139)	(1,969)
Dividend payments	(16,481)	(14,733)
Net cash provided by (used in) financing activities	52,552	(23,371)
Net (decrease) increase	$ (113,533)	$ 60,799
Cash and cash equivalents and Restricted cash		
Beginning of period	242,003	308,492
End of period	$ 128,470	$ 369,291
Supplemental cash flow disclosure		
Cash paid for income taxes	$ 55,611	$ 19,295
Cash and cash equivalents and Restricted cash		
Cash and cash equivalents	$ 106,682	$ 350,488
Restricted cash (Note 5)	21,788	18,803
Cash and cash equivalents and Restricted cash	$ 128,470	$ 369,291

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, 2024 and 2023
(in thousands)

For the Three Months Ended June 30, 2024 and 2023

	Common Stock				
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
Balance at March 31, 2024	31,791	$ 318	$ 569,581	$ 1,849,377	$ 2,419,276
Vesting of stock-based compensation awards	11	—	—	—	—
Withholding of common stock upon vesting of stock-based compensation awards	(1)	—	(10)	—	(10)
Repurchases of common stock	(465)	(5)	(37,025)	—	(37,030)
Stock-based compensation expense		—	7,914	—	7,914
Cash dividends declared and dividend equivalents	—	—	113	(8,330)	(8,217)
Net income	—	—	—	83,724	83,724
Balance at June 30, 2024	31,336	$ 313	$ 540,573	$ 1,924,771	$ 2,465,657
Balance at March 31, 2023	32,026	$ 320	$ 580,489	$ 1,590,832	$ 2,171,641
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	32,020	$ 320	$ 586,856	$ 1,634,741	$ 2,221,917

For the Six Months Ended June 30, 2024 and 2023

	Common Stock				
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2023	31,775	$ 318	$ 592,989	$ 1,793,629	$ 2,386,936
Vesting of stock-based compensation awards	334	3	(3)	—	—
Withholding of common stock upon vesting of stock-based compensation awards	(121)	(1)	(10,423)	—	(10,424)
Repurchases of common stock	(652)	(7)	(53,132)	—	(53,139)
Stock-based compensation expense	—	—	10,710	—	10,710
Cash dividends declared and dividend equivalents	—	—	432	(16,913)	(16,481)
Net income	—	—	—	148,055	148,055
Balance at June 30, 2024	31,336	$ 313	$ 540,573	$ 1,924,771	$ 2,465,657
Balance at December 31, 2022	31,773	$ 318	$ 584,803	$ 1,565,094	$ 2,150,215
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	32,020	$ 320	$ 586,856	$ 1,634,741	$ 2,221,917

See Notes to Unaudited Condensed Consolidated Financial Statements

Century Communities, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements
June 30, 2024

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 entitle and develop the underlying land. We build and sell homes under our Century Communities and Century Complete brands. Our Century Communities brand has an emphasis on serving the entry-level homebuilding market but 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, IHL Home Insurance Agency, LLC, and IHL Escrow Inc., which provide mortgage, title, insurance and escrow 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, 2023, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 that was filed with the SEC on February 5, 2024.

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.

Business Acquisition

On January 22, 2024, we closed on the acquisition of substantially all the assets of Landmark Homes of Tennessee, Inc. ("Landmark"), a homebuilder with operations, including six active communities, in Nashville, Tennessee, for approximately $33.4 million in cash, inclusive of customary holdbacks.

Recently Issued Accounting Standards

In December 2023, the Financial Accounting Standards Board (which we refer to as "FASB") issued Accounting Standards Update (which we refer to as "ASU") No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 requires more disaggregated income tax disclosures, including additional information in the rate reconciliation and additional disclosures about income taxes paid. ASU 2023-09 will become effective for us for the fiscal year ending December 31, 2025. Early adoption is permitted, and guidance should be applied prospectively, with an option to apply guidance retrospectively. We are currently evaluating the impact of the adoption of ASU 2023-09 on our consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). ASU 2023-07 requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (which we refer to as "CODM") and included within each reported measure of segment profit or loss. The guidance also expands disclosure requirements for interim periods, as well as requires disclosure of other segment items, including the title and position of the entity's CODM. ASU 2023-07 will become effective for us for the fiscal year ending December 31, 2024, and for interim periods starting in our first quarter of 2025. Early adoption is permitted, and guidance is required to be applied retrospectively. We are currently evaluating the impact of the adoption of ASU 2023-07 on our consolidated financial statements and related disclosures.

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 (Florida, Georgia, North Carolina, South Carolina, and Tennessee)
- Century Complete (Alabama, Arizona, Florida, Georgia, Indiana, Kentucky, Louisiana, Michigan, North Carolina, Ohio, South Carolina)

We have identified our Financial Services operations, which provide mortgage, title, insurance and escrow 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,	
	2024	2023	2024	2023
Revenue:				
West	$ 203,677	$ 139,292	$ 376,325	$ 268,373
Mountain	258,921	230,103	513,200	476,378
Texas	146,007	126,618	277,280	216,150
Southeast	154,149	117,320	315,807	204,446
Century Complete	255,037	206,581	458,797	391,702
Financial Services	21,659	24,277	46,585	40,132
Corporate	—	—	—	—
Total revenue	$ 1,039,450	$ 844,191	$ 1,987,994	$ 1,597,181
Income (loss) before income tax expense:				
West	$ 32,169	$ 14,966	$ 58,876	$ 22,939
Mountain	34,365	24,689	62,173	52,497
Texas	17,831	11,452	31,703	15,125
Southeast	25,843	17,992	46,639	29,958
Century Complete	29,036	16,348	50,136	30,298
Financial Services	5,663	12,507	15,712	17,581
Corporate	(34,274)	(29,206)	(70,287)	(55,641)
Total income before income tax expense	$ 110,633	$ 68,748	$ 194,952	$ 112,757

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

	June 30, 2024	December 31, 2023
West	$ 815,259	$ 786,489
Mountain	1,055,488	1,051,052
Texas	655,314	577,129
Southeast	584,733	503,249
Century Complete	467,331	386,444
Financial Services	440,189	450,208
Corporate	313,130	384,791
Total assets	$ 4,331,444	$ 4,139,362

Corporate assets primarily include costs associated with development of multi-family rental properties, certain cash and cash equivalents, certain property and equipment, deferred tax assets, certain receivables, and prepaid insurance.

3. Inventories

Inventories included the following (in thousands):

	June 30, 2024	December 31, 2023
Homes under construction	$ 1,588,643	$ 1,334,584
Land and land development	1,628,763	1,609,459
Capitalized interest	77,930	72,598
Total inventories	$ 3,295,336	$ 3,016,641

4. Financial Services

Our Financial Services are principally comprised of our mortgage lending operations, Inspire Home Loans Inc. (which we refer to as “Inspire”). Inspire is a full-service mortgage lender and primarily originates mortgage loans for our homebuyers. Inspire sells substantially all of the loans it originates either as loans with servicing rights released, or with servicing rights retained, in the secondary mortgage market within a short period of time after origination, generally within 30 days. Inspire primarily finances these loans using its mortgage repurchase facilities.

Mortgage loans 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 the 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 the consolidated statements of operations. Financial services revenue also includes fees earned from originating mortgage loans which are recognized at the time the mortgage loans are funded, which include origination fees and discount points to reduce interest rates based on commitment agreements entered into between our homebuilding and Financial Services segments.

As of June 30, 2024 and December 31, 2023, Inspire had mortgage loans held for sale with an aggregate fair value of $255.3 million and $251.9 million, respectively, and an aggregate outstanding principal balance of $255.3 million and $247.7 million, respectively. Net losses on the sale of mortgage loans were $5.8 million and $3.8 million for the three and six months ended June 30, 2024, respectively, and 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. The gain from the change in fair value for mortgage loans held for sale was $0.9 million for the three months ended June 30, 2024, and the loss from the change in fair value for mortgage loans held for sale was $4.2 million for the six months ended June 30, 2024. Losses from the change in fair value for mortgage loans held for sale were $2.0 million for both the three and six months ended June 30, 2023, respectively.

