ANNUAL REPORT 2020

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SOUTHGATE HOMES - WINDSONG RANCH, PROSPER, TX

IMPORTANT INFORMATION

This annual report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements concern expectations, beliefs, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, and they are subject to risks, uncertainties and other important factors. See the section entitled “Forward-Looking Statements” on page 57 of this annual report for more information.

This annual report also contains certain non-GAAP financial measures as defined by the Securities and Exchange Commission, including pre-tax return on average invested capital, compounded annual growth of pre-tax earnings, and certain GAAP measures adjusted for the impact of the Tax Act. For more information on why we use these measures and for a reconciliation of these measures to their most comparable GAAP measures, see the section entitled “Appendix & Non-GAAP Reconciliation” on page 36 of this annual report.

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SHAREHOLDER LETTER

James Brickman, Co-Founder & CEO and David Einhorn, Co-Founder & Chairman

Our Best Year Ever

2020 was a year full of the unexpected. A global pandemic shut down the economy for a period. The population responded by demanding single-family housing in low tax jurisdictions. When it was all said and done, 2020 represented a sixth-consecutive record year for Green Brick Partners, Inc. and we believe left us positioned for an even better 2021. We responded quickly and embraced technology to prioritize homebuyer and employee safety including implementing remote closings, bolstering tools for digital homebuying, and offering remote work opportunities.

This past year our award-winning homes and neighborhoods, eight Team Builder brands, and financial service operations produced record revenues of $976.0 million, record pre-tax income attributable to GRBK of $138.7 million, and record diluted earnings per share of $2.24. Our record results were reflected in our ability to deliver Total Shareholder Return of 100% during 2020, exceeding the 19.96% of Total Shareholder Return of the Russell 2000.

In 2020, Fortune Magazine recognized our growth by awarding us a top 100 rank in their list of 100 fastest-growing companies in the world, and Forbes Magazine named us the 5th best small-cap (less than $2 billion market cap) public company in the country.

Best of all, we entered 2021 with a record backlog of $686.9 million, up 98% over the prior year. With a record 1,004 starts in Q4 2020 and record same-period sales in January and February 2021, we believe that we are positioned for another great year.

Risk and Capital Discipline

We strive to balance high growth with low risk. Our 25.6% debt to total capital ratio makes us one of the lower leveraged public builders, which translates to lower effective interest rates than most peers. For 2020, our pre-tax earnings were approximately 14.5 times our interest incurred.

In the third quarter of 2020, we closed a second $37.5 million tranche of privately placed notes with Prudential Capital Markets at a 3.35% interest rate bringing our total long-term notes outstanding to $112.5 million as of December 31, 2020. In February 2021, we issued $125 million seven-year senior unsecured notes in a club deal structured by Prudential Private Capital. The institutional investors who purchased the notes were represented by Prudential Private Capital, Barings LLC, Hartford Investment Management Company, Securian Asset Management, Inc., and Voya Investment Management Co. LLC.

Our low-cost debt combined with our industry-leading gross margin of 24.2% has enabled us to retain more profits to fund even faster future growth. Our lots owned and controlled grew an outstanding 68% year over year, the highest growth recorded by any public builder in the past 12 months. Our unending goal is to deliver the best risk-adjusted returns in the industry and have high growth.

Subsidiary Team Builders

Each of our Team Builders holds a strategic and market niche advantage in its local market. During the year, we continued to significantly enhance the operating capabilities and efficiency in all of our eight brands.

In 2020, we significantly expanded Trophy Signature Homes in Dallas-Fort Worth where the brand started 438 homes in the fourth quarter. We expect that Trophy will lead our growth efforts into 2021 and beyond.

Building a Better HOME

Though each of our Team Builders is locally branded, managed, and unique in the locations, architecture, and price-point of homes they build, all of our Team Builders are united by Green Brick Partners' common set of values we call *HOME*. Our Team Builders are expected to uphold our values of Honesty, Objectivity, Maturity, and Efficiency in everything they do.

For more information on *HOME*, we encourage you to review our company culture and values on the following pages.

An Even Better Future

We are confident our shareholders should continue to see the benefits in 2021 of the synergistic integration of our culture and operating scale in the best housing markets in the country.

Thank you for being a shareholder or stakeholder, and for your interest in Green Brick Partners. We look forward to keeping you updated on our growth in the coming year and appreciate your support.

JAMES R. BRICKMAN
CEO and Co-Founder
Green Brick Partners

DAVID EINHORN
Chairman and Co-Founder
Green Brick Partners

CB JENI HOMES - MAJESTIC GARDENS, FRISCO, TX

COMPANY CULTURE

National reach through local expertise

We are founded on the belief that locally-focused land development is the starting point for a builder's profitability and that both homebuilding and land development are best executed on a decentralized basis.

To really succeed, a builder/developer needs a track record of creating award-winning neighborhoods and decades of building superior local, political, and subcontractor relationships. Green Brick and our group of controlled builders, known as Team Builders, have outstanding local relationships in land development and are recognized by homebuyers and our industry for our award-winning neighborhoods and homes.

Our Team Builders have typically worked decades to build their reputations, establish brand recognition, and cultivate critical realtor and customer relationships. We work tirelessly to preserve our Team Builders' unique local branding and make every effort to retain key employees. These steps help ensure builder success and increase returns. We differentiate ourselves with low leverage and a strong capital base which we deploy with discipline. At the same time, we create value and strengthen our Team Builders through our GRBK-managed standardized financial and integrated operating system. This system allows comprehensive real-time visibility to enable our Team Builders to grow their business with access to state-of-the-art real-time data.

We only seek controlling investments or more often 100% ownership with Team Builders of upstanding character who operate with the highest integrity. Notably, these Team Builders share Green Brick's values and take the "long view" in seeking to maximize economic returns. We make a point not to run our business like our public peers, where success is measured by short-term quarterly GAAP results that can distort the true value and economic results of the business. We believe this often causes issues including huge employee turnover at the division level, lower customer satisfaction, and lower realized returns in the long run. Much of our success can be attributed to this "long view" approach.

We own 100% of Trophy Signature Homes, however, we have motivated management with long-term incentives to grow the business in DFW, the largest homebuilding market in the country, and possibly into other markets in the future.

TROPHY SIGNATURE HOMES - RIDGEVIEW CROSSING, ALLEN, TX

BRETT WINTERS AWARD

Honoring excellence in homebuilding

Each December one or two individuals employed at our Team Builders that truly embody Green Brick Partners' values of HOME are selected to be recipients of the Brett Winters Award. They are awarded the Brett Winters trophy and $10,000.

Brett Winters was a great CFO for CB JENI and Normandy Homes that helped take the group from a small builder to one of the largest townhome builders in Dallas-Fort Worth (1,100 sales and 950+ closings). Though Brett passed away a few years ago from cancer, he will always be remembered as an incredible person and dedicated father to his three children. In Q1 2021, CB JENI and Normandy Homes will fully fund a college endowment for Brett's three children in the amount of $250,000.

This year we had more worthy recipients than ever before, which points to the continued growth of Green Brick and our Team Builders. In 2020, Chad Morrison of Southgate Homes and Alicia Schwarze of Trophy Signature Homes were the recipients of this prestigious award.

We intend to continue this honored tradition and seek to continue Brett's legacy of excellence for many years to come.

BRETT WINTERS AWARD RECIPIENTS

2020 WINNERS

Alicia Schwarze, Chief Financial Officer at Trophy Signature Homes
Chad Morrison, Director of Architecture at Southgate Homes

2019 WINNER

Todd Stern, Director of Purchasing at Trophy Signature Homes

2018 WINNER

Alexandra Buckley, Controller at CB JENI Homes

2017 WINNER

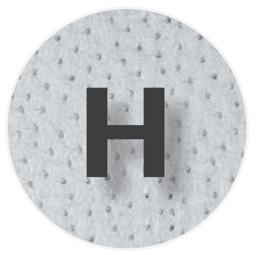
Troy Caldwell, Chief Operating Officer at The Providence Group

BUILDING A BETTER HOME

Our values

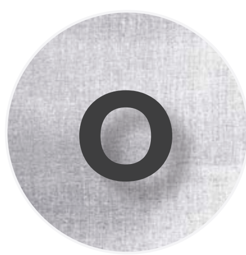
Green Brick Partners is committed to building strong communities designed for an exceptional quality of life. We believe that a company's propensity for success is determined by choosing to do the right thing day after day, for our homebuyers, shareholders, and employees.

This begins by following our guiding principles, a set of values we call HOME. This acronym, representing Honesty, Objectivity, Maturity, and Efficiency allows us to build and design homes with a focus on quality craftsmanship, superior customer service, and an ongoing commitment to transparency.



HONESTY

We believe strong businesses are built on a foundation of honesty, transparency, and integrity. We strive to treat our customers, employees, and shareholders like we would like to be treated. In our day-to-day operations, this translates to open-door policies, an emphasis on relationship building, and continuously maintaining open lines of communication.



OBJECTIVITY

Objectivity drives our business practices, and our decisions are always made on the best practices and market-driven information available. While our leadership team's ability to objectively manage in the best interest of the company is integral, we believe objectivity and ownership of one's work should be stressed at all levels of our organization.

MATURITY

The emotional intelligence of our staff is critical to our success. In order to accomplish our common goals, we must be solution-driven and view every challenge as an opportunity. Emotionally intelligent employees see the bigger picture and strive each day to work collaboratively toward a shared story of success.

EFFICIENCY

Efficiency is the end result of competent, hard-working people who perform with a competitive spirit to produce rapid and consistent results. We continually evaluate our processes and systems to ensure that we remain the most efficient in our industry and provide our employees the resources needed to work smarter.

BUILDING A BETTER HOME

Our vision

With these guiding values in place, we continue to shape and define our commitments to ensure we remain national innovators in our industry. This vision extends into not just how we build and design our homes, but how we interact with our homebuyers, as well as the opportunities and relationships we build and maintain with our employees.

OUR HOMEBUYERS

In 2020, we experienced unprecedented demand across all of our core markets. The wealth of quality options our buyers have at their disposal has made us increasingly aware that now more than ever buyers have high expectations, and rightfully so.

While we continue to prioritize a world-class sales and customer service experience, our commitment to honesty continues to underscore all our communication with our buyers. In line with this commitment, in 2020 we continued to expand our selection of homes with simplified, all-upgrades included options. Our CB JENI X and Trophy Signature Homes lines have been at the forefront of creating an honest, easy to follow, sales experience that seeks to offer simplified solutions with top-of-the-line finishes included regardless of a homebuyer's price range.

OUR HOMES

Our longstanding commitment to efficiency is best seen in the wide selection of homes designs offered across our brands. Regardless of location, price range, and buyer profile, every one of our homebuilders remains committed to delivering homes on time, with contemporary floorplans that are continuously updated to meet our homebuyer's needs.

This past year we saw the rise of the work from home and remote learning lifestyle. Our streamlined process and focus on operational efficiency enabled us to react quickly, offering updated plans with a focus on dedicated learning and office spaces, home integrations with the newest technology, and offering the latest in energy-efficient solutions including tankless water heaters, high-efficiency LED lighting, ENERGY STAR rated appliances, and low-flow bathroom fixtures*.

OUR PEOPLE

Attracting, retaining, and building talent is critical in our business. We continue to recruit talented team members that exhibit superior emotional intelligence. This focus on a staff that places a strong emphasis on communication and navigating a fast-paced environment empathetically and judiciously enables us to operate effectively and efficiently each day.

We seek to establish a supportive culture that fosters a strong sense of ownership and a continuous drive to excel. Our goal is to not just empower our team members with the tools needed to succeed but to create a community that focuses on taking ownership of one's work. Our culture celebrates individual success, primes our employees for growth, and is critical in maintaining our competitive edge over our peers.

* In select plans and communities.

NATIONAL TEAM BUILDERS

Eight national homebuilder brands, one shared vision

TEAM BUILDER	MARKET	PRODUCTS OFFERED	PRICE RANGE	2020 REVENUE	2020 CLOSINGS
Trophy Signature Homes	Dallas-Fort Worth, TX	Single-Family	$240k - $690k	$168 Million	447
CB JENI Homes	Dallas-Fort Worth, TX	Townhomes	$230k - $530k	$205 Million	637
Normandy Homes	Dallas-Fort Worth, TX	Single-Family	$320k - $760k	$143 Million	314
The Providence Group of Georgia	Atlanta, GA	Townhomes Condominiums Single-Family	$330k - $1.0M	$188 Million	355
Southgate Homes	Dallas-Fort Worth, TX	Luxury Homes	$550k - $1.0M	$88 Million	129
Centre Living Homes	Dallas-Fort Worth, TX	Townhomes Single-Family	$320k - $780k	$39 Million	85
GHO Homes	Treasure Coast, FL	Single-Family Patio Homes	$220k - $1.1M	$93 Million	241
Challenger Homes*	Colorado Springs, CO Fort Collins, CO	Townhomes Patio Homes Single-Family	$260k - $550k	$164 Million	457

* Green Brick has a 49.9% ownership interest in Challenger homes. Revenue and home closings are not included in Green Brick's consolidated financial statements. Profits from this investment are shown in "Equity in income of unconsolidated joint ventures" in our Condensed Consolidated Statement of Income.

