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## **FORM 8-K**

**MDC HOLDINGS INC - MDC**

**Filed: April 30, 2019 (period: April 30, 2019)**

Report of unscheduled material events or corporate changes.

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): April 30, 2019

M.D.C. Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other  
jurisdiction of  
incorporation)

1-8951  
(Commission file number)

84-0622967  
(I.R.S. employer  
identification no.)

4350 South Monaco Street, Suite 500, Denver, Colorado 80237  
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (303) 773-1100

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 30, 2019, M.D.C. Holdings, Inc. issued a press release reporting its results of operations for the first quarter of 2019. A copy of the press release is furnished as Exhibit 99.1 to this Current Report.

The information in Item 2.02 of this Current Report, including the press release, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act except as expressly set forth by specific reference in such filing.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

The following exhibit is furnished as part of this Current Report on Form 8-K.

EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description</u>                                 |
|-----------------------|--|
| Exhibit 99.1          | <a href="#">Press Release dated April 30, 2019</a> |

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.

\_\_\_\_\_  
M.D.C. HOLDINGS, INC.

Dated: April 30, 2019

By: /s/ Joseph H. Fretz  
Joseph H. Fretz  
Secretary and Corporate Counsel

## News Release

### M.D.C. HOLDINGS ANNOUNCES 2019 FIRST QUARTER RESULTS

DENVER, COLORADO, Tuesday, April 30, 2019. M.D.C Holdings, Inc. (NYSE: MDC), one of the nation's leading homebuilders, announced results for the quarter ended March 31, 2019.

Larry A. Mizel, MDC's Chairman and Chief Executive Officer, stated, "MDC generated another strong quarter of profitability to start 2019, with net income of \$40.6 million, or \$0.64 cents per diluted share. Home sales revenues grew 7% year-over-year on a similar increase in new home deliveries, even though the number of homes in backlog to start the year was 7% lower than a year ago. Additionally, homebuilding gross margins expanded 70 basis points over the prior year, and net new orders increased 3% on a healthy absorption pace of 3.75 homes per community per month. We believe that these results provide further validation of our shift to more affordable product and our adherence to a build-to-order business model."

Mr. Mizel continued, "The housing industry continues to benefit from a national economy that is characterized by steady job creation, improving wage growth and low interest rates. A lack of available supply has also resulted in pent up demand, particularly for more affordable housing, which is why we continue to focus our investments in this segment."

Mr. Mizel concluded, "MDC is poised for growth as we head into the latter part of the spring selling season, with 15% more active communities open at the end of the first quarter as compared to last year. A majority of these communities cater to buyers seeking more affordable homes, giving us an increased presence in this high growth segment of the homebuilding market. With a great platform for growth, a diverse product offering and a strong balance sheet, MDC is well positioned to sustain the positive momentum generated in the first quarter."

## 2019 First Quarter Highlights and Comparisons to 2018 First Quarter

- Home sale revenues up 7% to \$647.3 million from \$607.7 million
  - Unit deliveries increased 7% to 1,358
  - Average selling price of deliveries nearly unchanged at \$476,600
- Pretax income up 10% to \$55.6 million from \$50.5 million
- Net income of \$40.6 million, or \$0.64 per diluted share, up 5% from \$38.8 million or \$0.63 per diluted share\*
  - Effective tax rate of 27.1% vs. 23.3%
- Gross margin from home sales up 70 basis points to 18.9% from 18.2%
- Selling, general and administrative expenses as a percentage of home sale revenues ("SG&A rate") of 12.7% vs. 11.7%
- Dollar value of net new orders of \$851.4 million vs. \$863.7 million
  - Unit net orders increased 3% to 1,956
  - Average selling price of net orders down 4% to \$435,300

*\* Per share amount for the 2018 first quarter has been adjusted for the 8% stock dividend declared and paid in the 2019 first quarter*