Mortgage loans in process for which interest rates were locked by borrowers, or interest rate lock commitments, totaled approximately $125.0 million and $49.6 million at June 30, 2024 and December 31, 2023, respectively, and carried a weighted average interest rate of approximately 5.9% and 5.8%, respectively. Interest rate risks related to these obligations are typically mitigated through our interest rate hedging program or by the preselling of loans to investors. 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, 2024	December 31, 2023
Prepaid insurance	$ 29,596	$ 37,624
Lot option and escrow deposits	86,773	51,369
Performance deposits	9,793	10,170
Restricted cash (1)	21,788	15,853
Multi-family rental properties under construction	158,249	136,300
Mortgage loans held for investment at fair value	21,763	21,041
Mortgage loans held for investment at amortized cost	6,730	6,826
Mortgage servicing rights	34,070	30,932
Derivative assets	3,823	1,618
Other assets and prepaid expenses	31,730	38,460
Total prepaid expenses and other assets	$ 404,315	$ 350,193

(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, 2024	December 31, 2023
Earnest money deposits	$ 18,807	$ 7,933
Warranty reserve	11,598	11,524
Self-insurance reserve	27,684	23,659
Accrued compensation costs	50,022	80,133
Land development and home construction accruals	113,011	120,224
Accrued interest	11,693	10,404
Income taxes payable	—	—
Derivative liabilities	—	5,291
Other accrued liabilities	39,034	44,224
Total accrued expenses and other liabilities	$ 271,849	$ 303,392

7. Warranties

Estimated future direct warranty costs are accrued and charged to cost of home sales revenues in the period when the related home sales revenues are recognized. Amounts accrued, which are included in accrued expenses and other liabilities on the condensed consolidated balance sheets, are based upon historical experience rates. We subsequently assess the adequacy of our warranty accrual on a quarterly basis through a model that incorporates historical payment trends and adjust the amounts recorded, if necessary. Based on warranty payment trends relative to our estimates at the time of home closing, we reduced our warranty reserve by $0.2 million and $0.2 million during the three months ended June 30, 2024 and 2023, respectively, and we reduced our warranty reserve by $1.5 million and $0.7 million during the six months ended June 30, 2024 and 2023, 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, 2024 and 2023 are detailed in the table below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Beginning balance	$ 11,212	$ 12,331	$ 11,524	$ 13,136
Warranty expense provisions	2,470	2,472	5,140	4,301
Payments	(1,841)	(1,593)	(3,532)	(3,769)
Warranty adjustment	(243)	(226)	(1,534)	(684)
Ending balance	$ 11,598	$ 12,984	$ 11,598	$ 12,984

8. Self-Insurance Reserve

We maintain general liability insurance coverage, including coverage for certain construction defects after homes have closed and premise operations during construction. These insurance policies are designed to 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 self-insured retention 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, 2024 and 2023, 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, 2024 and 2023 are detailed in the table below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Beginning balance	$ 25,652	$ 19,076	$ 23,659	$ 16,998
Self-insurance expense provisions	2,717	2,444	5,228	4,559
Payments	(685)	(43)	(1,203)	(80)
Self-insurance adjustment	—	—	—	—
Ending balance	$ 27,684	$ 21,477	$ 27,684	$ 21,477

9. Debt

Our outstanding debt obligations included the following as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
3.875% senior notes, due August 2029[1]	$ 496,042	$ 495,656
6.750% senior notes, due June 2027[1]	497,618	497,210
Other financing obligations[2]	81,684	69,605
Notes payable	1,075,344	1,062,471
Revolving line of credit	111,000	—
Mortgage repurchase facilities	248,816	239,298
Total debt	$ 1,435,160	$ 1,301,769

(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, 2024, other financing obligations included $8.8 million related to insurance premium notes and certain secured borrowings, as well as $72.9 million outstanding under construction loan agreements. As of December 31, 2023, other financing obligations included $24.7 million related to insurance premium notes and certain secured borrowings, as well as $44.9 million outstanding under construction loan agreements.

Construction Loan Agreements

Certain wholly owned subsidiaries of Century Living, LLC, are parties to construction loan agreements with various banks, (which we collectively refer to as "the lenders"). These 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 from March 17, 2026 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.

As of June 30, 2024 and December 31, 2023, $72.9 million and $44.9 million was outstanding under the construction loan agreements respectively, with borrowings that bore a weighted average interest rate of 7.4% and 7.4% as of June 30, 2024 and December 31, 2023, respectively, and we were in compliance with all covenants thereunder.

Revolving Line of Credit

We are party to a Second Amended and Restated Credit Agreement, as amended, (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 and a $50.0 million sublimit for swingline loans. 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. Borrowings under the Second A&R Credit Agreement are based on an adjusted term SOFR reference rate, which equals the greater of (i) 0.50% or (ii) the one-month quotation of the SOFR administered by the Federal Reserve Bank of New York, plus 0.10%.

As of June 30, 2024, $111.0 million was outstanding under the revolving line of credit, with borrowings that bore an interest rate of 7.5%, and we were in compliance with all covenants under the Second A&R Credit Agreement. As of December 31, 2023, no amount was outstanding under the revolving line of credit.

Mortgage Repurchase Facilities – Financial Services

Inspire is party to mortgage warehouse facilities with J.P. Morgan Chase Bank, N.A., Texas Capital Bank, and U.S. Bank National Association, which provide Inspire with uncommitted repurchase facilities of up to an aggregate of $350.0 million as of June 30, 2024, secured by the mortgage loans financed thereunder. The repurchase facilities have varying short term maturity dates through March 21, 2025. Borrowings under the mortgage repurchase facilities bear interest at variable interest rates per annum equal to SOFR plus an applicable margin, and bore a weighted average interest rate of 7.1% as of June 30, 2024.

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, 2024 and December 31, 2023, we had $248.8 million and $239.3 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, 2024 and 2023, 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,	
	2024	2023	2024	2023
Interest capitalized beginning of period	$ 75,172	$ 65,984	$ 72,598	$ 61,775
Interest capitalized during period	16,350	14,031	30,957	28,047
Less: capitalized interest in cost of sales	(13,592)	(10,270)	(25,625)	(20,077)
Interest capitalized end of period	$ 77,930	$ 69,745	$ 77,930	$ 69,745

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 2024 estimated annual effective tax rate, before discrete items of 24.6%, is driven by our blended federal and state statutory rate of 24.5%, and certain permanent differences between GAAP and tax, including disallowed deductions for executive compensation offset by estimated federal energy home credits for current year home deliveries, which combined resulted in a net increase of 0.1%.

For the six months ended June 30, 2024, our estimated annual rate of 24.6% was benefitted by discrete items which had a net impact of decreasing our rate by 0.5%, including the impact of excess tax benefits for vested stock-based compensation.

For the three months ended June 30, 2024 and 2023, we recorded income tax expense of $26.9 million and $17.3 million, respectively. For the six months ended June 30, 2024 and 2023, we recorded income tax expense of $46.9 million and $28.0 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 may also be associated with forward mortgage-backed securities contracts. 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, 2024 and December 31, 2023, respectively (in thousands):

	Balance Sheet Classification	**Hierarchy**	**June 30, 2024**	**December 31, 2023**
Mortgage loans held for sale	Mortgage loans held for sale	Level 2	$ 255,305	$ 251,852
Mortgage loans held for investment at fair value (1)	Prepaid expenses and other assets	Level 3	$ 21,763	$ 21,041
Derivative assets	Prepaid expenses and other assets	Level 2	$ 3,823	$ 1,618
Mortgage servicing rights (2)	Prepaid expenses and other assets	Level 3	$ 34,070	$ 30,932
Derivative liabilities	Accrued expenses and other liabilities	Level 2	$ —	$ 5,291

(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 8.7%, 10.3%, and $0.072 per year per loan, respectively, as of June 30, 2024, and 8.6%, 10.3%, and $0.072 per year per loan, respectively, as of December 31, 2023. 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,	
Mortgage servicing rights	2024	2023	2024	2023
Beginning of period	$ 32,734	$ 23,901	$ 30,932	$ 24,164
Originations	1,545	1,059	2,779	2,104
Settlements	(550)	(410)	(1,112)	(561)
Changes in fair value	341	2,081	1,471	924
End of period	$ 34,070	$ 26,631	$ 34,070	$ 26,631

	Three Months Ended June 30,		Six Months Ended June 30,	
Mortgage loans held-for-investment at fair value	2024	2023	2024	2023
Beginning of period	$ 21,620	$ 20,078	$ 21,041	$ 18,875
Transfers from loans held for sale	808	1,730	1,956	3,164
Settlements	(347)	(681)	(661)	(681)
Reduction in unpaid principal balance	(246)	(529)	(362)	(633)
Changes in fair value	(72)	(39)	(211)	(166)
End of period	$ 21,763	$ 20,559	$ 21,763	$ 20,559

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, 2024 and December 31, 2023, respectively (in thousands).