CENTRE LIVING HOMES - THE RESERVE AT BLUFFVIEW, DALLAS, TX

AWARD-WINNING HOMES

2020 GREEN BRICK PARTNERS & TEAM BUILDERS RECOGNITION

GREEN BRICK PARTNERS

Fortune Magazine's "100 Fastest Growing Companies" list
Forbes' "America's Best Small Companies" list (#5)
Builder Magazine's "Builder 100" national list (#34)
Top 10 Local Leader in Builder Magazine's "DFW Leading Builders" list (#8)
Professional Builder Magazine's "2020 Housing Giants" list (#34)

TEXAS AWARDS

McSAM Award – Warranty Professional of the Year — Noah Marshall
McSAM Award – Best Special Event/Promotion – Trophy Founders Club
McSAM Award – Purchasing Team of the Year – CB JENI and Normandy Homes
McSAM Award – Best Architectural Design, Attached Home – Pecan Square
McSAM Award – Best Architectural Design — Patio Home – Winnetka Bungalows
McSAM Award – Best Design Series — Winnetka Bungalows & Estates

GEORGIA AWARDS

Gold OBIE Award – Community of the Year (Attached) – Pratt Stacks
Gold OBIE Award – Best Building Design – Harvest Park – The Harrison
Gold OBIE Award – Best Building Design – Harvest Park – The Pierce
Silver OBIE Award – Best Building Design – Pratt Stacks – The Courtland
Gold OBIE Award – Best Building Design – East of Main – The Sterling
Gold OBIE Award – Best Interior Merchandising – Harvest Park – The Harrison
Silver OBIE Award – Best Interior Merchandising – East of Main – The Sterling
Gold OBIE Award – Best Interior Merchandising – Harvest Park – The Pierce
Silver OBIE Award – Best Interior Merchandising – Pratt Stacks – The Courtland
Gold OBIE Award – Best Interior Merchandising –Pratt Stacks – The Edgewood
Silver OBIE Award – Best Social Media Campaign

FLORIDA AWARDS

TCBA Platinum Award, $260k - $290k - Larkin Grande
TCBA Platinum Award, $345k - $350k - Avalon
TCBA Platinum Award, $400k - $440k - Cordella
TCBA Platinum Award, $460k - $485k - Capistrano Grande
TCBA Platinum Award, $600k - $650k - Vanda

GHO HOMES - ORCHID COVE, VERO BEACH, FL

COMPANY AT A GLANCE

Operational excellence meets strong balance sheet

$1.16B MARKET CAPITALIZATION

$976M 2020 COMPANY REVENUE

$138.7M PRE-TAX INCOME ATTRIBUTABLE TO GRBK

41.6% COMPOUNDED ANNUAL GROWTH OF PRE-TAX INCOME ATTRIBUTABLE TO GRBK

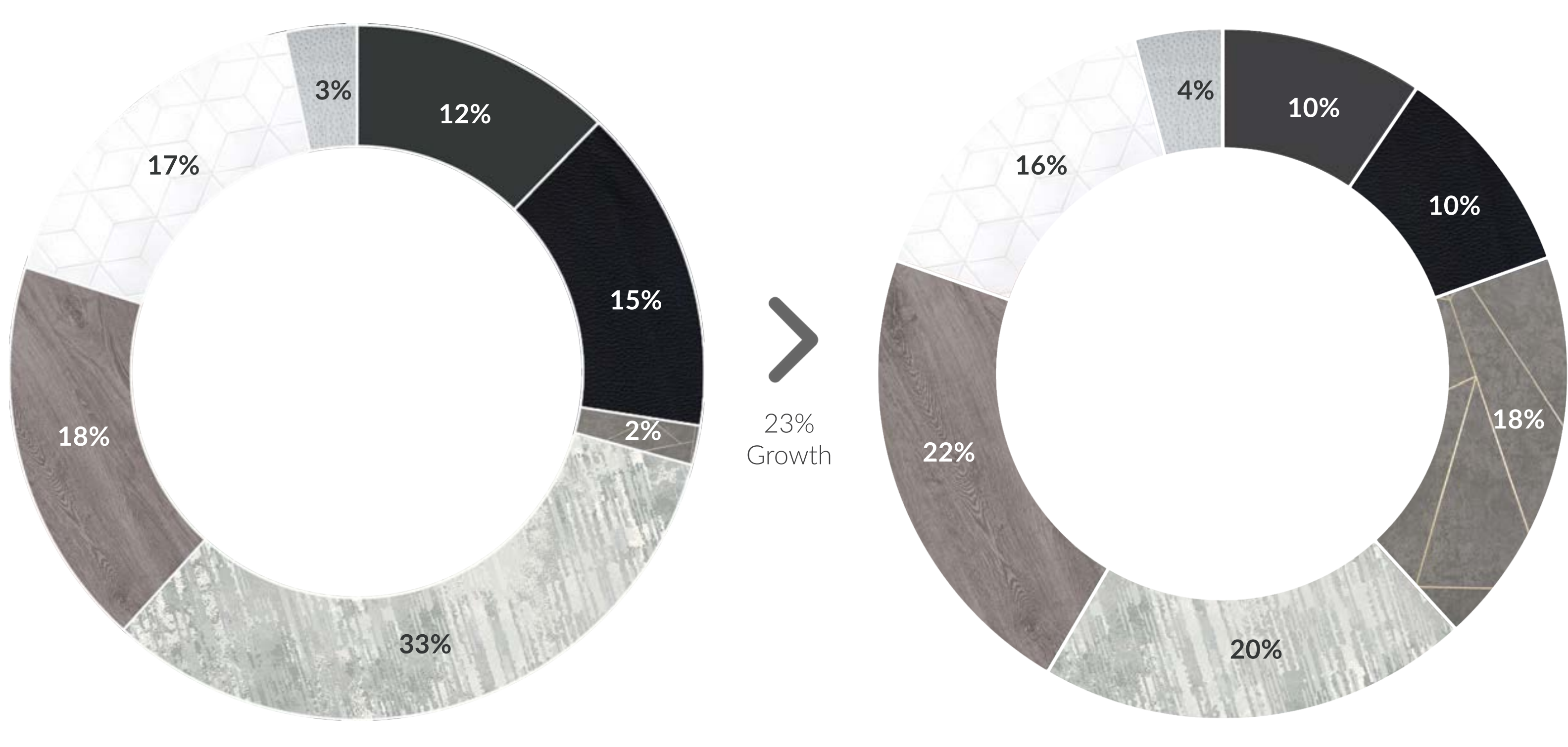
14,468 LOTS OWNED AND CONTROLLED

25.6% TOTAL DEBT TO CAPITAL

TROPHY SIGNATURE HOMES - HOLLYHOCK, FRISCO, TX

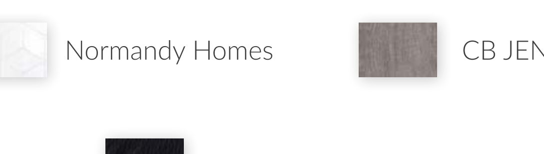
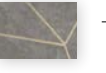
HOME CLOSINGS BY TEAM BUILDER

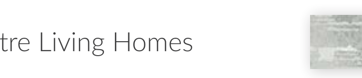
23% one year growth in home closings revenue by builder



FY 2019 HOME CLOSINGS REVENUE
TOTAL: $752.3M

FY 2020 HOME CLOSINGS REVENUE
TOTAL: $923.9M

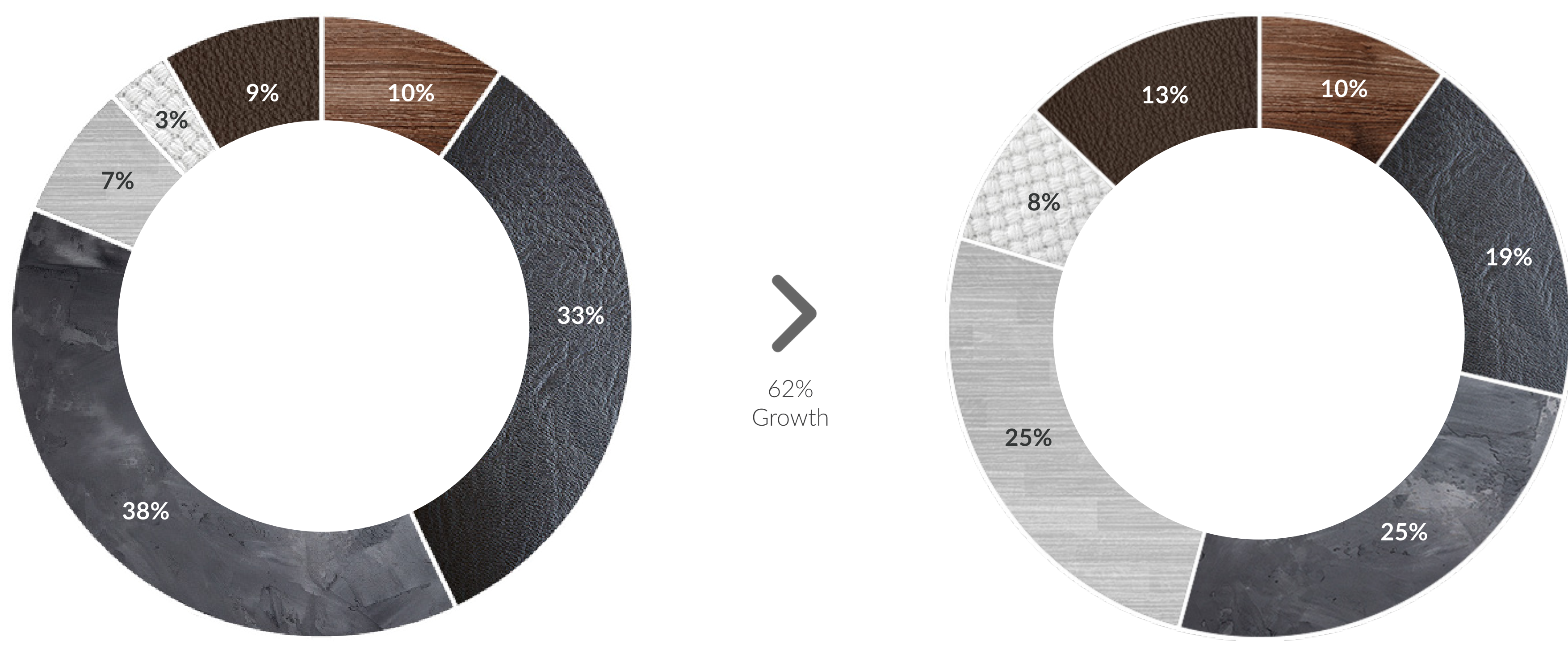


Normandy Homes
CB JENI Homes
Southgate Homes
Trophy Signature Homes
GHO Homes
Centre Living Homes
The Providence Group

HOMEBUYER DIVERSIFICATION

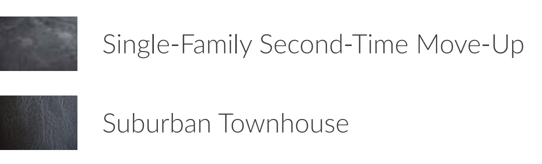
62% two-year growth in home closings revenue by product type

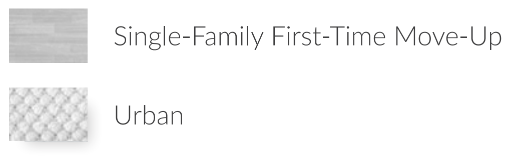
In addition to managing risk by diversifying the markets where we operate, we have grown our revenues and provided stable earnings by not concentrating on any one home buyer segment. Our diverse homebuyer customer mix has allowed for us to grow even in periods of more modest demand for specific product types.

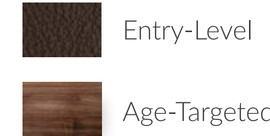


FY 2018 HOME CLOSINGS REVENUE TOTAL: $571.2M

FY 2020 HOME CLOSINGS REVENUE TOTAL: $923.9M

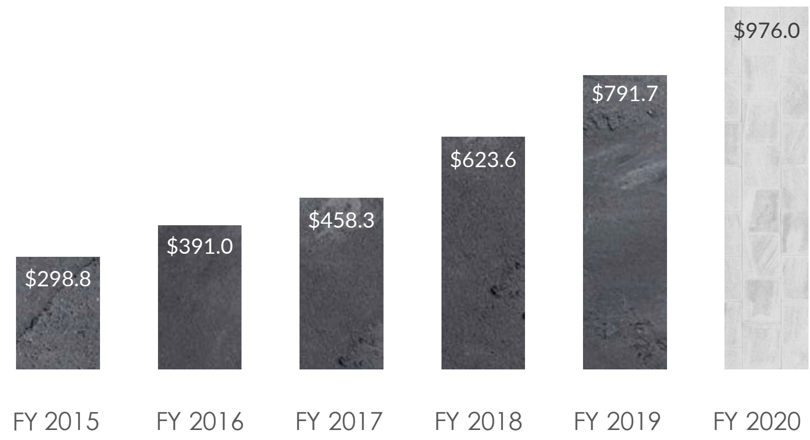




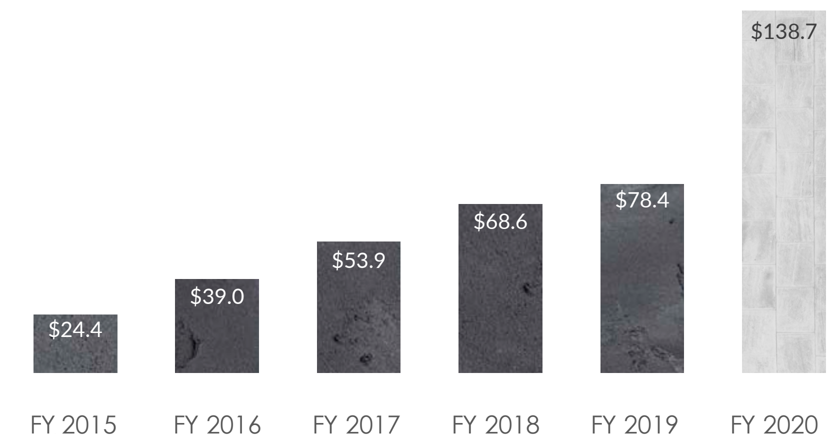


NORMANDY HOMES - ESSEX PARK, CARROLTON, TX

FINANCIAL HIGHLIGHTS

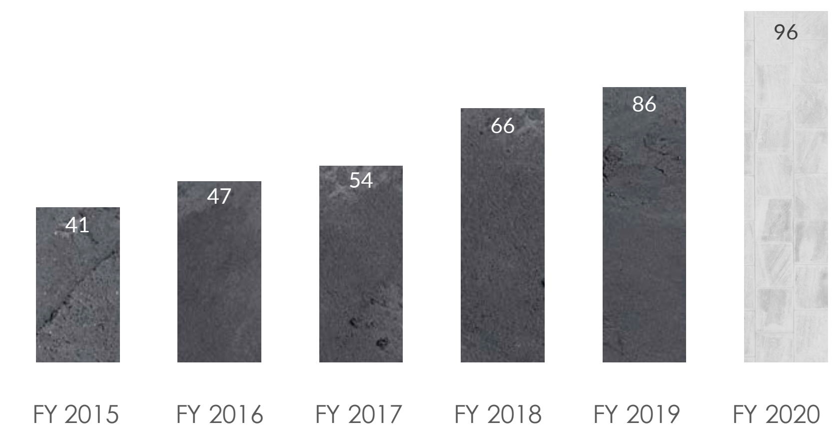


TOTAL REVENUE (IN MILLIONS)