## 2019 Outlook – Selected Information

- Backlog dollar value at March 31, 2019 down 12% year-over-year to \$1.65 billion
  - Estimated gross margin from homes in backlog at March 31, 2019 slightly lower than 2019 first quarter closing gross margin of 18.9%
  - Backlog conversion ratio (home deliveries divided by beginning backlog) for the second quarter estimated to be in the 41% to 43% range
- Active subdivision count at March 31, 2019 of 178, up 15% year-over-year and 7% from December 31, 2018
- Lots controlled of 22,887 at March 31, 2019, up 7% year-over-year
- Quarterly dividend of \$0.30 (\$1.20 annualized) declared in April 2019

## *About MDC*

M.D.C. Holdings, Inc. was founded in 1972. MDC's homebuilding subsidiaries, which operate under the name Richmond American Homes, have built and financed the American Dream for more than 200,000 homebuyers since 1977. MDC's commitment to customer satisfaction, quality and value is reflected in each home its subsidiaries build. MDC is one of the largest homebuilders in the United States. Its subsidiaries have homebuilding operations across the country, including the metropolitan areas of Denver, Colorado Springs, Salt Lake City, Las Vegas, Phoenix, Tucson, Riverside-San Bernardino, Los Angeles, San Diego, Orange County, San Francisco Bay Area, Sacramento, Washington D.C., Baltimore, Orlando, Jacksonville, Seattle and Portland. The Company's subsidiaries also provide mortgage financing, insurance and title services, primarily for Richmond American homebuyers, through HomeAmerican Mortgage Corporation, American Home Insurance Agency, Inc. and American Home Title and Escrow Company, respectively. M.D.C. Holdings, Inc. is traded on the New York Stock Exchange under the symbol "MDC." For more information, visit [www.mdcholdings.com](http://www.mdcholdings.com).

## *Forward-Looking Statements*

Certain statements in this release, including any statements regarding our business, financial condition, results of operation, cash flows, strategies and prospects, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of MDC to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among other things, (1) general economic conditions, including changes in consumer confidence, inflation or deflation and employment levels; (2) changes in business conditions experienced by MDC, including cancellation rates, net home orders, home gross margins, land and home values and subdivision counts; (3) changes in interest rates, mortgage lending programs and the availability of credit; (4) changes in the market value of MDC's investments in marketable securities; (5) uncertainty in the mortgage lending industry, including repurchase requirements associated with HomeAmerican Mortgage Corporation's sale of mortgage loans (6) the relative stability of debt and equity markets; (7) competition; (8) the availability and cost of land and other raw materials used by MDC in its homebuilding operations; (9) the availability and cost of performance bonds and insurance covering risks associated with our business; (10) shortages and the cost of labor; (11) weather related slowdowns and natural disasters; (12) slow growth initiatives; (13) building moratoria; (14) governmental regulation, including the interpretation of tax, labor and environmental laws; (15) terrorist acts and other acts of war; (16) changes in energy prices; and (17) other factors over which MDC has little or no control. **Additional information about the risks and uncertainties applicable to MDC's business is contained in MDC's Form 10-Q for the quarter ended March 31, 2019, which is scheduled to be filed with the Securities and Exchange Commission today.** All forward-looking statements made in this press release are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed in this press release will increase with the passage of time. MDC undertakes no duty to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in our subsequent filings, releases or webcasts should be consulted.

Contact: Robert N. Martin  
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**M.D.C. HOLDINGS, INC.**  
**Consolidated Statements of Operations and Comprehensive Income**  
(Unaudited)