		June 30, 2024		December 31, 2023	
	Hierarchy	Carrying	Fair Value	Carrying	Fair Value
Cash and cash equivalents	Level 1	$ 106,682	$ 106,682	$ 226,150	$ 226,150
3.875% senior notes (1)(2)	Level 2	$ 496,042	$ 444,375	$ 495,656	$ 436,875
6.750% senior notes (1)(2)	Level 2	$ 497,618	$ 500,000	$ 497,210	$ 500,000
Revolving line of credit(3)	Level 2	$ 111,000	$ 111,000	$ —	$ —
Other financing obligations(3)(4)	Level 3	$ 81,684	$ 81,684	$ 69,605	$ 69,605
Mortgage repurchase facilities(3)	Level 2	$ 248,816	$ 248,816	$ 239,298	$ 239,298

(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, 2024, these amounts totaled $4.0 million and $2.4 million for the 3.875% senior notes and 6.750% senior notes, respectively. As of December 31, 2023, these amounts totaled $4.3 million and $2.8 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) During the period ended June 30, 2024, other financing obligations included $8.8 million related to insurance premium notes and certain secured borrowings that generally bore interest rates ranging from 5.0% to 7.7%, and $72.9 million related to outstanding borrowings on the construction loan agreements that bore a weighted average interest rate of 7.4% as of June 30, 2024. During the period ended December 31, 2023, other financing obligations included $24.7 million related to insurance premium notes and certain secured borrowings that generally bore interest rates ranging from 4.8% to 7.7%, and $44.9 million related to outstanding borrowings on the construction loan agreements that bore a weighted average interest rate of 7.4%.

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. During the three and six months ended June 30, 2024, we determined that inventory with a carrying value before impairment of $4.5 million for 2 communities in our Century Complete segment were not recoverable. Accordingly, we recognized impairment charges of an aggregate $0.6 million in order to record the communities at fair value. No impairment charges were recorded in the three and six months ended June 30, 2023. 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, 2024 and 2023, 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 $85.84 and $62.61 per share, respectively, that vest over a three year period. During the six months ended June 30, 2024 and 2023, 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 $82.84 and $65.77 per share, respectively, to our non-employee directors.

During the six months ended June 30, 2024 and 2023, we granted performance share units (which we refer to as "PSUs") covering up to 0.3 million and 0.5 million shares of common stock assuming maximum level of performance with a grant date fair value of $82.23 and $60.05 per share, respectively, that are subject to both service and performance vesting conditions. The quantity of shares that will ultimately vest and be issued upon settlement of the PSUs ranges from 0% to 250% of a targeted number of shares 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, 2024 and 2023, we issued 0.2 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 2025 to 2027 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):

	June 30, 2024
Unvested units	1,245
Unrecognized compensation cost	$ 38,412
Weighted-average years to recognize compensation cost	1.62

During the three months ended June 30, 2024 and 2023, we recognized stock-based compensation expense of $7.9 million and $8.9 million, respectively. During the six months ended June 30, 2024 and 2023, we recognized stock-based compensation expense of $10.7 million and $14.3 million, respectively. Stock-based compensation expense is included in selling, general, and administrative expense on our condensed consolidated statements of operations. Stock-based compensation expense for PSUs is initially estimated based on target performance achievement and adjusted as appropriate throughout the performance period. Accordingly, future compensation cost associated with outstanding PSUs may increase or decrease based on the probability and extent of achievement with respect to the applicable performance measures.

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, 2024 and December 31, 2023, there were 31.3 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, 2024 and 2023, we issued 0.3 million and 0.4 million shares of common stock, respectively, related to the vesting and settlement of RSUs and PSUs. As of June 30, 2024, approximately 2.2 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, 2024 and 2023, respectively (in thousands, except per share information):

			Six Months Ended June 30, 2024 Cash Dividends Declared and Paid	
Declaration Date	Record Date	Paid Date	Per Share	Amount
February 7, 2024	February 28, 2024	March 13, 2024	$ 0.26	$ 8,264
May 15, 2024	May 29, 2024	June 12, 2024	$ 0.26	$ 8,217

			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

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.

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. During the three and six months ended June 30, 2024, an aggregate of 465.0 thousand and 651.9 thousand shares, respectively, were repurchased for a total purchase price of approximately $37.0 million and $53.1 million, respectively, and a weighted average price of $79.61 and $81.49 per share, respectively. 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. The maximum number of shares available to be repurchased under the stock repurchase program as of June 30, 2024 was 578,143 shares.

On July 22, 2024, our Board of Directors approved a new stock repurchase program under which we may repurchase up to an additional 4.5 million shares.

During the six months ended June 30, 2024 and 2023, shares of common stock at a total cost of $10.4 million and $10.6 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, 2024 and 2023 (in thousands, except share and per share information):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator				
Net income	$ 83,724	$ 51,445	$ 148,055	$ 84,756
Denominator				
Weighted average common shares outstanding - basic	31,648,130	32,025,186	31,728,544	31,970,106
Dilutive effect of stock-based compensation awards	444,659	222,210	437,254	212,439
Weighted average common shares outstanding - diluted	32,092,789	32,247,396	32,165,798	32,182,545
Earnings per share:				
Basic	$ 2.65	$ 1.61	$ 4.67	$ 2.65
Diluted	$ 2.61	$ 1.60	$ 4.60	$ 2.63

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 0.4 million and 0.9 million common stock unit equivalents from diluted earnings per share during the three months ended June 30, 2024 and 2023, respectively, and we excluded 0.4 million and 0.7 million common stock unit equivalents from diluted earnings per share during the six months ended June 30, 2024 and 2023, 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, 2024 and December 31, 2023, we had $514.8 million and $510.5 million, respectively, in letters of credit and performance and other bonds issued and outstanding.

Legal Proceedings

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

As used in this Quarterly Report on Form 10-Q (which we refer to as 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, 2023. 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.

Cautionary Note Regarding Forward-Looking Statements

Some of the statements included in 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. government shutdown or 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;
- unstable economic and political conditions as well as geopolitical conflicts, 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 and cause higher interest rates, inflation or general economic uncertainty;
- our leverage, debt service obligations and exposure to changes in interest rates and our ability to obtain additional or refinance our existing 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 obtain additional or retain existing key personnel and contractor relationships;
- our ability to continue to pay dividends and make stock repurchases 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.

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 entitle and develop the underlying land. We build and sell homes under our Century Communities and Century Complete brands.

Our Century Communities brand has an emphasis on serving the entry-level homebuilding market but 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, IHL Home Insurance Agency, LLC, and IHL Escrow Inc., which provide mortgage, title, insurance, and escrow 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.

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 our customers greater certainty on their financing and allowing us to more appropriately price the homes and deploy our capital. Of the 4,975 homes delivered during the first six months of 2024, approximately 94% 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.

We generated solid financial results during the three and six months ended June 30, 2024 and are encouraged by recent housing market conditions demonstrating strong, underlying demand for affordable new homes. While uncertainty remains surrounding interest rates, we experienced strong demand during the first half of 2024, as net new home contracts (new home contracts net of cancellations) for the three and six months ended June 30, 2024 increased 20.0% and 30.1%, respectively, as compared to the same prior year periods. We have continued to provide, when necessary, incentive offerings across our communities during the first six months of 2024, including discounts on base home prices, lot premiums, and options and upgrades and financing incentives, including interest rate buydowns. During the six months ended June 30, 2024, cycle times have remained in the four- to five-month timeframe.

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, and we expect our operating strategy will continue to adapt to market changes, though we cannot provide any assurance that our strategies will remain consistent or continue to be successful. We believe future demand for our homes remains uncertain as future economic and market conditions remain uncertain, in particular with respect to inflation; the impact of potential future increases or decreases 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, changes in mortgage interest rates impact the costs of owning a home and affect the purchasing power of our customers and could impact homebuyer confidence. Changes in demand for our homes or cancellations due to mortgage interest rates or otherwise 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 prepared 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 to optimize stockholder returns.

Results of Operations

During the three and six months ended June 30, 2024, we generated $110.6 million and $195.0 million, respectively, in income before income tax expense, as compared to $68.7 million and $112.8 million, respectively, in the respective prior year periods. During the three and six months ended June 30, 2024, we generated net income of $83.7 million, or $2.61 per diluted share, and $148.1 million, or $4.60 per diluted share, respectively, as compared to $51.4 million, or $1.60 per diluted share, and $84.8 million, or $2.63 per diluted share, respectively, in the respective prior year periods.