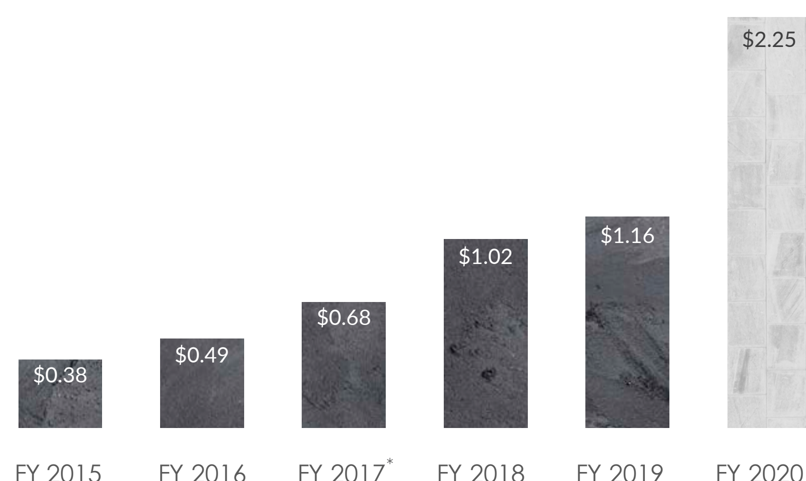


PRE-TAX INCOME ATTRIBUTABLE TO GRBK (IN MILLIONS)

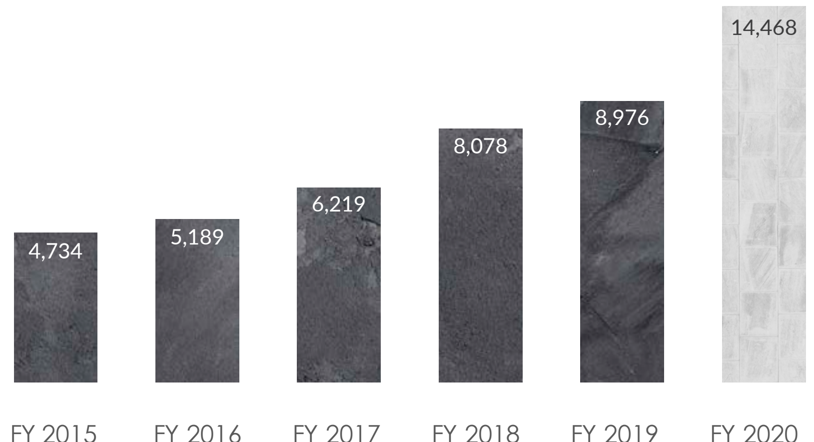
BOOK VALUE PER SHARE



AVERAGE SELLING COMMUNITIES



BASIC EARNINGS PER SHARE



LOTS OWNED AND CONTROLLED

*2017 Basic EPS has been normalized to adjust for the impact of the Tax Act. See appendix.

SOUTHGATE HOMES - WINDSONG RANCH, PROSPER, TX

THE PROVIDENCE GROUP OF GEORGIA - PRATT STACKS, ATLANTA, GA

LAND ACQUISITION & DEVELOPMENT

Combining strong financial resources with local Team Builders

Our land strategy consists of a hybrid model that focuses on both the most desirable as well as the most affordable homesites in our markets. In the inventory-constrained suburbs of Dallas-Fort Worth and Atlanta, Green Brick Partners leverages its strong relationships with land sellers and municipalities to obtain lot positions in the most attractive locations. Green Brick Partners also utilizes its financial strength to acquire lots in more affordable outskirt communities to address entry-level buyers seeking to purchase quality homes at value-oriented pricing.

Through these efforts, Green Brick Partners added over 7,000 lots in the latter half of 2020, growing its lots owned and controlled by 58% in just six months.

"In an effort to fuel further expansion and keep up with record-demand for homes, Green Brick Partners closed on over 2,000 homesites in the DFW region during December 2020. We have seen some of the highest housing demand in the nation in the Dallas-Fort Worth market. Due to an increasingly limited supply of land and rising construction prices, the average price for a new home across DFW has risen sharply. Our new developments represent over 2,000 new homes, including a significant number of value-oriented homes that will be optimal for first-time buyers."

- Jim Brickman, Chief Executive Officer and Co-Founder of Green Brick Partners

ENERGY FOCUSED HOMES

Building responsibly through energy-conscious features*

We strive to make the world a better place for not just our homebuyers, but the communities where we live, work, and build. With that in mind, we understand that this commitment is inseparably intertwined with a need to build sustainable and responsibly.

In addition to constructing timeless homes with best-in-class materials, our homeowners benefit from myriad of energy-conscious features included in their homes that result in both significant savings and healthier living. We partner with some of the most reputable manufacturers of cutting-edge, energy-efficient products to give our homebuyers a quality home that will not only stand the test of time, but deliver significant savings for years to come. Some of our energy-conscious features include:

Fresh Air Ventilation
Our homes' Fresh Air ventilation uses an inline fan that amounts to 1/10th less energy than conventional mechanical ventilation. This system averages 2.2 air changes per hour (ACH) by only heating and cooling air in livable indoor areas, allowing for more energy-efficient homes.

Superior Insulation
Conventional attics can reach upwards of 140 degrees, however with our spray foam encapsulated attics, our Team Builders are able to reach 80 degrees or less. HVAC duct work is placed in air-conditioned spaces, improving energy efficiency and significantly slowing heat build up in the attics, resulting in an extended life of our homeowners' roofs.

Tankless Water Heaters
Many of our homes include standard *Rheem Tankless Water Heaters* that only use energy when needed. In addition to providing the convenience of instant hot water and a longer product lifespan, tankless units are often 20%-30% more efficient than traditional 50-gallon water heater tanks.

Energy Efficient Appliances
Energy efficient Whirlpool appliances that save homebuyers on operating costs by reducing energy use without sacrificing performance and design are included at no additional cost in many homes. These appliances conserve water, significantly reduce greenhouse gas emissions, and help in reducing our carbon footprint.

* Included features and products shown above vary by community and Team Builder.

TROPHY SIGNATURE HOMES - OAKMONT PARK, RED OAK, TX

OUR TEAM BUILDER BRANDS

Eight brands in four major markets across the United States

The Green Brick Partners Team Builder network is composed of seven consolidated homebuilders and one homebuilder with a 49.9% ownership interest.

Our Team Builders build in the largest markets in the country including Dallas-Fort Worth, Texas and Atlanta, Georgia, and in some of the fastest growing markets including the Florida Treasure Coast; Colorado Springs, Colorado; and Fort Collins, Colorado.

Financial Services

In addition to independently branded Team Builders, Green Brick Partners retains 100% ownership in Green Brick Title, 49.99% ownership in Green Brick Mortgage, and 49% ownership BHome Mortgage.

GHO HOMES - ORCHID COVE, VERO BEACH, FL

TROPHY SIGNATURE HOMES

Dallas-Fort Worth, Texas

Trophy Signature Homes was founded in 2018 to serve the Dallas-Fort Worth market's need for high quality, affordable homes with a unique blend of functionality and design.

What sets Trophy Signature Homes apart is their commitment to a truly representative model across all of their design series. Each model home regardless of community, plan, and price range proudly displays all of the luxurious features that come standard in each home. The typical upgrades from other homebuilders are *included* in the price of each Trophy Signature Home, allowing for a streamlined, no-hassle buying experience.

> *"All of the plans Trophy has come up with are airy, open, well-thought, trendy and resonate with consumers from diverse backgrounds... Trophy makes home buying effortless, less intimidating, and makes it possible for people to buy their dream homes at a reasonable price."*
>
> *- Kiran, Trophy Signature Homes homebuyer*

FAST FACTS

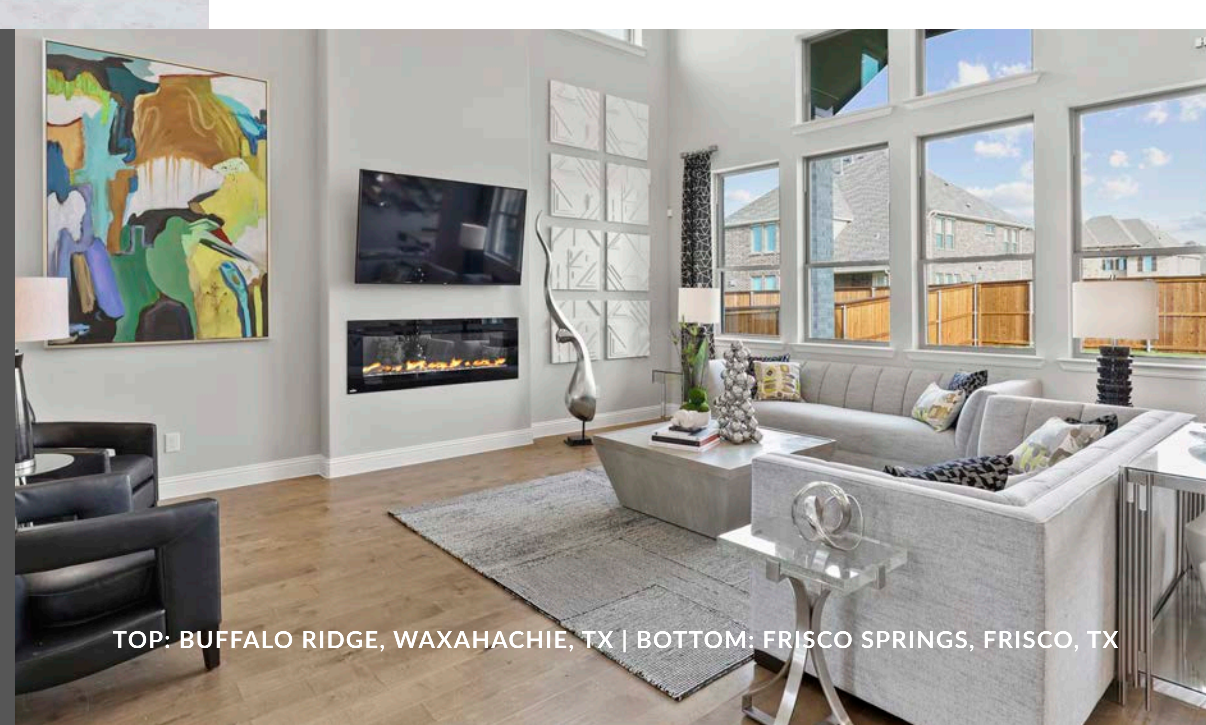
2020 REVENUE
$168 Million

2020 CLOSINGS
447

PRODUCTS OFFERED
Single-family homes

2020 PRICE RANGES
$240,000 - $690,000

STRATEGIC BENEFITS
Skilled in constructing value-oriented homes with a streamlined process.