|  | Three Months Ended                               |                  |
|--|--|------------------|
|  | March 31,  |                  |
|  | 2019   | 2018             |
|  | (Dollars in thousands, except per share amounts) |                  |
| <b>Homebuilding:</b>                               |  |                  |
| Home sale revenues                                 | \$ 647,278                                       | \$ 607,688       |
| Home cost of sales                                 | (524,552)  | (496,632)        |
| Inventory impairments                              | (610)  | (550)            |
| Total cost of sales                                | (525,162)  | (497,182)        |
| Gross profit                                       | 122,116  | 110,506          |
| Selling, general and administrative expenses       | (82,261)   | (71,341)         |
| Interest and other income                          | 2,391  | 1,859            |
| Other expense                                      | (1,191)  | (563)            |
| Homebuilding pretax income                         | 41,055   | 40,461           |
| <b>Financial Services:</b>                         |  |                  |
| Revenues   | 17,404   | 19,035           |
| Expenses   | (8,957)  | (8,831)          |
| Interest and other income                          | 1,264  | 1,020            |
| Net gain (loss) on marketable equity securities    | 4,840  | (1,153)          |
| Financial services pretax income                   | 14,551   | 10,071           |
| Income before income taxes                         | 55,606   | 50,532           |
| Provision for income taxes                         | (15,056)   | (11,768)         |
| Net income   | <u>\$ 40,550</u>                                 | <u>\$ 38,764</u> |
| Other comprehensive income                         | -  | -                |
| Comprehensive income                               | <u>\$ 40,550</u>                                 | <u>\$ 38,764</u> |
| <b>Earnings per share:</b>                         |  |                  |
| Basic  | \$ 0.66  | \$ 0.64          |
| Diluted  | \$ 0.64  | \$ 0.63          |
| <b>Weighted average common shares outstanding:</b> |  |                  |
| Basic  | 60,939,364                                       | 60,340,774       |
| Diluted  | 62,708,334                                       | 61,447,563       |
| Dividends declared per share                       | \$ 0.30  | \$ 0.28          |

**M.D.C. HOLDINGS, INC.**  
**Consolidated Balance Sheets**  
(Unaudited)

|   | March 31,<br>2019                                   | December 31,<br>2018 |
|---|---|----------------------|
|   | (Dollars in thousands, except<br>per share amounts) |                      |
| <b>ASSETS</b>   |   |                      |
| <b>Homebuilding:</b>  |   |                      |
| Cash and cash equivalents   | \$ 416,374  | \$ 414,724           |
| Restricted cash   | 8,136   | 6,363                |
| Trade and other receivables   | 67,960  | 52,982               |
| Inventories:  |   |                      |
| Housing completed or under construction   | 950,274   | 952,436              |
| Land and land under development   | 1,198,824   | 1,180,558            |
| Total inventories   | 2,149,098   | 2,132,994            |
| Property and equipment, net   | 59,765  | 58,167               |
| Operating lease right-of-use asset  | 32,604  | -                    |
| Deferred tax asset, net   | 34,504  | 37,178               |
| Prepaid and other assets  | 42,545  | 45,794               |
| Total homebuilding assets   | 2,810,986   | 2,748,202            |
| <b>Financial Services:</b>  |   |                      |
| Cash and cash equivalents   | 51,556  | 49,052               |
| Marketable securities   | 45,767  | 40,879               |
| Mortgage loans held-for-sale, net   | 110,810   | 149,211              |
| Other assets  | 15,800  | 13,733               |
| Total financial services assets   | 223,933   | 252,875              |
| Total Assets  | <u>\$ 3,034,919</u>                                 | <u>\$ 3,001,077</u>  |
| <b>LIABILITIES AND EQUITY</b>   |   |                      |
| <b>Homebuilding:</b>  |   |                      |
| Accounts payable  | \$ 58,570   | \$ 50,505            |
| Accrued liabilities   | 185,131   | 196,247              |
| Operating lease liability   | 33,460  | -                    |
| Revolving credit facility   | 15,000  | 15,000               |
| Senior notes, net   | 988,322   | 987,967              |
| Total homebuilding liabilities  | 1,280,483   | 1,249,719            |
| <b>Financial Services:</b>  |   |                      |
| Accounts payable and accrued liabilities  | 58,874  | 58,543               |
| Mortgage repurchase facility  | 84,856  | 116,815              |
| Total financial services liabilities  | 143,730   | 175,358              |
| Total Liabilities   | 1,424,213   | 1,425,077            |
| <b>Stockholders' Equity</b>   |   |                      |
| Preferred stock, \$0.01 par value; 25,000,000 shares authorized; none issued or outstanding   | -   | -                    |
| Common stock, \$0.01 par value; 250,000,000 shares authorized; 61,520,890 and 56,615,352 issued and outstanding at March 31, 2019 and December 31, 2018, respectively | 615   | 566                  |
| Additional paid-in-capital  | 1,318,726   | 1,168,442            |
| Retained earnings   | 291,365   | 406,992              |
| Total Stockholders' Equity  | 1,610,706   | 1,576,000            |
| Total Liabilities and Stockholders' Equity  | <u>\$ 3,034,919</u>                                 | <u>\$ 3,001,077</u>  |