During the three and six months ended June 30, 2024, we generated total revenues of $1.0 billion and $2.0 billion, respectively, which represent increases of 23.1% and 24.5%, respectively, as compared to the respective prior year periods, driven primarily by increased home sales revenue from increased number of homes available for sale and increased average sales prices. During the three and six months ended June 30, 2024, we delivered 2,617 and 4,975 homes, respectively, with an average sales price of $388.8 thousand and $389.9 thousand, respectively. The number of homes delivered increased by 17.1% and 20.0%, respectively, during the three and six months ended June 30, 2024, as compared to the respective prior year periods, representing growth across all of our segments. Average sales price increased 6.2% and 4.1%, respectively, during the three and six months ended June 30, 2024, as compared to the respective prior year periods. During the three and six months ended June 30, 2024, net new contracts increased 20.0% and 30.1%, respectively, to 2,780 and 5,646, respectively, as compared to the respective prior year periods.

We ended the first quarter of 2024 with $111.0 million outstanding under our revolving line of credit, $106.7 million of cash and cash equivalents, $44.8 million of cash held in escrow, a homebuilding debt to capital ratio of 31.1%, and a net homebuilding debt to net capital ratio of 28.1%. During the three and six months ended June 30, 2024, we paid quarterly cash dividends to our stockholders of $0.26 per share, which represents a 13% increase from the $0.23 per share quarterly dividends paid during the three and six months ended June 30, 2023. During the six months ended June 30, 2024, we have continued to strategically increase our lot pipeline, including both organically and through an acquisition, resulting in 78,097 lots owned and controlled at June 30, 2024.

For the three and six months ended June 30, 2024, our Financial Services segment generated income before income tax of $5.7 million and $15.7 million, respectively, representing a decrease of 54.7% and 10.6%, respectively, as compared to the respective prior year periods. During the three and six months ended June 30, 2024, the number of mortgages originated increased by 30.0% and 39.4%, respectively, compared to the respective prior year periods, primarily due to our increased capture rate of 81% for both the three and six months ended June 30, 2024 as compared to 73% and 70% for the respective prior year periods, as well as a 34.6% and 37.8% increase, respectively, in the number of loans sold to third parties as compared to the respective prior year periods. While volume increased, the decreases in income before income tax for both the three- and six-month comparisons were primarily driven by an increase in financial services costs related to increased commissions, investor fees, and other support fees, and increases in net losses on the sale of mortgage loans, in each case in the current year periods as compared to the respective prior year period.

Our Century Living operations are engaged in construction on three multi-family for rent projects in Colorado, which commenced in 2022 and currently comprise over 900 total units. As of June 30, 2024, all three projects have begun leasing or pre-leasing, with 107 units completed, 90 units of which are occupied, and 845 units under development.

On January 22, 2024, we closed on the acquisition of substantially all the assets of Landmark Homes of Tennessee, Inc. ("Landmark"), a homebuilder with operations, including six active communities, in Nashville, Tennessee, for approximately $33.4 million in cash, inclusive of customary holdbacks.

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The following table summarizes our results of operations for the three and six months ended June 30, 2024 and 2023:

(in thousands, except per share amounts)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Consolidated Statements of Operations:				
Revenues				
Home sales revenues	$ 1,017,414	$ 818,360	$ 1,939,816	$ 1,553,960
Land sales and other revenues	377	1,554	1,593	3,089
Total homebuilding revenues	1,017,791	819,914	1,941,409	1,557,049
Financial services revenues	21,659	24,277	46,585	40,132
Total revenues	1,039,450	844,191	1,987,994	1,597,181
Homebuilding cost of revenues				
Cost of home sales revenues	(787,556)	(656,834)	(1,513,127)	(1,258,219)
Cost of land sales and other revenues	—	(375)	(37)	(375)
Total homebuilding cost of revenues	(787,556)	(657,209)	(1,513,164)	(1,258,594)
Financial services costs	(15,996)	(11,770)	(30,873)	(22,551)
Selling, general, and administrative	(125,973)	(105,120)	(240,082)	(203,433)
Inventory impairment	(570)	—	(570)	—
Other income (expense)	1,278	(1,344)	(8,353)	154
Income before income tax expense	110,633	68,748	194,952	112,757
Income tax expense	(26,909)	(17,303)	(46,897)	(28,001)
Net income	$ 83,724	$ 51,445	$ 148,055	$ 84,756
Earnings per share:				
Basic	$ 2.65	$ 1.61	$ 4.67	$ 2.65
Diluted	$ 2.61	$ 1.60	$ 4.60	$ 2.63
Adjusted diluted earnings per share(1)	$ 2.65	$ 1.60	$ 4.86	$ 2.63
Other Operating Information (dollars in thousands):				
Number of homes delivered	2,617	2,235	4,975	4,147
Average sales price of homes delivered	$ 388.8	$ 366.2	$ 389.9	$ 374.7
Homebuilding gross margin percentage(2)	22.5 %	19.7 %	22.0 %	19.0 %
Adjusted homebuilding gross margin excluding interest, inventory impairment, and purchase price accounting for acquired work in process inventory (1)	24.0 %	21.0 %	23.4 %	20.3 %
Backlog at end of period, number of homes	1,753	2,002	1,753	2,002
Backlog at end of period, aggregate sales value	$ 754,623	$ 750,079	$ 754,623	$ 750,079
Average sales price of homes in backlog	$ 430.5	$ 374.7	$ 430.5	$ 374.7
Net new home contracts	2,780	2,317	5,646	4,339
Selling communities at period end	266	233	266	233
Average selling communities	264	223	259	228
Total owned and controlled lot inventory	78,097	57,775	78,097	57,775
Adjusted EBITDA(1)	$ 130,647	$ 80,061	$ 240,263	$ 134,805
Adjusted income before income tax expense(1)	$ 112,176	$ 68,748	$ 205,797	$ 112,757
Adjusted net income(1)	$ 85,191	$ 51,445	$ 156,291	$ 84,756
Net homebuilding debt to net capital (1)	28.1 %	22.3 %	28.1 %	22.3 %

(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. We recorded impairment charges of $0.6 million during the three and six months ended June 30, 2024. No impairment charges were recorded during the three and six months ended June 30,2023.

Results of Operations by Segment
(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,	
	2024	2023	2024	2023	2024	2023	2024	2023
West	325	254	$ 626.7	$ 548.2	$ 203,684	$ 139,244	$ 32,169	$ 14,966
Mountain	486	455	532.7	503.7	258,877	229,170	34,365	24,689
Texas	485	450	301.1	281.2	146,014	126,549	17,831	11,452
Southeast	349	275	441.3	426.5	153,999	117,280	25,843	17,992
Century Complete	972	801	262.2	257.3	254,840	206,117	29,036	16,348
Financial Services	—	—	—	—	—	—	5,663	12,507
Corporate	—	—	—	—	—	—	(34,274)	(29,206)
Total	2,617	2,235	$ 388.8	$ 366.2	$ 1,017,414	$ 818,360	$ 110,633	$ 68,748

	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,	
	2024	2023	2024	2023	2024	2023	2024	2023
West	609	457	$ 617.3	$ 586.7	$ 375,938	$ 268,138	$ 58,876	$ 22,939
Mountain	981	910	523.0	521.7	513,016	474,764	62,173	52,497
Texas	909	777	304.9	278.0	277,189	215,983	31,703	15,125
Southeast	728	473	433.4	431.7	315,500	204,209	46,639	29,958
Century Complete	1,748	1,530	262.1	255.5	458,173	390,866	50,136	30,298
Financial Services	—	—	—	—	—	—	15,712	17,581
Corporate	—	—	—	—	—	—	(70,287)	(55,641)
Total	4,975	4,147	$ 389.9	$ 374.7	$ 1,939,816	$ 1,553,960	$ 194,952	$ 112,757

West

During the three and six months ended June 30, 2024, our West segment generated income before income tax expense of $32.2 million and $58.9 million, respectively, an increase of 114.9% and 156.7%, respectively, over the respective prior year period, which were driven by increases in home sales revenue of $64.4 million and $107.8 million, respectively. The revenue increases for the three and six- month comparisons were primarily driven by an increase of 28.0% and 33.3%, respectively, in the number of homes delivered, and increases of 14.3% and 5.2%, respectively, in the average sales price per home. The increases in the number of homes delivered were primarily driven by increases in the number of homes under construction, and the average sales price increases were driven by the mix of deliveries within individual communities.