TOP: BUFFALO RIDGE, WAXAHACHIE, TX | BOTTOM: FRISCO SPRINGS, FRISCO, TX

CB JENI HOMES

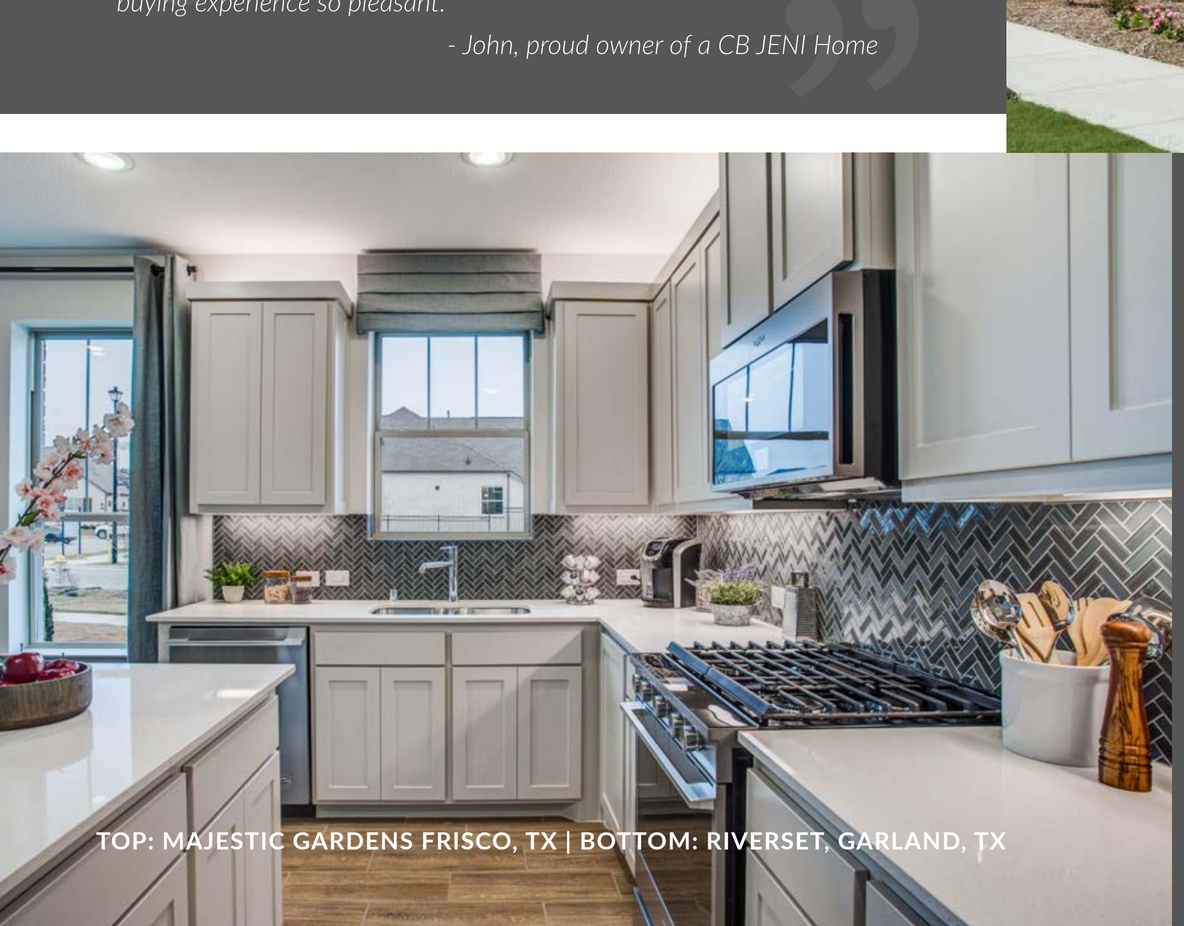
Dallas-Fort Worth, Texas

CB JENI Homes was founded in 2009 to provide new home options for an underserved portion of the market: those looking to buy moderately-sized homes with beautiful architecture, low maintenance, and a level of service and professionalism that puts them at ease. The homebuilder has grown to become Dallas-Fort Worth's largest townhome builder, both in locations and units sold.

In 2020, CB JENI Homes debuted CB JENI X, a bespoke series of finishes offered in select communities. With CB JENI X, homebuyers simply select their preferred plan and choose from one of the masterfully curated style packages, eliminating the stress of hidden fees and countless hours spent inside of a design center.

"The whole buying experience was so thought out and buyer friendly. We were most impressed with all players in the game trying to make our buying experience so pleasant."

- John, proud owner of a CB JENI Home



TOP: MAJESTIC GARDENS FRISCO, TX | BOTTOM: RIVERSET, GARLAND, TX

FAST FACTS

2020 REVENUE
$205 Million

2020 CLOSINGS
637

PRODUCTS OFFERED
Townhomes

2020 PRICE RANGES
$230,000 - $530,000

STRATEGIC BENEFITS
Premier lot position & leading market share of the townhome market in DFW.

NORMANDY HOMES

Dallas-Fort Worth, Texas

Since 2012, Normandy Homes has proudly built timeless, new homes in premium Dallas-Fort Worth communities for discerning homebuyers. Normandy Homes was created to provide new home offerings for those looking to buy elevated, boutique-quality homes with thoughtfully crafted architecture, interiors designed for contemporary living, and a hospitality-level of service.

Driven by a rich dedication to its homebuyers, Normandy homes has earned more than 20 homebuilding awards for its impeccable attention to design, architecture, and superior customer service.

> *"Having two walkthroughs with the builder prior to close educated me on everything about the new home. I have had previous new builds and did not get that attention."*
>
> *- Jerry, Normandy Homes homebuyer*

FAST FACTS

2020 REVENUE
$143 Million

2020 CLOSINGS
314

PRODUCTS OFFERED
Single-family homes

2020 PRICE RANGES
$320,000 - $760,000

STRATEGIC BENEFITS
Unbeatable lot position and value in some of DFW's most desirable neighborhoods.

TOP: ESSEX PARK, CARROLLTON, TX | BOTTOM: EDGEWOOD, FRISCO, TX

THE PROVIDENCE GROUP OF GEORGIA

Atlanta, Georgia

Built on a hometown legacy, The Providence Group is considered to be the leading lifestyle builder in Atlanta, offering a variety of home styles including single-family homes, townhomes, and mid-rise condominiums.

The Providence Group communities can be found in the most desirable locations in the Atlanta area including Atlanta, Roswell, Alpharetta, Johns Creek, Milton, Decatur, Woodstock, Canton, and Smyrna. The homebuilder takes pride in designing innovative homes, breathtaking streetscapes, and luxurious yet functional floorplans that homeowners will love to call home.

"We thought the search for our first home would be endless and exhausting, until we came across The Towns at East Village... We loved the idea of maintenance free living, being under the roof of good quality materials, and close proximity to shops/restaurants. There was not a home we looked at that could even compare to those in this community."

- Courtney and Thomas, proud The Providence Group homeowners

TOP: BELLMOORE PARK, JOHNS CREEK GA | BOTTOM: PRATT STACKS, ATLANTA, GA

FAST FACTS

2020 REVENUE
$188 Million

2020 CLOSINGS
355

PRODUCTS OFFERED
Single-family homes, townhomes, condominiums

2020 PRICE RANGES
$330,000 - $1.0 Million

STRATEGIC BENEFITS
Ability to entitle, develop, and build complex infill & master planned neighborhoods.

SOUTHGATE HOMES

Dallas-Fort Worth, Texas

As a trusted local upscale homebuilder, Southgate Homes is known for homes built with distinctive charm and unparalleled attention to detail. Southgate Homes offers generous standard features and upgrade options to individualize every home.

This commitment to excellence across all aspects of homebuilding has led Southgate to being recognized as one of the top luxury production home builders in the Dallas-Fort Worth metroplex.

FAST FACTS

2020 REVENUE	2020 CLOSINGS	PRODUCTS OFFERED	2020 PRICE RANGES
$88 Million	129	Luxury single-family homes	$550,000 - $1.0M

STRATEGIC BENEFITS

Superior lot position and value in some of DFW's most sought after neighborhoods.

CENTRE LIVING HOMES

Dallas-Fort Worth, Texas

Centre Living Homes is a premier residential urban infill builder dedicated to quality, solid state-of-the-art construction, excellent craftsmanship, modern features, and service beyond the sale. Their high-density housing developments boast world-class architecture, the latest in smart home technology, and rooftop decks with some of Dallas' most coveted views of the city. From its skilled design team, award-winning builders, and world-class sales staff homebuyers can rest assured that they will receive an exemplary home from concept to close with Centre Living Homes.

FAST FACTS

2020 REVENUE	2020 CLOSINGS	PRODUCTS OFFERED	2020 PRICE RANGES
$39 Million	85	Single-family homes, townhomes	$320,000 - $780,000

STRATEGIC BENEFITS

Developing and building urban, high-density homes in complex infill and suburban communities.

TOP: WINDSONG RANCH, PROSPER, TX | BOTTOM: CEDARS, DALLAS, TX

CHALLENGER HOMES*

Colorado Springs and Fort Collins, Colorado

Thanks to strong core values and an unwavering commitment to its homebuyers, Challenger Homes has grown from just one homesite into one of Colorado Springs and Fort Collins' most trusted new home builders.

Challenger Homes offers buyers elegant floorplans with an emphasis on large open spaces, quality craftsmanship, and energy-efficient solutions. The builder offers a streamlined design process that allows buyers to customize their homes with a great deal of ease. While some homebuilders view the design process as a way to up-sell by employing associates on commission, Challenger Homes' salaried design team are exclusively dedicated to meeting the buyer's needs on their budget, creating an unparalleled level of customer service.

"Great builder with awesome communities in the Pikes Peak region. As a Realtor, Challenger Homes is hands down one of the easiest builders to work with - with many fantastic options!"

- Dean C, Realtor

* Green Brick has a 49.9% ownership interest in Challenger homes. Revenue and home closings are not included in Green Brick's consolidated financial statements. Profits from this investment are shown in "Equity in income of unconsolidated joint ventures" in our Condensed Consolidated Statement of Income.

TOP: CHAPEL HEIGHTS, COLORADO SPRINGS, CO
BOTTOM: BRANDING IRON, COLORADO SPRINGS, CO

FAST FACTS

2020 REVENUE
$164 Million

2020 CLOSINGS
457

PRODUCTS OFFERED
Single-family homes, townhomes, patio homes

2020 PRICE RANGES
$260,000 - $550,000

STRATEGIC BENEFITS
Building value-rich homes catering to first-time, move-up, and military buyers.

GHO HOMES

Treasure Coast, Florida

GHO Homes has been building homes for over 25 years, focusing on communities on Florida's Treasure Coast including Vero Beach, Port. St. Lucie, Sebastian, and Fort Pierce. In addition to offering single-family and patio homes, GHO Homes also builds their award-winning homes on individual homesites through their St. Lucie Collection series of homes.

All GHO Homes utilize time-tested quality materials and methods, the latest design features, finishes, and energy efficient components. GHO Homes has continued to raise the bar through the creation of the GHO Tailor-Made program. This program sets GHO apart from its competitors by allowing homebuyers to customize their homes with numerous plan options, built-ins, and upgrades that exceed industry standards and result in custom, one-of-a-kind homes at an outstanding value.

> *"An incredibly skilled builder in the area that makes quality homes and supports the local community. With so many styles and subdivisions to choose from there is something for everyone."*
>
> *Anna T - GHO Homes homeowner*

FAST FACTS

2020 REVENUE
$93 Million

2020 CLOSINGS
241

PRODUCTS OFFERED
Single-family homes, patio homes

2020 PRICE RANGES
$220,000 - $1.1M

STRATEGIC BENEFITS
A large array of customizable plans that cater to move-down and active adult buyers.

TOP: ARABELLA RESERVE, VERO BEACH, FL | BOTTOM: BENT PINE PRESERVE, VERO BEACH, FL

FINANCIAL SERVICES

Supporting our Team Builders with mortgage and title solutions

Green Brick Mortgage

Much like our Team Builders have a reputation of delivering beautifully designed homes and unparalleled customer service, Green Brick Mortgage delivers the same level of excellence by providing our buyers with best-in-class home financing services and expertise. The company offers the powerful tools, resources, and advice our buyers need for the best home buying experience possible.

Our homebuyers are currently able to finance their homes through Green Brick Mortgage's preferred lender referral program in Dallas-Fort Worth, Texas and Atlanta, Georgia.

BHome Mortgage

Launched in 2020, BHome Mortgage is a full-service mortgage banking company committed to developing and nurturing relationships with REALTORS®, home builders and its customers. BHome Mortgage currently services the Dallas-Fort Worth market, and offers an unmatched level of customer service for each and every homebuyer.

Green Brick Title

Green Brick Title provides outstanding depth of experience to the residential and commercial real estate industry in four locations across the country. In addition to partnering with our Team Builders to help new homeowners quickly and efficiently close on their new homes, Green Brick Title works closely with REALTORS®, banks, land brokers, builders, developers, and mortgage companies.

As part of the Green Brick Partners family, Green Brick Title's access to resources beyond those of a traditional title company enables us to always stay one step ahead of our competition.

*Green Brick Partners owns a 49.99% equity interest in Green Brick Mortgage LLC, a 49% equity interest in BHome Mortgage, and 100% ownership of Green Brick Title.