**M.D.C. HOLDINGS, INC.**  
**Consolidated Statement of Cash Flows**  
(Unaudited)

|   | Three Months Ended<br>March 31, |                   |
|---|---------------------------------|-------------------|
|   | 2019                            | 2018              |
| (Dollars in thousands)  |                                 |                   |
| <b>Operating Activities:</b>  |                                 |                   |
| Net income  | \$ 40,550                       | \$ 38,764         |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                                 |                   |
| Stock-based compensation expense  | 4,251                           | 1,251             |
| Depreciation and amortization   | 4,878                           | 4,636             |
| Inventory impairments   | 610                             | 550               |
| Net (gain) loss on marketable equity securities   | (4,840)                         | 1,153             |
| Amortization of discount / premiums on marketable debt securities, net                      | -                               | (182)             |
| Deferred income tax expense   | 2,696                           | 423               |
| Net changes in assets and liabilities:  |                                 |                   |
| Trade and other receivables   | (13,771)                        | (3,261)           |
| Mortgage loans held-for-sale, net   | 38,401                          | 24,956            |
| Housing completed or under construction   | 2,137                           | (65,378)          |
| Land and land under development   | (18,496)                        | (71,552)          |
| Prepaid and other assets  | 1,085                           | 389               |
| Accounts payable and accrued liabilities  | (3,153)                         | 6,765             |
| Net cash provided by (used in) operating activities   | <u>54,348</u>                   | <u>(61,486)</u>   |
| <b>Investing Activities:</b>  |                                 |                   |
| Purchases of marketable securities  | (4,785)                         | (8,761)           |
| Sales of marketable securities  | 4,737                           | 8,700             |
| Purchases of property and equipment   | (6,386)                         | (6,316)           |
| Net cash used in investing activities   | <u>(6,434)</u>                  | <u>(6,377)</u>    |
| <b>Financing Activities:</b>  |                                 |                   |
| Payments on mortgage repurchase facility, net   | (31,959)                        | (22,214)          |
| Dividend payments   | (17,115)                        | (16,865)          |
| Proceeds from exercise of stock options   | 7,087                           | 282               |
| Net cash used in financing activities   | <u>(41,987)</u>                 | <u>(38,797)</u>   |
| Net increase (decrease) in cash, cash equivalents and restricted cash                       | 5,927                           | (106,660)         |
| Cash, cash equivalents and restricted cash:   |                                 |                   |
| Beginning of period   | 470,139                         | 514,240           |
| End of period   | <u>\$ 476,066</u>               | <u>\$ 407,580</u> |
| <b>Reconciliation of cash, cash equivalents and restricted cash:</b>                        |                                 |                   |
| Homebuilding:   |                                 |                   |
| Cash and cash equivalents   | \$ 416,374                      | \$ 352,868        |
| Restricted cash   | 8,136                           | 6,198             |
| Financial Services:   |                                 |                   |
| Cash and cash equivalents   | 51,556                          | 48,514            |
| Total cash, cash equivalents and restricted cash  | <u>\$ 476,066</u>               | <u>\$ 407,580</u> |