Mountain

During the three and six months ended June 30, 2024, our Mountain segment generated income before income tax expense of $34.4 million and $62.2 million, respectively, an increase of 39.2% and 18.4%, respectively, over the respective prior year period, which were driven by increases in home sales revenue of $29.7 million and $38.3 million, respectively. The revenue increases for the three and six- month comparisons were primarily driven by an increase of 6.8% and 7.8%, respectively, in the number of homes delivered, and for the three-month comparison increases of 5.8% in the average sales price per home. The increases in the number of homes delivered were primarily driven by increases in the number of homes under construction, and the average sales price increases were driven by the mix of deliveries within individual communities.

Texas

During the three and six months ended June 30, 2024, our Texas segment generated income before income tax expense of $17.8 million and $31.7 million, respectively, an increase of 55.7% and 109.6%, respectively, over the respective prior year period, which were driven by increases in home sales revenue of $19.5 million and $61.2 million, respectively. The revenue increases for the three and six- month comparisons were primarily driven by an increase of 7.8% and 17.0%, respectively, in the number of homes delivered, and increases of 7.1% and 9.7%, respectively, in the average sales price per home. The increases in the number of homes delivered were primarily driven by increases in the number of homes under construction, and the average sales price increases were driven by the mix of deliveries within individual communities.

Southeast

During the three and six months ended June 30, 2024, our Southeast segment generated income before income tax expense of $25.8 million and $46.6 million, respectively, an increase of 43.6% and 55.7%, respectively, over the respective prior year period, which were driven by increases in home sales revenue of $36.7 million and $111.3 million, respectively. The revenue increases for the three and six- month comparisons were primarily driven by an increase of 26.9% and 53.9%, respectively, in the number of homes delivered, and for the three-month comparison increases of 3.5% in the average sales price per home. The increases in the number of homes delivered were primarily driven by increases in the number of homes under construction, and the average sales price increases were driven by the mix of deliveries within individual communities.

Century Complete

During the three and six months ended June 30, 2024, our Century Complete segment generated income before income tax expense of $29.0 million and $50.1 million, respectively, an increase of 77.6% and 65.5%, respectively, over the respective prior year period, which were driven by increases in home sales revenue of $48.7 million and $67.3 million, respectively. The revenue increases for the three and six- month comparisons were primarily driven by an increase of 21.3% and 14.2%, respectively, in the number of homes delivered, and increases of 1.9% and 2.6%, respectively, in the average sales price per home. The increases in the number of homes delivered were primarily driven by increases in the number of homes under construction, and the average sales price increases were driven by the mix of deliveries within individual communities.

Financial Services

Our Financial Services segment originates mortgages primarily for our homebuyers, and as such, performance typically correlates to our number of homes delivered. For the three and six months ended June 30, 2024, our Financial Services segment generated income before income tax of $5.7 million and $15.7 million, respectively, representing a decrease of 54.7% and 10.6%, respectively, as compared to the respective prior year periods. During the three and six months ended June 30, 2024, the number of mortgages originated increased by 30.0% and 39.4%, respectively, compared to the respective prior year periods, primarily due to our increased capture rate of 81% for both the three and six months ended June 30, 2024 as compared to 73% and 70% for the respective prior year periods, as well as a 34.6% and 37.8% increase, respectively, in the number of loans sold to third parties as compared to the respective prior year periods. While volume increased, the decreases in income before income tax for both the three- and six-month comparisons were primarily driven by an increase in financial services costs related to increased commissions, investor fees, and other support fees, and increases in net losses on the sale of mortgage loans, in each case in the current year periods as compared to the respective prior year periods.

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,	
	2024	2023	2024	2023
Total originations:				
Number of loans	1,750	1,346	3,256	2,335
Principal	$ 614,659	$ 462,088	$ 1,155,997	$ 805,169
Capture rate of Century homebuyers	81 %	73 %	81 %	70 %
Century Communities	86 %	79 %	86 %	76 %
Century Complete	74 %	62 %	72 %	59 %
Average FICO score	728	725	728	724
Century Communities	735	729	734	729
Century Complete	713	714	714	714
Loans sold to third parties:				
Number of loans sold	1,621	1,204	3,229	2,343
Principal	$ 577,344	$ 418,613	$ 1,145,736	$ 808,423

Corporate

During the three and six months ended June 30, 2024, our Corporate segment generated losses of $34.3 million and $70.3 million, respectively as compared to a losses of $29.2 million and $55.6 million, respectively, during the same respective periods in 2023. The increase in loss for the three-month comparison was primarily due to an increase in compensation costs as compared to the period year period, and the increase in loss for the six-month comparison was primarily due to a $7.7 million impairment related to other investments during the six months ended June 30, 2024, as well as increased compensation costs as compared to the prior year period.

Homebuilding Gross Margin

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, increased for the three and six months ended June 30, 2024 to 22.5% and 22.0%, respectively, as compared to 19.7% and 19.0%, respectively, for the three and six months ended June 30, 2023. The increase was primarily driven by deliveries during the prior year periods 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 and our adjusted homebuilding gross margin, as adjusted to exclude inventory impairment, if applicable, and interest in cost of home sales revenues, and further adjusted to exclude the effect of purchase price accounting for acquired work in process inventory, if applicable.

(dollars in thousands)

	Three Months Ended June 30,			
	2024	%	2023	%
Home sales revenues	$ 1,017,414	100.0 %	$ 818,360	100.0 %
Cost of home sales revenues	(787,556)	(77.4) %	(656,834)	(80.3) %
Inventory impairment	(570)	(0.1) %	—	— %
Homebuilding gross margin	229,288	22.5 %	161,526	19.7 %
Add: Inventory impairment	570	0.1 %	—	— %
Add: Interest in cost of home sales revenues	13,592	1.3 %	10,270	1.3 %
Adjusted homebuilding gross margin excluding interest and inventory impairment (1)	$ 243,450	23.9 %	$ 171,796	21.0 %
Add: Purchase price accounting for acquired work in process inventory	973	0.1 %	—	— %
Adjusted homebuilding gross margin excluding interest, inventory impairment and purchase price accounting for acquired work in process inventory(1)	$ 244,423	24.0 %	$ 171,796	21.0 %

	Six Months Ended June 30,			
	2024	%	2023	%
Home sales revenues	$ 1,939,816	100.0 %	$ 1,553,960	100.0 %
Cost of home sales revenues	(1,513,127)	(78.0) %	(1,258,219)	(81.0) %
Inventory impairment	(570)	(0.0) %	—	— %
Homebuilding gross margin	426,119	22.0 %	295,741	19.0 %
Add: Inventory impairment	570	0.0 %	—	— %
Add: Interest in cost of home sales revenues	25,625	1.3 %	20,077	1.3 %
Adjusted homebuilding gross margin excluding interest and inventory impairment (1)	$ 452,314	23.3 %	$ 315,818	20.3 %
Add: Purchase price accounting for acquired work in process inventory	2,553	0.1 %	—	— %
Adjusted homebuilding gross margin excluding interest, inventory impairment and purchase price accounting for acquired work in process inventory(1)	$ 454,867	23.4 %	$ 315,818	20.3 %

(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, 2024, our adjusted homebuilding gross margin percentage excluding inventory impairment (if applicable), interest in cost of home sales revenues, and purchase price accounting for work in process inventory (if applicable), was 24.0% and 23.4%, respectively, as compared to 21.0% and 20.3% for the same respective periods in 2023. We believe the above information is meaningful as it isolates the impact that inventory impairment (if applicable), indebtedness, and acquisitions (if applicable) have on our homebuilding gross margin and allows for comparability of our homebuilding gross margins to previous periods and our competitors.

Selling, General and Administrative Expense

(dollars in thousands)

	Three Months Ended June 30,		Change	
	2024	2023	Amount	%
Selling, general and administrative	$ 125,973	$ 105,120	$ 20,853	19.8 %
As a percentage of home sales revenue	12.4 %	12.8 %		

	Six Months Ended June 30,		Change	
	2024	2023	Amount	%
Selling, general and administrative	$ 240,082	$ 203,433	$ 36,649	18.0 %
As a percentage of home sales revenue	12.4 %	13.1 %		

Our selling, general and administrative expense increased $20.8 million and $36.6 million, respectively, for the three and six months ended June 30, 2024 as compared to the respective prior year periods. For both the three and six-month comparisons, these increases were primarily attributable to an increase in internal and external commission expense associated with the increase in home sales revenue and increased compensation and other costs due to increased active community count. As a percentage of home sales revenue, our selling, general and administrative expense decreased 40 basis points and 70 basis points, respectively, during the three and six months ended June 30, 2024, driven primarily by increased 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 2024 estimated annual effective tax rate, before discrete items of 24.6%, is driven by our blended federal and state statutory rate of 24.5%, and certain permanent differences between GAAP and tax, including disallowed deductions for executive compensation offset by estimated federal energy home credits for current year home deliveries, which combined resulted in a net increase of 0.1%.