SOUTHGATE HOMES - THE GROVE, FRISCO, TX

GRBK 24 QUARTER FINANCIAL SUMMARY[4]

Summary Consolidated Statement of Income Data for Quarter Ended	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Total revenues	$254,100	$275,821	$232,833	$213,267
Net income attributable to Green Brick Partners, Inc.	29,310	34,819	33,647	15,917
Income tax provision attributable to Green Brick Partners, Inc.	7,656	9,968	1,398	5,988
Pre-tax income attributable to Green Brick Partners, Inc.[2]	**36,966**	**44,787**	**35,045**	**21,905**
Basic EPS	$0.58	$0.69	$0.67	$0.32
Basic weighted-average number of shares outstanding	50,617	50,617	50,583	50,454
Summary Consolidated Balance Sheet Data as of	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Inventory	$844,635	$779,360	$751,121	$770,628
Total assets	988,847	944,582	910,248	975,180
Borrowings on lines of credit, net	106,687	93,489	143,875	242,758
Senior unsecured notes, net	111,056	111,028	73,527	73,466
Notes payable	2,125	2,131	4,249	-
Term loan facility	-	-	-	-
Total debt	**219,868**	**206,648**	**221,651**	**316,224**
Total liabilities	325,895	312,059	313,818	409,886
Total Green Brick Partners, Inc. stockholders' equity	640,242	610,079	575,759	542,982
Noncontrolling interests	9,167	8,820	8,186	10,900
Total equity	**649,409**	**618,899**	**583,945**	**553,882**
Number of shares outstanding	50,662	50,662	50,662	50,617
Total invested capital	860,110	816,727	797,410	859,206
Pre-tax return on average invested capital [3]	17.1%	15.7%	13.0%	10.8%
Home Data for Quarter Ended	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
New homes delivered	585	622	553	448
Net new home orders	848	823	582	632
Home Data as of	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Backlog, units	1,463	1,200	999	970
Backlog, $ in millions	$686.9	$553.1	$446.6	$427.3
Units under construction	1,780	1,361	1,273	1,418
Active selling communities	103	100	90	93
Lots owned	8,920	6,631	5,870	6,109
Lots controlled	5,548	5,435	3,306	2,575
Lots owned and controlled	**14,468**	**12,066**	**9,176**	**8,684**

December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
$230,122	$209,404	$183,506	$168,628	$185,120	$152,052	$157,312	$129,163
15,920	15,671	14,460	12,605	13,354	12,197	14,869	11,203
4,959	5,743	5,216	3,794	3,754	4,746	5,149	3,335
20,879	**21,414**	**19,676**	**16,399**	**17,108**	**16,943**	**20,018**	**14,538**
$0.32	$0.31	$0.29	$0.25	$0.26	$0.24	$0.29	$0.22
50,429	50,475	50,655	50,563	50,678	50,686	50,664	50,577
December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
$753,567	$740,799	$719,878	$690,817	$668,961	$648,241	$581,368	$528,881
875,539	865,789	832,961	793,020	784,026	771,016	705,049	641,944
164,642	164,792	232,657	206,522	200,386	198,965	166,395	133,752
73,406	73,358	-	-	-	-	-	-
-	-	-	-	-	1,045	1,205	9,914
-	-	-	-	-	-	-	-
238,048	**238,150**	**232,657**	**206,522**	**200,386**	**200,010**	**167,600**	**143,666**
325,533	337,087	321,809	297,068	289,863	292,981	242,845	202,876
523,168	508,715	493,470	480,869	468,351	455,686	443,324	428,386
13,227	7,778	5,173	4,788	17,281	14,508	12,208	10,682
536,395	**516,493**	**498,643**	**485,657**	**485,632**	**470,194**	**455,532**	**439,068**
50,488	50,488	50,696	50,676	50,583	50,720	50,720	50,686
761,216	746,865	726,127	687,391	668,737	655,696	610,924	572,052
11.0%	10.6%	10.5%	11.2%	11.4%	11.6%	12.1%	11.3%
December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
514	443	394	368	382	312	327	267
590	436	453	444	279	297	387	434
December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
786	710	717	658	582	685	700	477
$346.8	$319.7	$331.3	$307.5	$264.3	$309.0	$314.2	$226.5
1,297	1,306	1,214	1,170	1,127	1,113	988	760
95	85	75	79	76	75	69	54
6,419	6,414	6,127	6,186	6,235	5,429	5,248	4,816
2,557	2,855	3,050	2,308	1,843	2,672	2,402	1,502
8,976	**9,269**	**9,177**	**8,494**	**8,078**	**8,101**	**7,650**	**6,318**

GRBK 24 QUARTER FINANCIAL SUMMARY(4)

Summary Consolidated Statement of Income Data for Quarter Ended	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Total revenues	$137,424	$114,342	$105,750	$100,734
Net income attributable to Green Brick Partners, Inc.	10,805	9,280	7,689	6,197
Income tax provision attributable to Green Brick Partners, Inc.	6,356	5,336	4,349	3,855
Pre-tax income attributable to Green Brick Partners, Inc.(2)	**17,161**	**14,616**	**12,038**	**10,052**
Basic EPS	$0.21	$0.19	$0.16	$0.13
Basic weighted-average number of shares outstanding	50,555	49,808	49,047	48,958
Summary Consolidated Balance Sheet Data as of	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Inventory	$496,054	$478,616	$434,938	$406,519
Total assets	611,003	605,510	553,616	532,681
Borrowings on lines of credit, net	105,773	94,002	73,293	61,716
Senior unsecured notes, net	-	-	-	-
Notes payable	9,926	10,204	10,213	10,223
Term loan facility	-	-	-	-
Total debt	**115,699**	**104,206**	**83,506**	**71,939**
Total liabilities	177,965	167,265	142,165	126,152
Total Green Brick Partners, Inc. stockholders' equity	416,347	424,214	399,944	392,096
Noncontrolling interests	16,691	14,031	11,507	14,433
Total equity	**433,038**	**438,245**	**411,451**	**406,529**
Number of shares outstanding	50,599	50,585	49,108	49,070
Total invested capital	532,046	528,420	483,450	464,035
Pre-tax return on average invested capital (3)	10.8%	10.1%	9.9%	9.9%
Home Data for Quarter Ended	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
New homes delivered	292	235	237	226
Net new home orders	265	241	270	287
Home Data as of	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Backlog, units	310	337	331	298
Backlog, $ in millions	$151.5	$164.6	$165.2	$145.2
Units under construction	736	715	714	625
Active selling communities	55	56	54	52
Lots owned	4,495	4,624	4,283	4,039
Lots controlled	1,724	1,073	1,111	917
Lots owned and controlled	**6,219**	**5,697**	**5,394**	**4,956**

December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
$122,004	$94,032	$103,394	$71,556	$88,789	$77,797	$72,988	$59,227
7,676	6,243	$6,743	3,094	4,693	2,826	3,788	4,018
6,001	3,624	4,213	1,423	2,915	1,832	2,127	2,184
13,677	**9,867**	**10,956**	**4,517**	**7,608**	**4,658**	**5,915**	**6,202**
$0.16	$0.13	$0.14	$0.06	$0.10	$0.06	$0.12	$0.13
48,910	48,899	48,894	48,814	48,802	48,495	31,346	31,346
December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
$410,662	$418,356	$384,742	$378,956	$346,100	$319,098	$301,527	$289,852
540,196	553,399	$505,260	504,861	473,074	439,745	417,728	408,589
74,212	80,785	$62,874	66,833	46,698	13,575	20,108	19,087
-	-	-	-	-	-	-	-
10,948	9,713	9,000	9,988	10,158	11,458	11,822	10,750
-	-	-	-	-	-	149,992	149,979
85,160	**90,498**	**71,874**	**76,821**	**56,856**	**25,033**	**181,922**	**179,816**
138,711	164,700	122,601	127,543	101,219	75,705	225,329	220,976
384,572	376,592	370,206	362,871	359,532	352,791	179,860	175,959
16,913	12,107	12,453	14,447	12,323	11,249	12,539	11,654
401,485	**388,699**	**382,659**	**377,318**	**371,855**	**364,040**	**192,399**	**187,613**
48,956	48,937	48,937	48,833	48,833	48,814	31,369	31,346
469,732	467,090	442,080	439,692	416,388	377,824	361,782	355,775
8.8%	7.8%	6.9%	5.7%				
December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
275	196	212	161	194	154	162	145
197	204	239	240	160	140	169	186
December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
237	315	307	280	201	235	249	242
$108.0	$138.7	$140.3	$129.2	$88.1	$98.3	$102.4	$92.8
564	665	660	541	507	543	522	517
50	49	48	44	43	42	43	37
4,235	4,199	3,743	3,736	3,650	2,889	3,529	3,124
954	870	744	936	1,084	1,232	1,136	752
5,189	**5,069**	**4,487**	**4,672**	**4,734**	**4,121**	**4,665**	**3,876**

APPENDIX & NON-GAAP RECONCILIATION

Reconciliation of Non-GAAP Measures

In this annual report, we utilize certain financial measures that are non-GAAP financial measures as defined by the Securities and Exchange Commission. We present these measures because we believe they and similar measures are useful to management and investors in evaluating the Company's operating performance and financing structure. We also believe these measures facilitate the comparison of our operating performance and financing structure with other companies in our industry. Because these measures are not calculated in accordance with Generally Accepted Accounting Principles ("GAAP"), they may not be comparable to other similarly titled measures of other companies and should not be considered in isolation or as a substitute for, or superior to, financial measures prepared in accordance with GAAP.

(1) As a result of the comprehensive tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"), enacted by the U.S. government on December 22, 2017, the Company remeasured its DTA which resulted in additional tax expense of $19.0 million during the three months ended December 31, 2017. Due to the effects of the Tax Act, the net (loss) income attributable to Green Brick for the three months ended December 31, 2017 and for the year ended December 31, 2017 is not comparable to the other periods presented in this report. As such, certain annual and quarterly amounts shown in this report have been adjusted to a "Normalized" Non-GAAP amount as shown below.

For the quarter ended 12.31.2017:	Per GAAP Financials	Adjustment	"Normalized" Non-GAAP Amount Presented
Income Before Taxes	$21,017	$-	$21,017
Income Tax Expense Attributable to Noncontrolling Interest	(40)	-	(40)
Income Tax Expense Attributable to Green Brick	(25,356)	19,000	(6,356)
Income Tax Provision	**(25,396)**	**19,000**	**(6,396)**
Net (loss) income	**(4,379)**	**19,000**	**14,621**
Less: net income attributable to noncontrolling interests	(3,816)	-	(3,816)
Net (loss) income attributable to Green Brick Partners, Inc.	**(8,195)**	**19,000**	**10,805**
Weighted average commons shares outstanding	50,555	50,555	50,555
Basic earnings per share	$(0.16)	$0.38	$0.21

For the year ended 12.31.2017:	Per GAAP Financials	Adjustment	"Normalized" Non-GAAP Amount Presented
Income Before Taxes	$64,237	$-	$64,237
Income Tax Expense Attributable to Noncontrolling Interest	(135)	-	(135)
Income Tax Expense Attributable to Green Brick	(38,896)	19,000	(19,896)
Income Tax Provision	**(39,031)**	**19,000**	**(20,031)**
Net (loss) income	**25,206**	**19,000**	**44,206**
Less: net income attributable to noncontrolling interests	(10,236)	-	(10,236)
Net (loss) income attributable to Green Brick Partners, Inc.	**14,970**	**19,000**	**33,970**
Weighted average commons shares outstanding			
Basic earnings per share			
Weighted average commons shares outstanding	49,597	49,597	49,597
Basic earnings per share	$0.30	$0.38	$0.68

(2) Pre-tax income attributable to Green Brick Partners, Inc. is a non-GAAP measure reconciled by quarter on pages 32-34 of this annual report. This measure is calculated by adding Income tax attributable to Green Brick Partners, Inc. to Net Income attributable to Green Brick Partners, Inc. The compounded annual growth of this figure is shown on page 12 of this annual report and calculated as follows:

Pre-tax income attributable to Green Brick Partners	
Pre-tax income attributable to Green Brick Partners, Inc. for the year ended 12.31.2020	138,703
Divided by: Pre-tax income attributable to Green Brick Partners, Inc. for the year ended 12.31.2015	24,384
	5.69
To the Power Of:	
One	1.00
Divided by: Number of periods less one	5.00
	0.2
Power	1.416
Less: one	(1.00)
Compounded Annual Growth Rate	**0.416**

(3) Pre-tax return on average invested capital is calculated as the sum of Pre-tax income attributable to Green Brick Partners, Inc. for the last four quarters divided by the average of the ending invested capital and beginning invested capital for the period included in the calculation.

(4) Certain prior period amounts have been reclassified to conform to the current period presentation; specifically, (i) mechanic's lien contracts revenue was reclassified from other income to revenue, (ii) the cost of model home furnishings was reclassified from inventory to fixed assets, (iii) prepaid plans & development costs were reclassified from other assets to inventory, and (iv) debt balances were presented net of debt issuance costs.

CB JENI HOMES - FRISCO SPRINGS, FRISCO, TX

BOARD OF DIRECTORS

David Einhorn, Chairman

Mr. Einhorn has been a director of our predecessor company since May 2006. Mr. Einhorn co-founded and has served as the President of Greenlight Capital, Inc., since January 1996. Funds managed by Greenlight are some of our principal stockholders. Since July 2004, Mr. Einhorn has served as Chairman of the Board of Greenlight Capital Re, Ltd. (Nasdaq: GLRE). Mr. Einhorn received a B.A. in Government from Cornell University.

Harry Brandler

Mr. Brandler previously served as the Chief Financial Officer of Greenlight Capital, Inc. Prior to joining Greenlight Capital, Inc., he served as Chief Financial Officer of Wheatley Partners, a venture capital firm, where he oversaw the firm's back office operations and restructured the firm's marketing, client relations, and technology. From 1996 to 2000, Mr. Brandler served as a Manager at Goldstein, Golub & Kessler, where he provided audit, tax, and consulting services to investment partnerships and other financial organizations and where he was promoted to Manager in 1999. Mr. Brandler received a B.S. in Accounting from New York University and is admitted as a Certified Public Accountant.