## New Home Deliveries

|          | Three Months Ended March 31, |                    |               |       |                    |               |          |                    |               |
|----------|------------------------------|--------------------|---------------|-------|--------------------|---------------|----------|--------------------|---------------|
|          | 2019                         |                    |               | 2018  |                    |               | % Change |                    |               |
|          | Homes                        | Home Sale Revenues | Average Price | Homes | Home Sale Revenues | Average Price | Homes    | Home Sale Revenues | Average Price |
|          | (Dollars in thousands)       |                    |               |       |                    |               |          |                    |               |
| West     | 752                          | \$ 369,558         | \$ 491.4      | 681   | \$ 319,509         | \$ 469.2      | 10%      | 16%                | 5%            |
| Mountain | 409                          | 209,192            | 511.5         | 416   | 208,632            | 501.5         | (2)%     | 0%                 | 2%            |
| East     | 197                          | 68,528             | 347.9         | 177   | 79,547             | 449.4         | 11%      | (14)%              | (23)%         |
| Total    | 1,358                        | \$ 647,278         | \$ 476.6      | 1,274 | \$ 607,688         | \$ 477.0      | 7%       | 7%                 | (0)%          |

## Net New Orders

|          | Three Months Ended March 31, |              |               |                           |       |              |               |                           |          |              |               |                         |
|----------|------------------------------|--------------|---------------|---------------------------|-------|--------------|---------------|---------------------------|----------|--------------|---------------|-------------------------|
|          | 2019                         |              |               |                           | 2018  |              |               |                           | % Change |              |               |                         |
|          | Homes                        | Dollar Value | Average Price | Monthly Absorption Rate * | Homes | Dollar Value | Average Price | Monthly Absorption Rate * | Homes    | Dollar Value | Average Price | Monthly Absorption Rate |
|          | (Dollars in thousands)       |              |               |                           |       |              |               |                           |          |              |               |                         |
| West     | 965                          | \$433,307    | \$ 449.0      | 3.82                      | 1,033 | \$458,195    | \$ 443.6      | 4.78                      | (7)%     | (5)%         | 1%            | (20)%                   |
| Mountain | 719                          | 336,932      | 468.6         | 3.52                      | 667   | 327,006      | 490.3         | 3.92                      | 8%       | 3%           | (4)%          | (10)%                   |
| East     | 272                          | 81,179       | 298.5         | 4.17                      | 204   | 78,459       | 384.6         | 2.99                      | 33%      | 3%           | (22)%         | 39%                     |
| Total    | 1,956                        | \$851,418    | \$ 435.3      | 3.75                      | 1,904 | \$863,660    | \$ 453.6      | 4.19                      | 3%       | (1)%         | (4)%          | (11)%                   |

\*Calculated as total net new orders in period ÷ average active communities during period ÷ number of months in period

## Active Subdivisions

|          | Active Subdivisions |      |          | Average Active Subdivisions |      |          |
|----------|---------------------|------|----------|-----------------------------|------|----------|
|          | March 31,           |      | % Change | Three Months Ended          |      | % Change |
|          | 2019                | 2018 |          | 2019                        | 2018 |          |
| West     | 88                  | 73   | 21%      | 84                          | 72   | 17%      |
| Mountain | 64                  | 58   | 10%      | 69                          | 57   | 21%      |
| East     | 26                  | 24   | 8%       | 22                          | 23   | (4)%     |
| Total    | 178                 | 155  | 15%      | 175                         | 152  | 15%      |

## Backlog

|          | March 31,              |                    |                 |              |                    |                 |          |              |               |
|----------|------------------------|--------------------|-----------------|--------------|--------------------|-----------------|----------|--------------|---------------|
|          | 2019                   |                    |                 | 2018         |                    |                 | % Change |              |               |
|          | Homes                  | Dollar Value       | Average Price   | Homes        | Dollar Value       | Average Price   | Homes    | Dollar Value | Average Price |
|          | (Dollars in thousands) |                    |                 |              |                    |                 |          |              |               |
| West     | 1,736                  | \$ 830,703         | \$ 478.5        | 1,803        | \$ 923,326         | \$ 512.1        | (4)%     | (10)%        | (7)%          |
| Mountain | 1,353                  | 690,623            | 510.4           | 1,504        | 766,010            | 509.3           | (10)%    | (10)%        | 0%            |
| East     | 445                    | 133,140            | 299.2           | 482          | 190,102            | 394.4           | (8)%     | (30)%        | (24)%         |
| Total    | <u>3,534</u>           | <u>\$1,654,466</u> | <u>\$ 468.2</u> | <u>3,789</u> | <u>\$1,879,438</u> | <u>\$ 496.0</u> | (7)%     | (12)%        | (6)%          |