For the six months ended June 30, 2024, our estimated annual rate of 24.6% was benefitted by discrete items which had a net impact of decreasing our rate by 0.5%, including the impact of excess tax benefits for vested stock-based compensation.

For the three months ended June 30, 2024 and 2023, we recorded income tax expense of $26.9 million and $17.3 million, respectively. For the six months ended June 30, 2024 and 2023, we recorded income tax expense of $46.9 million and $28.0 million, respectively.

Segment Assets

(dollars in thousands)

	June 30, 2024	December 31 2023	Increase (Decrease) Amount	Increase (Decrease) Change
West	$ 815,259	$ 786,489	$ 28,770	3.7 %
Mountain	1,055,488	1,051,052	4,436	0.4 %
Texas	655,314	577,129	78,185	13.5 %
Southeast	584,733	503,249	81,484	16.2 %
Century Complete	467,331	386,444	80,887	20.9 %
Financial Services	440,189	450,208	(10,019)	(2.2)%
Corporate	313,130	384,791	(71,661)	(18.6)%
Total assets	$ 4,331,444	$ 4,139,362	$ 192,082	4.6 %

Total assets increased to $4.3 billion as of June 30, 2024 as compared to $4.1 billion as of December 31, 2023, 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.

Lots owned and controlled

	June 30, 2024			December 31, 2023			% Change		
	Owned	Controlled	Total	Owned	Controlled	Total	Owned	Controlled	Total
West	4,434	3,665	8,099	4,036	3,259	7,295	9.9 %	12.5 %	11.0 %
Mountain	8,651	4,987	13,638	8,615	5,025	13,640	0.4 %	(0.8)%	(0.0)%
Texas	9,777	9,823	19,600	8,647	11,027	19,674	13.1 %	(10.9)%	(0.4)%
Southeast	5,461	12,446	17,907	5,486	10,941	16,427	(0.5)%	13.8 %	9.0 %
Century Complete	4,454	14,399	18,853	3,839	12,845	16,684	16.0 %	12.1 %	13.0 %
Total	32,777	45,320	78,097	30,623	43,097	73,720	7.0 %	5.2 %	5.9 %

Of our total lots owned and controlled as of June 30, 2024, 42.0% were owned and 58.0% were controlled, as compared to 41.5% owned and 58.5% controlled as of December 31, 2023.

Other Homebuilding Operating Data

Net new home contracts

	Three Months Ended June 30,		Increase (Decrease)		Six Months Ended June 30,		Increase (Decrease)	
	2024	2023	Amount	% Change	2024	2023	Amount	% Change
West	376	237	139	58.6 %	816	580	236	40.7 %
Mountain	552	446	106	23.8 %	1,163	779	384	49.3 %
Texas	520	400	120	30.0 %	1,034	875	159	18.2 %
Southeast	386	351	35	10.0 %	836	593	243	41.0 %
Century Complete	946	883	63	7.1 %	1,797	1,512	285	18.8 %
Total	2,780	2,317	463	20.0 %	5,646	4,339	1,307	30.1 %

Net new home contracts (new home contracts net of cancellations) for the three months ended June 30, 2024 increased by 463 homes, or 20.0%, to 2,780 as compared to 2,317 for the same period in 2023. Net new home contracts for the six months ended June 30, 2024 increased by 1,307 homes, or 30.1%, to 5,646 as compared to 4,339 for the same period in 2023. These increases were primarily due to more homes available for sale, as well as favorable market conditions.

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, 2024 and 2023 by segment are included in the tables below:

	Three Months Ended June 30,		Increase (Decrease)	
	2024	2023	Amount	% Change
West	4.8	3.4	1.4	41.2 %
Mountain	3.9	3.6	0.3	8.3 %
Texas	3.9	3.5	0.4	11.4 %
Southeast	3.8	4.0	(0.2)	(5.0) %
Century Complete	2.8	2.9	(0.1)	(3.4) %
Total	3.5	3.3	0.2	6.1 %

	Six Months Ended June 30,		Increase (Decrease)	
	2024	2023	Amount	% Change
West	5.0	4.2	0.8	19.0 %
Mountain	4.2	3.2	1.0	31.3 %
Texas	4.1	3.8	0.3	7.9 %
Southeast	4.4	3.4	1.0	29.4 %
Century Complete	2.7	2.5	0.2	8.0 %
Total	3.7	3.1	0.6	19.4 %

During the three and six months ended June 30, 2024, our absorption rates increased by 6.1% and 19.4%, respectively, to 3.5 per month and 3.7 per month, respectively, as compared to the same respective periods in 2023, driven by strong demand for new homes during the current period as homebuyers adjust to the higher interest rate environment.

Selling communities at period end

	As of June 30,		Increase/(Decrease)	
	2024	2023	Amount	% Change
West	26	23	3	13.0 %
Mountain	47	41	6	14.6 %
Texas	45	38	7	18.4 %
Southeast	34	29	5	17.2 %
Century Complete	114	102	12	11.8 %
Total	266	233	33	14.2 %

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Our selling communities increased by 33 communities to 266 communities at June 30, 2024 as compared to 233 at June 30, 2023. This 14.2% increase was a result of an increased land pipeline that resulted in new community openings in excess of community closeouts during the first six months of 2024.

Backlog

(dollars in thousands)

	As of June 30,								
	2024			2023			% Change		
	Homes	Dollar Value	Average Sales Price	Homes	Dollar Value	Average Sales Price	Homes	Dollar Value	Average Sales Price
West	313	$ 213,931	$ 683.5	203	$ 129,616	$ 638.5	54.2 %	65.0 %	7.0 %
Mountain	345	198,484	575.3	310	149,369	481.8	11.3 %	32.9 %	19.4 %
Texas	293	87,826	299.7	253	78,360	309.7	15.8 %	12.1 %	(3.2)%
Southeast	250	107,965	431.9	325	148,616	457.3	(23.1)%	(27.4)%	(5.6) %
Century Complete	552	146,417	265.2	911	244,118	268.0	(39.4)%	(40.0)%	(1.0)%
Total / Weighted Average	1,753	$ 754,623	$ 430.5	2,002	$ 750,079	$ 374.7	(12.4)%	0.6 %	14.9 %

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, 2024, we had 1,753 homes in backlog, which represents a decrease of 12.4% as compared to 2,002 homes in backlog at June 30, 2023, with a total value of $754.6 million, as compared to $750.1 million at June 30, 2023. Backlog dollar value remained consistent due to an increase in average sales prices of backlog units offset by a decrease in the number of backlog units. Backlog average sales price increased 14.9% as compared to the period year period, largely due to mix, including a decrease in the percentage of Century Complete homes to total 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, 2024, 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.

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Century Communities, Inc. and Guarantor Subsidiaries

Summarized Balance Sheet Data (in thousands)	June 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ —	$ 104,900
Cash held in escrow	44,823	101,845
Accounts receivable	70,018	67,480
Due from non-guarantors	—	17,982
Inventories	3,295,336	3,016,641
Prepaid expenses and other assets	334,623	282,056
Property and equipment, net	96,947	68,839
Deferred tax assets, net	17,426	16,998
Goodwill	32,082	30,395
Total assets	$ 3,891,255	$ 3,707,136
Liabilities and stockholders' equity		
Liabilities:		
Accounts payable	$ 156,573	$ 145,231
Accrued expenses and other liabilities	241,385	259,912
Due to non-guarantors	14,303	—
Notes payable	1,075,344	1,062,471
Revolving line of credit	111,000	—
Total liabilities	1,598,605	1,467,614
Stockholders' equity:	2,292,650	2,239,522
Total liabilities and stockholders' equity	$ 3,891,255	$ 3,707,136

Summarized Statements of Operations Data (in thousands)	Six Months Ended June 30, 2024	Year Ended December 31, 2023
Total homebuilding revenues	$ 1,941,409	$ 3,611,962
Total homebuilding cost of revenues	(1,513,164)	(2,840,583)
Selling, general and administrative	(240,082)	(447,311)
Inventory impairment	(570)	(1,877)
Other income (expense)	(12,376)	(6,547)
Income before income tax expense	175,217	315,644
Income tax expense	(42,150)	(82,419)
Net income	$ 133,067	$ 233,225

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, 2023, filed with the SEC on February 5, 2024, 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 $840.5 million as of June 30, 2024 and $1.1 billion as of December 31, 2023.