Kathleen Olsen

Since 2011, Ms. Olsen has been a private investor. From 1999 through 2011, Ms. Olsen served as Chief Financial Officer of Eminence Capital, LLC, a long/short global equity fund. From 1993 to 1999, Ms. Olsen served as audit manager specializing in investment partnerships at Anchin, Block & Anchin LLP, a public accounting firm located in New York City. Ms. Olsen received a B.S. degree with honors from the State University of New York at Albany. Ms. Olsen is a Certified Public Accountant, a member of the American Institute of Certified Public Accountants, and a member of the New York State Society of Certified Public Accountants.

Richard Press

Before retiring, Mr. Press was a Senior Vice President at Wellington Management from 1994 to 2006, where he started and built the firm's insurance asset management practice. Prior to that, Mr. Press was a Senior Vice President of Stein Roe & Farnham from 1982 to 1994. Mr. Press has been a board member of Millwall Holdings PLC and Millwall Football Club, London since 2010; and is an emeritus member of the Board of Overseers Leadership Board of Beth Israel Deaconess Medical Center (Boston) having served since 2007. Previously he served on various committees of the Controlled Risk Insurance Company and the Harvard Risk Management Foundation from 2006 to 2017; served as a board member of the Housing Authority Insurance Group from 2008 to December 2014; and served as a board member and chairman of each of Transatlantic Holdings (NYSE: TRH) from August 2006 to March 2012 and Pomeroy IT Solutions (NASDAQ: PMRY) from July 2007 to November 2009. He was a founding member of the Board of Governors and the Advisory Board of the National Pediatric Multiple Sclerosis Center, Stony Brook University and Medical School, New York (2001 – 2013). Mr Press earned a B.A. in Economics from Brown University in 1960; and after serving in the US Army, he received his M.B.A. from Harvard Business School in 1964.

Elizabeth K. Blake

Before retiring, Ms. Blake served as Senior Vice President — Advocacy, Government Affairs & General Counsel of Habitat For Humanity International Inc. from 2006 to 2014. Ms. Blake served on the Board of Patina Oil & Gas Corporation from 1998 through its sale to Noble Energy in 2005. From 2003 to 2005, Ms. Blake was the Executive Vice President — Corporate Affairs, General Counsel and Corporate Secretary for US Airways Group, Inc. She also served as Senior Vice President and General Counsel of Trizec Properties, Inc., a public real estate investment trust. Ms. Blake served as Vice President and General Counsel of General Electric Power Systems from 1998 to 2002. From 1996 to 1998, Ms. Blake served as Vice President and Chief of Staff of Cinergy Corp. From 1982 to 1984, she was an associate with Frost & Jacobs, a law firm in Cincinnati, Ohio and a partner from 1984 to 1996. From 1977 to 1982, she was with the law firm of Davis Polk & Wardwell in New York. She is past Chair of the Ohio Board of Regents. Ms. Blake received a B.A. degree with honors from Smith College and her JD from Columbia Law School, where she was a Harlan Fiske Stone Scholar. Ms. Blake was awarded an Honorary Doctorate of Technical Letters by Cincinnati Technical College and an Honorary Doctorate of Letters from the College of Mt. St. Joseph.

John R. Farris

Since 2007, Mr. Farris has been the founder and President of Commonwealth Economics, LLC. Prior to forming Commonwealth Economics, LLC, he served as Secretary of the Finance and Administration Cabinet for the Commonwealth of Kentucky. From 2008 to 2012, Mr. Farris served as an adjunct Professor of Economics and Finance at Centre College in Danville, Kentucky. Mr. Farris previously worked at the Center for Economics Research at the Research Triangle Institute, the World Bank, and the International Finance Corporation. He currently sits on the board of directors for Farmers Capital Bank Corporation (NASDAQ: FFKT). Mr. Farris holds a B.S. from Centre College and a M.P.A. from Princeton University.

James R. Brickman

Mr. Brickman is responsible for all major investment decisions, capital allocation, strategic planning, and relationships with Green Brick Partners builders. He was the founding manager and advisor of each of JBGL Capital LP, since 2008, and JBGL Builder Finance LLC, since 2010. Prior to forming JBGL, Mr. Brickman was a manager of various joint ventures and limited partnerships that developed and built low- and high-rise office buildings, multi-family and condominium homes, single-family homes, entitled land and provided property management services. He previously also served as Chairman and CEO of Princeton Homes Ltd. and Princeton Realty Corporation, which developed land, constructed custom single-family homes, and managed apartments it built. Mr. Brickman has over 40 years of experience in nearly all phases of real estate construction, development, and real estate finance property management. Mr. Brickman received a B.B.A. and M.B.A degrees from Southern Methodist University.

COMMITTEE MEMBERS

All Green Brick Partners committee members are independent directors.

AUDIT COMMITTEE

Kathleen Olsen, Committee Chair

John R. Farris and Richard Press

COMPENSATION COMMITTEE

Richard Press, Committee Chair

Kathleen Olsen and Elizabeth K. Blake

GOVERNANCE & NOMINATING COMMITTEE

Elizabeth K. Blake, Committee Chair

Kathleen Olsen and John R. Farris

OPERATING RESULTS AND FORM 10-K

PART 1

ITEM 1. BUSINESS

Green Brick Partners, Inc. (formerly named BioFuel Energy Corp.) and its subsidiaries (together, the "Company", "we", or "Green Brick") is a diversified homebuilding and land development company incorporated under the laws of the State of Delaware on April 11, 2006.

We acquire and develop land, provide land and construction capital to our wholly owned and controlled builders (together, "builders") and participate in the profits of our builders. Our core markets are in the high growth U.S. metropolitan areas of Dallas-Forth Worth ("DFW"), Texas and Atlanta, Georgia, as well as the Treasure Coast, Florida area. We also own a noncontrolling interest in a builder in Colorado Springs, Colorado. We are engaged in all aspects of the homebuilding process, including land acquisition and development, entitlements, design, construction, title and mortgage services, marketing and sales and the creation of brand images at our residential neighborhoods and master planned communities.

We believe we offer higher quality homes with more distinctive designs and floor plans than those built by our competitors at comparable prices. Our communities are located in premium locations and we seek to enhance homebuyer satisfaction by utilizing high-quality materials, offering a broad range of customization options and building well-crafted homes. We seek to maximize value over the long term and operate our business to mitigate risks in the event of a downturn by controlling costs and quickly reacting to regional and local market trends.

We are a leading lot developer in our markets and believe that our strict operating discipline provides us with a competitive advantage in seeking to maximize returns while minimizing risk. We currently own or control approximately 14,500 home sites in high-growth submarkets throughout the DFW and Atlanta metropolitan areas and the Treasure Coast, Florida market. We are strategically positioned to either build new homes on our lots through our builders or to sell finished lots to third-party homebuilders. We sell finished lots to our builders or option lots from third-party developers for our builders' homebuilding operations and provide them with construction financing and strategic planning. Our builders provide us with their local knowledge and relationships.

The following table presents general information about our builders, including the types of homes they build and their price ranges.

BUILDER	YEAR FORMED	MARKET	PRODUCTS OFFERED	PRICE RANGE
The Providence Group of Georgia LLC ("TPG")	2011	Atlanta	Townhomes Condominiums Single Family	$330,000 to $1,000,000 $360,000 to $590,000 $380,000 to $880,000
CB JENI Homes DFW LLC ("CB JENI")	2012	Dallas-Fort Worth	Townhomes Single Family	$230,000 to $530,000 $320,000 to $760,000
CLH20 LLC ("Centre Living")	2012	Dallas-Fort Worth	Townhomes Single Family	$320,000 to $780,000 $400,000 to $650,000
SGHDAL LLC ("Southgate")	2013	Dallas-Fort Worth	Luxury Homes	$550,000 to $1,000,000
GRBK GHO Homes LLC ("GRBK GHO")	2018	Treasure Coast	Patio Homes Single Family	$220,000 to $350,000 $240,000 to $1,120,000
Trophy Signature Homes LLC ("Trophy")	2018	Dallas-Fort Worth	Single Family	$240,000 to $690,000

Our backlog reflects the number and value of homes for which we have entered into sales contracts with customers but not yet delivered. With the exception of a normal cancellation rate, we expect all of the backlog as of December 31, 2020 to be filled during 2021. The following table sets forth the information about selling communities and backlog of our builders.

	YEAR ENDED DECEMBER 31, 2020	DECEMBER 31, 2020			DECEMBER 31, 2019		
BUILDER	AVERAGE SELLING COMMUNITIES	SELLING COMMUNITIES	BACKLOG, UNITS	BACKLOG, IN THOUSANDS	SELLING COMMUNITIES	BACKLOG, UNITS	BACKLOG IN THOUSANDS
TPG	23	25	213	$113,657	19	104	$58,905
CB JENI	27	25	470	189,807	28	294	115,057
Centre Living	6	4	28	13,541	9	14	7,696
Southgate	11	12	167	121,740	11	71	49,280
GRBK GHO	16	14	214	96,338	18	147	56,021
Trophy	13	23	371	151,778	10	156	59,869
Total	**96**	**103**	**1,463**	**$686,861**	**95**	**786**	**$346,828**

For more information on recent business developments and results of operations, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" located in Part II, Item 7 of this Annual Report on Form 10-K.

BUSINESS STRATEGY

We believe we are well-positioned for growth through the disciplined execution of the following elements of our strategy:

Combine Land Acquisition and Development Expertise with Homebuilding Operations to Maximize Profitability

Our ability to identify, acquire and develop land in desirable locations and on favorable terms is critical to our success. We evaluate land opportunities based on how we expect such opportunities will contribute to overall profitability and returns, rather than how they might drive volume on a market basis. We identify attractive properties that are typically located in prime neighborhood locations. We consider the existing and future supply of developable land before working to acquire the best-valued properties. Analysis includes consideration of development costs in addition to land costs. We have found that the prime quality infill locations have limited supply competition that may result in smaller value declines in down markets. We manage and oversee all land development with our in-house staff.

We believe our expertise in land development and planning enables us to create desirable communities that meet or exceed our target homebuyer's expectations, while selling homes at competitive prices. Our strategy of holding land inventory provides us with a multi-year supply of lots for future homebuilding while limiting any excess supply that would otherwise be subject to market cycle risk. We focus on the development of entitled parcels in communities where we can generally sell all lots and homes within 24 to 60 months from the start of sales. This focus allows us to limit exposure to land development and market cycle risk while pursuing favorable returns on our investments. We seek to minimize our exposure to land risk through disciplined management of entitlements, the use of land and lot options and other flexible land acquisition arrangements. We are actively involved in every step of the land entitlement, home design and construction processes with our builders.

Maximize Benefits of Diversified Homebuilding and Land Development Structure
Our diversified homebuilding and land development structure provides the flexibility to monetize the value of our land assets either by building and selling homes through our builders or developing land and selling finished lots to unaffiliated homebuilders. When evaluating our land assets, we consider the potential contribution of each asset to our overall performance, taking into account the timeframe over which we may monetize the asset. While we currently expect the majority of our land to be utilized by our homebuilders, we believe our land development and homebuilding strategy provides us with increased flexibility to seek to maximize risk-adjusted returns as market conditions warrant.

Increase Long-Term Value by Investing in Infrastructure
In our communities, we typically make enhanced investment in infrastructure, including landscaping and amenity centers, and enforce higher construction standards through our builders. We believe this creates greater long-term value for us and for our builders, homebuyers, shareholders and the communities in which we build.

Disciplined Investment Approach
We seek to maximize value over the long-term and operate our business to mitigate risks in the event of a downturn by controlling costs and focusing on regional and local market trends. Our management team has gained significant operating expertise through varied economic cycles. The perspective gained from these experiences has helped shape our investment approach. We believe that our management team has learned to effectively evaluate housing trends in our markets, and to react quickly and rationally to market changes. Our cycle-tested management approach balances strategic planning with day-to-day decision-making responsibilities, freeing up our builders to concentrate on growing our homebuilding business rather than focusing on obtaining capital to fund their operations. We believe that our strict operating discipline provides us with a competitive advantage in seeking to maximize returns while minimizing risk.

Increase Market Positions in Housing Markets with a Favorable Growth Outlook and Strong Demand Fundamentals
We believe that we have strategically well-located land and lot positions within our core markets and that we have acquired our land and lot positions at attractive prices, providing us with significant opportunity for a healthy return on our investment. We believe our core markets exhibit attractive residential real estate investment characteristics, such as growing economies, improving levels of employment and population growth relative to national averages, favorable migration patterns, general housing affordability, and desirable lifestyle and weather characteristics. We believe that increasing demand and supply constraints in our core markets create favorable conditions for our future growth.

We believe that there are significant opportunities to profitably expand in our core markets. For example, we currently own or control approximately 14,500 home sites in the DFW, Atlanta and Treasure Coast markets. In Dallas and Atlanta, we seek to acquire land with convenient access to metropolitan areas which have diverse economic and employment bases and demographics that we believe will support long-term growth. We continuously review the allocation of our investments in these markets taking into account demographic trends and the likely impact on our operating results. We use the results of these reviews to reallocate our investments to those areas where we believe we can maximize our profitability and return on capital. We seek to use our local relationships with land sellers, brokers and investors to pursue the purchase of additional land parcels in our core markets. While our primary growth strategy focuses on increasing our market position in our existing markets, we may, on an opportunistic basis, explore expansion into attractive new markets.