## Homes Completed or Under Construction (WIP lots)

|   | March 31,    |              | % Change |
|---|--------------|--------------|----------|
|   | 2019         | 2018         |          |
| Unsold:                                     |              |              |          |
| Completed                                   | 120          | 86           | 40%      |
| Under construction                          | 177          | 203          | (13)%    |
| Total unsold started homes                  | 297          | 289          | 3%       |
| Sold homes under construction or completed  | 2,362        | 2,549        | (7)%     |
| Model homes under construction or completed | 459          | 366          | 25%      |
| Total homes completed or under construction | <u>3,118</u> | <u>3,204</u> | (3)%     |

## Lots Owned and Optioned (including homes completed or under construction)

|          | March 31, 2019 |               |               | March 31, 2018 |               |               | Total % Change |
|----------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|
|          | Lots Owned     | Lots Optioned | Total         | Lots Owned     | Lots Optioned | Total         |                |
|          | West           | 7,894         | 2,462         | 10,356         | 7,421         | 2,205         |                |
| Mountain | 6,636          | 2,612         | 9,248         | 5,206          | 3,398         | 8,604         | 7%             |
| East     | 1,989          | 1,294         | 3,283         | 1,531          | 1,692         | 3,223         | 2%             |
| Total    | <u>16,519</u>  | <u>6,368</u>  | <u>22,887</u> | <u>14,158</u>  | <u>7,295</u>  | <u>21,453</u> | 7%             |

## Selling, General and Administrative Expenses

|  | Three Months Ended March 31, |           |           |
|--|------------------------------|-----------|-----------|
|  | 2019                         | 2018      | Change    |
|  | (Dollars in thousands)       |           |           |
| General and administrative expenses  | \$ 42,572                    | \$ 35,753 | \$ 6,819  |
| General and administrative expenses as a percentage of home sale revenues                | 6.6%                         | 5.9%      | 70 bps    |
| Marketing expenses   | \$ 18,296                    | \$ 15,571 | \$ 2,725  |
| Marketing expenses as a percentage of home sale revenues                                 | 2.8%                         | 2.6%      | 20 bps    |
| Commissions expenses   | \$ 21,393                    | \$ 20,017 | \$ 1,376  |
| Commissions expenses as a percentage of home sale revenues                               | 3.3%                         | 3.3%      | 0 bps     |
| Total selling, general and administrative expenses                                       | \$ 82,261                    | \$ 71,341 | \$ 10,920 |
| Total selling, general and administrative expenses as a percentage of home sale revenues | 12.7%                        | 11.7%     | 100 bps   |

## Capitalized Interest

|   | Three Months Ended<br>March 31, |           |
|---|---------------------------------|-----------|
|   | 2019                            | 2018      |
|   | (Dollars in thousands)          |           |
| Homebuilding interest incurred  | \$ 16,031                       | \$ 15,625 |
| Less: Interest capitalized  | (16,031)                        | (15,625)  |
| Homebuilding interest expensed  | \$ -                            | \$ -      |
| Interest capitalized, beginning of period                                     | \$ 54,845                       | \$ 57,541 |
| Plus: Interest capitalized during period                                      | 16,031                          | 15,625    |
| Less: Previously capitalized interest included in home and land cost of sales | (13,929)                        | (14,428)  |
| Interest capitalized, end of period   | \$ 56,947                       | \$ 58,738 |