Our principal uses of capital for the three and six months ended June 30, 2024 were our land purchases, land development, home construction, the acquisition of Landmark Homes, share repurchases, dividends, 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, and proceeds from issuances of debt or equity 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 if rising interest rates remain high. 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, 2024, 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, 2023 that was filed with the SEC on February 5, 2024.

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, 2024, we had outstanding purchase contracts and option contracts for 45,320 lots totaling approximately $2.6 billion and we had $86.8 million of deposits for land contracts, of which $46.7 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.

In addition, in the ordinary course of business, we explore, and from time to time, enter into purchase agreements to opportunistically acquire other homebuilders to add existing and future lots to our land portfolio and augment the organic expansion of our land portfolio. These acquisitions are often legally structured as asset acquisitions for cash and conditioned upon a due diligence investigation by us of the business for a limited period of time, in addition to other standard and customary closing conditions.

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, 2024, 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, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
3.875% senior notes, due August 2029(1)	$ 496,042	$ 495,656
6.750% senior notes, due June 2027(1)	497,618	497,210
Other financing obligations(2)	81,684	69,605
Notes payable	1,075,344	1,062,471
Revolving line of credit	111,000	—
Mortgage repurchase facilities	248,816	239,298
Total debt	$ 1,435,160	$ 1,301,769

(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, 2024, other financing obligations included $8.8 million related to insurance premium notes and certain secured borrowings, as well as $72.9 million outstanding under construction loan agreements, as described below. As of December 31, 2023, other financing obligations included $24.7 million related to insurance premium notes and certain secured borrowings, as well as $44.9 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, 2024 and December 31, 2023, we had $514.8 million and $510.5 million, respectively, in letters of credit and performance and other bonds issued and outstanding. Although significant development and construction activities have been completed related to the improvements at these sites, the letters of credit and performance and other bonds are not generally fully released until all development and construction activities are completed.

Construction Loan Agreements

Certain wholly owned subsidiaries of Century Living, LLC, are parties to construction loan agreements with various banks, (which we collectively refer to as "the lenders"). These 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 from March 17, 2026 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.

As of June 30, 2024, $72.9 million was outstanding under the construction loan agreements, with borrowings that bore a weighted average interest rate of 7.4% as of June 30, 2024, and we were in compliance with all covenants thereunder.

Revolving Line of Credit

We are party to a Second Amended and Restated Credit Agreement, as amended, (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 and a $50.0 million sublimit for swingline loans. 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. Borrowings under the Second A&R Credit Agreement are based on an adjusted term SOFR reference rate, which equals the greater of (i) 0.50% or (ii) the one-month quotation of the SOFR administered by the Federal Reserve Bank of New York, plus 0.10%.

As of June 30, 2024, $111.0 million was outstanding under our revolving line of credit, with borrowings that bore an interest rate of 7.5%, and were in compliance with all covenants under the Second A&R Credit Agreement. As of December 31, 2023, no amount was outstanding under the revolving line of credit.

Mortgage Repurchase Facilities – Financial Services

Inspire is party to mortgage warehouse facilities with J.P. Morgan Chase Bank, N.A., Texas Capital Bank, and U.S. Bank National Association, which provide Inspire with uncommitted repurchase facilities of up to an aggregate of $350.0 million as of June 30, 2024, secured by the mortgage loans financed thereunder. The repurchase facilities have varying short term maturity dates through March 21, 2025. Borrowings under the mortgage repurchase facilities bear interest at variable interest rates per annum equal to SOFR plus an applicable margin, and bore a weighted average interest rate of 7.1% as of June 30, 2024.

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, 2024 and December 31, 2023, we had $248.8 million and $239.3 million outstanding under the repurchase facilities, respectively, and were in compliance with all covenants thereunder.

Stock Repurchases

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. During the three and six months ended June 30, 2024, an aggregate of 465.0 thousand and 651.9 thousand shares, respectively, were repurchased for a total purchase price of approximately $37.0 million and $53.1 million, respectively, and a weighted average price of $79.61 and $81.49 per share, respectively. 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. The maximum number of shares available to be repurchased under the stock repurchase program as of June 30, 2024 was 578,143 shares.

On July 22, 2024, our Board of Directors approved a new stock repurchase program under which we may repurchase up to an additional 4.5 million shares. Under the terms of these programs, 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 is determined by management at its discretion and depends on a number of factors, including, among others, the market price of our common stock, trading volume, our available cash balance, our anticipated working capital needs, other capital management objectives and opportunities, applicable legal requirements, applicable tax effects including the 1% excise tax instituted under the Inflation Reduction Act of 2022, and general market and economic conditions. We 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. Our stock repurchase programs have no expiration dates 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 programs will be cancelled and returned to the status of authorized but unissued shares of common stock.

Cash Dividends

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, 2024 and 2023, respectively (in thousands, except per share information):

			Six Months Ended June 30, 2024 Cash Dividends Declared and Paid	
Declaration Date	**Record Date**	**Paid Date**	**Per Share**	**Amount**
February 7, 2024	February 28, 2024	March 13, 2024	$ 0.26	$ 8,264
May 15, 2024	May 29, 2024	June 12, 2024	$ 0.26	$ 8,217

			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

We expect to continue paying our quarterly cash dividends to stockholders for the remainder of 2024. However, 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, 2024 Compared to the Six Months Ended June 30, 2023

For the six months ended June 30, 2024 and 2023, 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 used in operating activities was $78.5 million during the six months ended June 30, 2024 as compared to net cash provided by operating activities of $132.8 million during the prior year period. This change is primarily a result of increased expenditures related to land acquisition and expenditures associated with the construction of homes during the six months ended June 30, 2024 as compared to the six months ended June 30, 2023. These increased expenditures were primarily offset by a $63.3 million increase in net income.

- Net cash used in investing activities increased to $87.6 million during the six months ended June 30, 2024, compared to $48.6 million used during the prior year period. This increase was primarily related to (1) $32.7 million in expenditures related to our acquisition of Landmark during the six months ended June 30, 2024 and (2) a $14.6 million increase in purchases of property and equipment, partially offset by $11.0 million in proceeds from the sale of property and equipment during the six months ended June 30, 2024.

- Net cash provided by financing activities was $52.6 million during the six months ended June 30, 2024, compared to net cash used in financing activities of $23.4 million during the prior year period. This change was primarily attributable to (1) a $111.0 increase in borrowings under our revolving credit facility; (2) a $16.1 million increase in net proceeds for our mortgage repurchase facilities; and (3) a $14.2 million increase in borrowings under construction loan agreements, in each case, during the six months ended June 30, 2024, and as compared to the prior year period. These increases were partially offset by (1) $53.1 million in repurchases of our common stock during the six months ended June 30, 2024 as compared to $2.0 million in repurchases of our common stock during the prior year period; and (2) a $12.7 million net increase in payments for insurance premium notes.

As of June 30, 2024, our cash and cash equivalents and restricted cash balance was $128.5 million, as compared to $242.0 million as of December 31, 2023.

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, 2024 and 2023. 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), inventory impairment (if applicable), purchase price accounting for acquired work in process inventory (if applicable), and impairment on other investments (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,		
	2024	2023	% Change	2024	2023	% Change
Net income	$ 83,724	$ 51,445	62.7 %	$ 148,055	$ 84,756	74.7 %
Income tax expense	26,909	17,303	55.5 %	46,897	28,001	67.5 %
Interest in cost of home sales revenues	13,592	10,270	32.3 %	25,625	20,077	27.6 %
Interest income	(810)	(2,578)	(68.6) %	(2,324)	(4,942)	(53.0) %
Depreciation and amortization expense	5,689	3,621	57.1 %	11,165	6,913	61.5 %
EBITDA	129,104	80,061	61.3 %	229,418	134,805	70.2 %
Inventory impairment	570	—	NM	570	—	NM
Impairment on other investment	—	—	NM	7,722	—	NM
Purchase price accounting for acquired work in process inventory	973	—	NM	2,553	—	NM
Adjusted EBITDA	$ 130,647	$ 80,061	63.2 %	$ 240,263	$ 134,805	78.2 %

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, 2024	December 31, 2023
Notes payable	$ 1,075,344	$ 1,062,471
Revolving line of credit	111,000	—
Construction loan agreements	(72,860)	(44,895)
Total homebuilding debt	1,113,484	1,017,576
Total stockholders' equity	2,465,657	2,386,936
Total capital	$ 3,579,141	$ 3,404,512
Homebuilding debt to capital	31.1%	29.9%
Total homebuilding debt	$ 1,113,484	$ 1,017,576
Cash and cash equivalents	(106,682)	(226,150)
Cash held in escrow	(44,823)	(101,845)
Net homebuilding debt	961,979	689,581
Total stockholders' equity	2,465,657	2,386,936
Net capital	$ 3,427,636	$ 3,076,517
Net homebuilding debt to net capital	28.1%	22.4%