Superior Design, Broad Product Range and Enhanced Homebuying Experience
Within each of our markets, we partner our expertise with that of our builders to design attractive neighborhoods and homes to appeal to a wide variety of potential homebuyers. One of our core operating philosophies is to create a culture which provides a positive,

CENTRE LIVING HOMES - SWISS AVENUE CROSSING, DALLAS, TX

memorable experience for our homebuyers through active engagement in the building process. At higher price points, we provide our homebuyers with customization options to suit their specific needs and tastes. In consultation with nationally and locally recognized architecture firms, interior and exterior consultants and homeowner focus groups, we research and design a diversified range of products for various levels and price points. Our homebuilding projects include townhomes, patio homes, single family homes and luxury semi-custom homes. We believe we can adapt quickly to changing market conditions and optimize performance and returns while strategically reducing portfolio risk because of our diversified product strategy.

Pursue Further Growth Through the Prudent Use of Leverage

As of December 31, 2020, our debt to total capitalization ratio was 25.6%. The debt to total capitalization ratio is calculated as the sum of borrowings on lines of credit, the senior unsecured notes and notes payable, net of debt issuance costs, divided by the total Green Brick Partners, Inc. stockholders' equity. It is our intent to prudently employ leverage to continue to invest in our land acquisition, development and homebuilding businesses. We target a debt to total capitalization ratio of approximately 30% to 35%, which we expect will continue to provide us with significant additional growth capital.

Pursue Expansion of Trophy Signature Homes into New Markets

We intend to pursue expansion into new markets with Trophy Signature Homes. We believe Trophy's more affordable product and quicker inventory turns make its platform uniquely scalable to expand outside of the DFW metroplex. We plan to expand Trophy into markets compatible with our existing markets that demonstrate strong trends in demographics, employment, and in-migration by leveraging existing relationships with land developers and homebuilders.

Pursue Acquisitions of Additional Homebuilders

We intend to pursue the acquisition of additional homebuilders in our core and new markets. Our preference is to continue to acquire controlling interests in homebuilders with existing management continuing to own a significant ownership stake. We will seek to acquire and then retain management teams which have strong local relationships with land owners and have a positive reputation for building well-crafted homes in their markets. We expect that our ability to provide capital discipline and strategic oversight will complement the local skills, relationships and reputations of our future homebuilder partners.

Marketing and Sales Process

We offer a preferred lender referral program through our mortgage subsidiary to provide lending options to homebuyers in need of financing. We offer homeowners a comprehensive warranty on each home. Homes are generally covered by a ten-year warranty for structural concerns, one year for defects and products used, two years for electrical, plumbing, heating, ventilation, and air conditioning parts and labor.

We sell our homes through our internal sales representatives and also through independent real estate brokers. Our in-house sales force typically works from sales offices located in model homes near or in each community. Sales representatives assist potential buyers by providing them with basic floor plans, price information, development and construction timetables, tours of model homes, and the selection of customization and upgrade options. Sales personnel are trained by us and generally have had prior experience selling new homes in the local market. Our personnel, along with subcontracted marketing and design consultants, carefully design the exterior and interior of each home to appeal to the lifestyles of targeted homebuyers. Additionally, we advertise through the use of model homes, social media, newspapers, billboards, real estate market publications, brochures, and newsletters.

Corporate Developments

Effective April 29, 2020, through a series of transactions, the Company acquired the remaining membership and voting interests in our subsidiary, CB JENI Homes DFW LLC ("CB JENI"). As a result, CB JENI became an indirect wholly owned subsidiary of the Company, was no longer considered a VIE and was consolidated based on the majority voting interest pursuant to ASC 810. As both the entity wholly owned by the Company to which CB JENI ownership interests were assigned and CB JENI were controlled by the Company on April 29, 2020, the acquisition of the remaining membership interest was accounted for at the carrying amounts on CB JENI's books, pursuant to provisions of Accounting Standards Codification ("ASC") 805 that govern transactions between entities under common control.

In May 2020, we established a joint venture, BHome Mortgage, LLC ("BHome Mortgage") with First Continental Mortgage, Ltd., to provide mortgage related services to homebuyers. The Company owns 49.0% in BHome Mortgage. In May 2020, BHome Mortgage received initial capital contributions of approximately $0.5 million from each of its two members in accordance with their membership interest. The investment in BHome Mortgage is treated as an unconsolidated investment under the equity method of accounting and is included in investments in unconsolidated entities in the Company's consolidated balance sheets.

In August 2020, GBTM Sendera, LLC joint venture ("GBTM Sendera") was formed by GRBK Edgewood, LLC ("GRBK Edgewood") and TM Sendera, LLC ("TM Sendera") with the purpose to acquire and develop a tract of land in Fort Worth,Texas. Each party holds a 50% ownership interest in GBTM Sendera. GBTM Sendera had no activity in the period but it is expected to begin its operations in the first quarter 2021. In August 2020, GBTM Sendera received two $9.0 million initial contributions from each of its two members, GRBK Edgewood and TM Sendera.

Raw Materials

Typically, all the raw materials and most of the components used in our business are readily available in the United States. Most are standard items carried by major suppliers. However, a rapid increase in the number of homes started could cause shortages in the availability of such materials or in the price of services, thereby leading to delays in the delivery of homes. We continue to monitor the supply markets to achieve the best prices available. See "Risk Factors - Labor and raw material shortages and price fluctuations could delay or increase the cost of land development and home construction, which could materially and adversely affect our business."

Seasonality

The homebuilding industry experiences seasonal fluctuations in quarterly operating results and capital requirements. We typically experience the highest new home order activity in spring and summer, 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 five to nine months to construct a new home, we deliver more homes in the second half of the year as spring and summer home orders are delivered. Because of this seasonality, home starts, construction costs and related cash outflows have historically been highest in the second and third quarters, and the majority of cash receipts from home deliveries occur during the third and fourth quarters. We expect this seasonal pattern to continue over the long-term, although it may be affected by volatility in the homebuilding industry.

Competition

Competition in the homebuilding industry is intense, and there are relatively low barriers to entry. Homebuilders compete for, among other things, homebuyers, desirable land parcels, financing, raw materials and skilled labor. Increased competition could hurt our business, as it could prevent us from acquiring attractive land parcels on which to build homes or make such acquisitions more expensive, hinder our market share expansion, and lead to pricing pressures on our homes that may adversely impact our revenues and margins. If we are unable to successfully compete, our business, liquidity, financial condition and results of operations could be materially and adversely affected. Our competitors may independently develop land and construct housing units that are superior or substantially similar to our products. Furthermore, a number of our primary competitors are significantly larger, have a longer operating history and may have greater resources or lower cost of capital; accordingly, they may be able to compete more effectively in one or more of the markets in which we operate. Many of these competitors also have longstanding relationships with subcontractors and suppliers in the markets in which we operate. We also compete for sales with individual resales of existing homes and with available rental housing.

Government Regulation and Environmental Matters

Our developments are subject to numerous local, state, federal and other statutes, ordinances, rules and regulations concerning zoning, development, building design, construction and similar matters that impose restrictive zoning and density requirements, the result of which is to limit the number of homes that can be built within the boundaries of a particular area. Projects that are not entitled may be subjected to periodic delays, changes in use, less intensive development or elimination of development in certain areas due to government regulations. We may also be subject to periodic delays or may be precluded entirely from developing in certain communities due to building moratoriums or "slow-growth" or "no-growth" initiatives that could be implemented in the future. Local governments also have broad discretion regarding the imposition of development and service fees for projects in their jurisdiction. Projects for which we have received land use and development entitlements or approvals may still require a variety of other governmental approvals and permits during the development process and can also be impacted adversely by unforeseen health, safety and welfare issues, which can further delay these projects or prevent their development.

We are also subject to a variety of local, state, federal and other statutes, ordinances, rules and regulations concerning the environment. The particular environmental laws that apply to any given homebuilding site vary according to multiple factors, including the site's location, its environmental conditions and the present and former uses of the site, as well as adjoining properties. Environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs, and can prohibit or severely restrict homebuilding and land development activity in environmentally sensitive regions or areas. In addition, in those cases where an endangered or threatened species is involved, environmental rules and regulations can result in the restriction or elimination of development in identified environmentally sensitive areas. From time to time, the United States Environmental Protection Agency and similar federal or state agencies review homebuilders' compliance with environmental laws and may levy fines and penalties for failure to comply strictly with applicable environmental laws or impose additional requirements for future compliance as a result of past failures. Any such actions taken may increase our costs. Further, we expect that increasingly stringent requirements will be imposed on homebuilders and land developers in the future. Environmental regulations can also have an adverse impact on the availability and price of certain raw materials such as lumber.

Under various environmental laws, current or former owners of real estate, as well as certain other categories of parties, may be required to investigate and clean up hazardous or toxic substances, and may be held liable to a governmental entity or to third parties for related damages, including bodily injury, and investigation and clean-up costs incurred in connection with the contamination. Please see "Risk Factors" located in Part I, Item 1A in this Annual Report on Form 10-K.

Human Capital Resources

We believe the people who work for our Company are our most important resources and are critical to our continued success. We focus significant attention toward attracting and retaining talented and experienced individuals to manage and support our operations. We offer our employees a broad range of company-paid benefits, and we offer our employees a compensation package and benefits, including medical, dental, life insurance and other health and welfare plans, that we believe are competitive.

We believe having a diverse and inclusive work environment, where everyone has a sense of belonging, not only drives engagement but fosters innovation, which is critical to driving growth. Our management teams are expected to exhibit and promote honest, ethical and respectful conduct in the workplace. All of our employees must adhere to a code of conduct that sets standards for appropriate behavior and includes required internal training on preventing, identifying, reporting and stopping any type of discrimination. Furthermore, our management team supports a culture of developing future leaders from our existing workforce, enabling us to promote from within for many leadership positions. We believe this provides long-term focus and continuity to our operations while also providing opportunities for the growth and advancement of our employees.

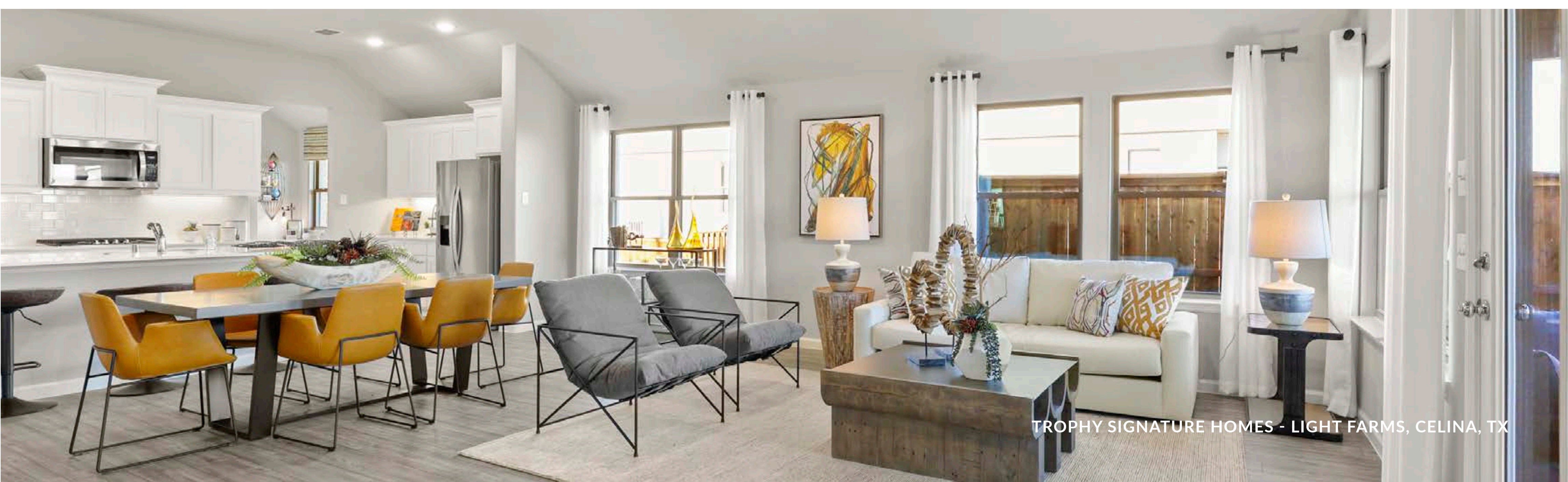
We are committed to the health and safety of our employees, trade partners and homebuyers. During fiscal 2020, as a result of the COVID-19 pandemic, we implemented additional safety protocols to protect our employees, trade partners and homebuyers, including protocols regarding social distancing, health checks and working remotely. Our experienced teams adapted quickly to the changes and have managed our business successfully during this challenging time. We are also committed to worker safety and regulatory compliance.

Although we subcontract certain components of our land development and construction aspects of our homebuilding activities, we are highly dependent on our skilled employees for critical aspects of what we do. That includes senior executives who are responsible for our operational strategies and for approving significant land acquisitions and other major investments we make. It also includes the people who head our homebuilding operations, as well as the many people who are involved in design, construction oversight, marketing and other aspects of our homebuilding business and in carrying out our other activities.

At December 31, 2020, we employed approximately 440 individuals of whom approximately 400 were involved in our homebuilding operations, with locations in Dallas-Ft. Worth, Texas, Atlanta, Georgia and the Treasure Coast, Florida, and approximately 40 support our corporate office. We do not have collective bargaining agreements relating to any of our associates.

Available Information

Our website address is www.greenbrickpartners.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Exchange Act are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (the "SEC"). Our website and the information contained or incorporated therein are not intended to be incorporated into this Annual Report on Form 10-K.



TROPHY SIGNATURE HOMES - LIGHT FARMS, CELINA, TX

ITEM 1A. RISK FACTORS

Set forth below are the risks that we believe are material to our investors. Any of these risks could significantly and adversely affect our business, financial condition and results of operations. You should carefully consider the risks described below, together with the other information included in this Annual Report on Form 10-K, including the information contained under the caption "Forward-Looking Statements".