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, (iv) loss on debt extinguishment, if applicable, (v) purchase price accounting for acquired work in process inventory, if applicable, and (vi) impairment on other investments, 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,	
	2024	2023	2024	2023
Numerator				
Net income	$ 83,724	$ 51,445	$ 148,055	$ 84,756
Denominator				
Weighted average common shares outstanding - basic	31,648,130	32,025,186	31,728,544	31,970,106
Dilutive effect of stock-based compensation awards	444,659	222,210	437,254	212,439
Weighted average common shares outstanding - diluted	32,092,789	32,247,396	32,165,798	32,182,545
Earnings per share:				
Basic	$ 2.65	$ 1.61	$ 4.67	$ 2.65
Diluted	$ 2.61	$ 1.60	$ 4.60	$ 2.63
Adjusted earnings per share				
Numerator				
Net income	$ 83,724	$ 51,445	$ 148,055	$ 84,756
Income tax expense	26,909	17,303	46,897	28,001
Income before income tax expense	110,633	68,748	194,952	112,757
Inventory impairment	570	—	570	—
Impairment on other investment	—	—	7,722	—
Purchase price accounting for acquired work in process inventory	973	—	2,553	—
Adjusted income before income tax expense	112,176	68,748	205,797	112,757
Adjusted income tax expense[1]	(26,985)	(17,303)	(49,506)	(28,001)
Adjusted net income	$ 85,191	$ 51,445	$ 156,291	$ 84,756
Denominator - Diluted	32,092,789	32,247,396	32,165,798	32,182,545
Adjusted diluted earnings per share	$ 2.65	$ 1.60	$ 4.86	$ 2.63

(1) The tax rates used in calculating adjusted net income for the three and six months ended June 30, 2024 were 24.1%, respectively, which are reflective of our GAAP tax rates for the six months ended June 30, 2024. 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, 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. There have been no material changes in our market risk since December 31, 2023. For additional information regarding our market risk, refer to the "Quantitative and Qualitative Disclosures About Market Risk" section of our Annual Report on Form 10-K for the year ended December 31, 2023.

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. While inflation remained elevated during the three and six months ended June 30, 2024, it has generally slowed since the second quarter of 2022. 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.

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 typically takes four to five months to construct a new home, we typically deliver more homes in the second half of the year as spring and summer home starts 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. This seasonality pattern may be affected by volatility in the homebuilding industry, supply chain challenges, subcontractor and labor shortages, 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, 2024, 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, 2024 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 2024 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, 2023 that was filed with the SEC on February 5, 2024.

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, 2024.

	Total number of shares purchased (1)	Average price paid per share (2)	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				
April 1, 2024 through April 30, 2024	—	$ —	—	1,043,123
May				
May 1, 2024 through May 31, 2024	205,814	79.69	205,814	837,309
June				
June 1, 2024 through June 30, 2024	259,166	79.55	259,166	578,143
Total	464,980	$ 79.61		

(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. We repurchased 464,980 shares during the period indicated above under this program and 578,143 shares remained available to repurchase under this program as of June 30, 2024. On July 22, 2024, our Board of Directors authorized a new stock repurchase program, under which we may repurchase up to an additional 4,500,000 shares of our outstanding common stock. Under the terms of these stock repurchase programs, 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. These programs have no expiration dates and may be terminated by the Board of Directors at any time.

(2) The Inflation Reduction Act of 2022 imposes a nondeductible 1% excise tax on the net value of certain stock repurchases made after December 31, 2022. All dollar amounts presented exclude such excise taxes, as applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Rule 10b5-1 Plan and Non-Rule 10b5-1 Trading Arrangement Adoptions, Terminations, and Modifications

During the three months ended June 30, 2024, 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 of SEC Regulation S-K.

ITEM 6. EXHIBITS.

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

Item No.	Description
3.1	Restated Certificate of Incorporation of Century Communities, Inc. (incorporated by reference to Exhibit 3.1 to Century Communities, Inc.'s Quarterly Report on Form 10-Q for quarter ended September 30, 2023 (File No. 001-36491)).
3.2	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)).
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 24, 2024	By:	/s/ Dale Francescon Dale Francescon *Chairman of the Board and Co-Chief Executive Officer* *(Co-Principal Executive Officer)*
Date: July 24, 2024	By:	/s/ Robert J. Francescon Robert J. Francescon *Co-Chief Executive Officer and President* *(Co-Principal Executive Officer)*
Date: July 24, 2024	By:	/s/ J. Scott Dixon J. Scott Dixon *Chief Financial Officer* *(Principal Financial Officer and Principal Accounting Officer)*

Exhibit 22.1

LIST OF SUBSIDIARY GUARANTORS

As of June 30, 2024, Century Communities, Inc. (referred to as the "Issuer") had $500 million principal amount outstanding of 3.875% Senior Notes due August 2029 (referred to collectively as the "2029 Notes") and $500 million principal amount outstanding of 6.75% Senior Notes due May 2027 (referred to collectively as the "2027 Notes" and collectively with the 2029 Notes, the "Senior Notes"). The Senior Notes are unsecured senior obligations of the Issuer and are fully and unconditionally guaranteed on an unsecured basis, jointly and severally, by substantially all of the Issuer's direct and indirect wholly-owned operating subsidiaries (referred to collectively as "Guarantors"). The Issuer's subsidiaries associated with its financial services operations do not guarantee the Senior Notes.

As of June 30, 2024, 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.

As the guarantees for the 2027 Notes were made in connection with the issuance of the 2027 Notes and an exchange offer effected under the Securities Act in April 2017, the Guarantors' condensed supplemental financial information is presented in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 as if the guarantees existed during the periods presented pursuant to applicable SEC rules and guidance. In addition, pursuant to such SEC rules and guidance, the information regarding the Guarantors as of June 30, 2024 is set forth below.

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

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

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

Name of Entity	State of Formation, Organization, or Incorporation
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 Couplet, LLC	Colorado
Century Land Holdings, LLC	Colorado
Century Land Holdings II, LLC	Colorado
Century Land Holdings of Texas, LLC	Colorado
Century Land Holdings of Utah, LLC	Utah
Century Lincoln Station, LLC	Colorado
Century Living at Compark, LLC	Colorado
Century Living at Verona LLC	Colorado
Century Living, LLC	Colorado
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 Ridgegate, LLC	Colorado
Meridian Ranch, LLC	Colorado
Montecito at Ridgegate, LLC	Colorado
Park 5th Avenue Development Co., LLC	Colorado
Red Rocks Pointe, LLC	Colorado
Reserve at Highpointe Estates, LLC	Colorado
Reserve at The Meadows, LLC	Colorado

Name of Entity	State of Formation, Organization, or Incorporation
SAH Holdings, LLC	Colorado
Saddleback Heights, LLC	Colorado
Stetson Ridge Homes, LLC	Colorado
The Overlook at Tallyn's Reach, LLC	Colorado
The Retreat at Ridgegate, 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
Villas at Murphy Creek, LLC	Colorado
Waterside at Highland Park, LLC	Colorado
Westown Condominiums, LLC	Colorado
Westown Townhomes, LLC	Colorado
Wildgrass, LLC	Colorado
WJH LLC	Delaware
WJH LLC of Delaware	Delaware
WJH Brokerage OH LLC, D/B/A Wade Jurney Homes	Ohio
WJH Brokerage TX LLC	Texas
WJH Brokerage MI LLC	Michigan
WJHAL LLC	Alabama
WJHAL2 LLC	North Carolina
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 NC LLC	North Carolina
WJH Brokerage NC LLC	Texas
WJHAZ LLC	Arizona

EXHIBIT 31.1

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 24, 2024

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

EXHIBIT 31.2

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 24, 2024

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

EXHIBIT 31.3

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. Scott Dixon, 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 24, 2024

/s/ J. Scott Dixon

J. Scott Dixon
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

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, 2024, 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 24, 2024

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

EXHIBIT 32.2

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, 2024, 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 24, 2024	/s/ Robert J. Francescon
	Robert J. Francescon
	Co-Chief Executive Officer and President
	(Co-Principal Executive Officer)

EXHIBIT 32.3

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, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, J. Scott Dixon, 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 24, 2024

/s/ J. Scott Dixon
J. Scott Dixon
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)