Risks Related to our Business and Industry

The recent COVID-19 pandemic and resulting worldwide economic conditions are adversely affecting, and will continue to adversely affect, our business operations, financial condition, results of operations, and cash flows.

In December 2019, a novel strain of coronavirus, COVID-19, was identified in Wuhan, China. This virus continues to spread globally and in March 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic has negatively impacted the global economy, and disrupted global supply chains. In addition, there have been extraordinary and wide-ranging actions taken by international, federal, state, and local public health and governmental authorities to contain and combat the outbreak and spread of COVID-19 in regions across the United States and the world, including quarantines and "shelter-in-place" orders and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. While many of these quarantines and "shelter-in-place" orders were lifted in the latter half of the second quarter, based on the recent surge of COVID-19 cases in parts of the country in which we operate, there are concerns that state and local public health and governmental authorities could reimpose restrictions that would affect the economy in general and our operations.

Our first focus in addressing the impact of the COVID-19 pandemic was implementing steps to minimize the risk to our employees, trade partners and customers. While residential homebuilding is considered an essential service in each of the markets in which we operate, we are still taking steps to increase the safety of our employees, trade partners and customers. For example, we (1) initially closed our sales centers, model homes, and design centers to the general public and shifted to appointment-only interactions with our customers and have now shifted more traffic to walk-in appointments and are following recommended social distancing and other health and safety protocols when meeting in person with a customer, (2) modified our construction operations to enforce enhanced safety protocols around social distancing, hygiene, and health screening and (3) modified our corporate and division office functions in order to allow all of our employees to work remotely except for essential minimum basic operations which could only be done in an office setting.

From a business standpoint, the initial impact of the COVID-19 pandemic and the responsive actions taken by federal, state and local public health and governmental authorities resulted in a significant downturn in sales activity in our operations and the homebuilding industry as a whole. For example, in the final two weeks of March and through the end of April, the impact of shelter-in-place/stay-at-home restrictions materially reduced our new home sales in March and April, as compared to the same period in the prior year, and increased cancellations. However, as stay-at-home orders and quarantines were lifted, we began to see significant uptick in sales activity in the latter part of the second quarter and throughout the third and fourth quarters. Nevertheless, there are still significant concerns of the long-term impact of the COVID-19 pandemic on the economy in general and the housing market specifically. For example, we are currently experiencing supply chain issues with the availability of appliances, windows, and cost of lumber and may experience other adverse impacts on our supply chain, including availability and cost, if the international flow of goods is not normalized. These delays and additional costs could impact our ability to close sales at our anticipated pace and reduce margins. Our financial performance and our future operational results will depend on the duration and spread of the COVID-19 pandemic (including any variant thereof) and related government restrictions, the impact of unemployment rates, and other health and economic factors all of which are uncertain and cannot be predicted.

As we began to see increased market activity, we re-initiated much of the previously planned capital expenditures that we had placed on hold in March based on market uncertainty. Specifically, we restarted construction of unsold units, recommenced purchases of lots and land and resumed development of land to reflect the market activity. The length and extent of the impact of the COVID-19 pandemic on the economy and the homebuilding industry is difficult to estimate as is the potential mitigating effects of economic relief efforts on the U.S. economy, unemployment, consumer confidence, demand for our homes and the mortgage market, including lending standards and secondary mortgage markets. However, if there is a prolonged economic downturn and/or an extended rise in unemployment or tempering of wage growth, we would expect to experience, among other things, increases in the cancellation rates for homes in our backlog, and decreases in our net new sales orders, homes delivered, revenues, and profitability. We could also be forced to reduce our average selling prices in order to generate consumer demand or in reaction to competitive pressures. Any of these actions could have a material adverse effect on our business, results of operations and financial condition.

The homebuilding industry is cyclical. A severe downturn in the industry could adversely affect our business, results of operations and stockholders' equity.

The residential homebuilding industry is cyclical and is highly sensitive to changes in general economic conditions such as levels of employment, consumer confidence and income, availability of financing for acquisitions, construction and permanent mortgages, interest rate levels, inflation and demand for housing. The U.S. housing market could be negatively impacted by declining consumer confidence, restrictive mortgage standards and large supplies of foreclosures, resales and new homes, among other factors. When combined with a prolonged economic downturn, high unemployment levels, increases in the rate of inflation and uncertainty in the U.S. economy, these conditions could contribute to decreased demand for housing, declining sales prices and increasing pricing pressure. In the event that demand for housing stalls or declines, we could experience declines in the market value of our inventory and demand for our lots, homes and construction loans, which could have a material adverse effect on our business, liquidity, financial condition and results of operations.

Our operating performance is subject to risks associated with the real estate industry.

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond our control. Certain events may decrease cash available for operations, as well as the value of our real estate assets. These events include, but are not limited to:

- adverse changes in international, national or local economic and demographic conditions;
- adverse changes in financial conditions of buyers and sellers of properties, particularly residential homes and land suitable for development of residential homes;
- competition from other real estate investors with significant capital, including other real estate operating companies and developers and institutional investment funds;
- fluctuations in interest rates, which could adversely affect the ability of homebuyers to obtain financing on favorable terms or their willingness to obtain financing at all;
- unanticipated increases in expenses, including, without limitation, insurance costs, development costs, real estate assessments and other taxes and costs of compliance with laws, regulations and governmental policies; and
- changes in enforcement of laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws.

Adverse changes in macroeconomic conditions in and around the markets we operate in, and where prospective purchasers of our homes live, could reduce the demand and adversely affect our business, results of operations, and financial condition.

Adverse changes in economic conditions in markets where we conduct our operations and where prospective purchasers of our homes live have had and may in the future have a negative impact on our business. Adverse changes in employment and median income levels, job growth, consumer confidence, interest rates, perceptions regarding the strength of the housing market, and population growth, or an oversupply of homes for sale may reduce demand or depress prices for our homes and cause home buyers to cancel their agreements to purchase our homes. This, in turn, could adversely affect our results of operations and financial condition. In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in the purchase of homes or an increased incidence of home order cancellations. If we cannot successfully implement our business strategy, our business, liquidity, financial condition and results of operations will be adversely affected.

Our business and financial results could be adversely affected by significant inflation or deflation.

Inflation can adversely affect our homebuilding operations by increasing costs of land, financing, materials, labor and construction. While we attempt to pass on cost increases to homebuyers through increased prices, in a weak housing market, we may not be able to offset cost increases with higher selling prices. In addition, significant inflation is often accompanied by higher interest rates, which have a negative impact on housing demand. In a highly inflationary environment, depending on industry and other economic conditions, we may be precluded from raising home prices enough to keep up with the rate of inflation, which could reduce our profit margins. Moreover, with inflation, the costs of capital increase and the purchasing power of our cash resources could decline. Current or future efforts by the government to stimulate the economy may increase the risk of significant inflation and its adverse impact on our business or financial results.

Alternatively, a significant period of deflation could cause a decrease in overall spending and borrowing levels. This could lead to a deterioration in economic conditions, including an increase in the rate of unemployment. Deflation could also cause the value of our inventory to decline or reduce the value of existing homes below the related mortgage loan balance, which could potentially increase the supply of existing homes and have a negative impact on our results of operations.

We are dependent on the continued availability and satisfactory performance of subcontractors which, if unavailable, could have a material adverse effect on our business.

We conduct our land development and homebuilding operations primarily as a general contractor. Virtually all land development and construction work is performed by unaffiliated third-party subcontractors. As a consequence, the timing and quality of the development of our land and the construction of our homes depends on the availability and skill of our subcontractors. There may not be sufficient availability of and satisfactory performance by these unaffiliated third-party subcontractors in the markets in which we operate. If there are inadequate subcontractor resources, our ability to meet customer demands, both timing and quality, could be adversely affected which could have a material adverse effect on our reputation, our future growth and our profitability.

Labor and raw material shortages and price fluctuations could delay or increase the cost of land development and home construction, which could materially and adversely affect our business.

The residential construction industry experiences labor and raw material shortages from time to time, including shortages in qualified tradespeople and supplies such as insulation, drywall, cement, steel and lumber. These labor and raw material shortages can be more severe during periods of strong demand for housing or during periods when a region in which we operate experiences a natural disaster that has a significant impact on existing residential and commercial structures. When new home demand increases significantly, such as we have seen since the second half of 2020, increased demand for the raw materials, products and appliances for new homes can contribute to extended lead times, supply shortages and price increases. For example, we have recently and may continue to experience price increases, shortages and significant extensions to our lead time for the delivery of materials such as lumber, appliances and windows. This has and may continue to result in longer construction periods, delays in home closings and margin compression if we are unable to increase our sales prices accordingly.

The cost of labor and raw materials may also be adversely affected during periods of shortage or high inflation. Shortages and price increases could cause delays in, and increase our costs of, land development and home construction, which we may not be able to recover by raising home prices due to market demand and because the price for each home is typically set prior to its delivery pursuant to the agreement of sale with the homebuyer. In addition, the federal government has, at various times during 2019 and 2020, imposed tariffs on a variety of imports from foreign countries and may impose additional tariffs in the future. Significant tariffs or other restrictions are placed on raw materials that we use in our homebuilding operation, such as lumber or steel, could cause the cost of home construction to increase which we may not be able to recover by raising home prices or which could slow our absorption due to being constrained by market demand. As a result, shortages or increased costs of labor and raw materials could have a material adverse effect on our business, prospects, financial condition and results of operations.

Failure to recruit, retain and develop highly skilled, competent employees may have a material adverse effect on our business and results of operations.

Key employees, including management team members at both the corporate and homebuilder subsidiary levels, are fundamental to our ability to obtain, generate and manage opportunities. If any of the management team members were to cease employment with us, our results of operations could suffer. Our ability to retain our management team or to attract suitable replacements should any members of its management team leave is dependent on the competitive nature of the employment market. The loss of services from key management team members or a limitation in their availability could materially and adversely impact our business, liquidity, financial condition and results of operations. Further, such a loss could be negatively perceived in the capital markets. In addition, we do not maintain key person insurance in respect of any member of our named executive officers.

In addition, key employees working in the land development, homebuilding and construction industries are highly sought after. Experienced employees in the homebuilding, land acquisition and construction industries are fundamental to our ability to generate, obtain and manage opportunities. In particular, local knowledge and relationships are critical to our ability to source attractive land acquisition opportunities. Failure to attract and retain such personnel or to ensure that their experience and knowledge is not lost when they leave the business through retirement, redundancy or otherwise may adversely affect the standards of our service and may have an adverse impact on our business, financial conditions and results of operations.

Our long-term success depends on our ability to acquire undeveloped land, partially finished developed lots and finished lots suitable for residential homebuilding at reasonable prices, in accordance with our land investment criteria.

The homebuilding industry is highly competitive for suitable land and the risk inherent in purchasing and developing land is directly impacted by changes in consumer demand for housing. The availability of finished and partially finished developed lots and undeveloped land for purchase that meet our investment criteria depends on a number of factors outside our control, including land availability, competition with other homebuilders and land buyers, inflation in land prices, zoning, allowable housing density, the ability to obtain building permits and other regulatory requirements. Should suitable land or lots become more difficult to locate or obtain, the number of lots we may be able to develop and sell could decrease, the number of homes we may be able to build and sell could be reduced and the cost of land could increase, perhaps substantially, which could adversely impact our results of operations.

As competition for suitable land increases, the cost of acquiring both finished and undeveloped lots and the cost of developing owned land could rise and the availability of suitable land at acceptable prices may decline, which could adversely impact our financial results. The availability of suitable land assets could also affect the success of our land acquisition strategy, which may impact our ability to increase the number of active selling communities, to grow our revenues and margins and to achieve or maintain profitability.

If we are unable to develop communities successfully or within expected timeframes, our results of operations could be adversely affected.

Before a community generates any revenue, time and material expenditures are required to acquire and prepare land, entitle and finish lots, obtain development approvals, pay taxes and construct significant portions of project infrastructure, amenities, model homes and sales facilities. It can take several years from the time that we acquire control of a property to the time that we make our first home sale on the site. Delays in the development of communities expose us to the risk of changes in market conditions for homes.

A decline in our ability to develop and market our communities successfully and to generate positive cash flow from these operations in a timely manner could have a material adverse effect on our business and results of operations and on our ability to service our debt and to meet our working capital requirements.

Real estate investments are relatively illiquid. As a result, our ability to promptly sell one or more properties in response to changing economic, financial and investment conditions may be limited and we may be forced to hold non-income producing assets for an extended period of time. We cannot predict whether we will be able to sell any property for the price or on the terms that we set or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property.

We depend on the success of our partially owned controlled builders.

We participate in the homebuilding business, in part, through non-wholly owned subsidiaries, which we refer to as our “controlled builders.” We are able to exercise control over the operations of each controlled builder. We have entered into arrangements with these controlled builders in order to take advantage of their local knowledge and relationships, acquire attractive land positions and brand images, manage our risk profile and leverage our capital base. Even though the co-investors in our controlled builders are subject to certain non-competition provisions, the viability of our participation in the homebuilding business depends on our ability to maintain good relationships with our controlled builders. Our controlled builders are focused on maximizing the value of their operations and working with a partner that can help them be successful. The effectiveness of our management, the value of our expertise and the rapport we maintain with our controlled builders are important factors for new builders considering doing business with us and may affect our ability to attract homebuyers, subcontractors, employees or others upon whom our business, financial condition and results of operations ultimately depend. Further, our relationships with our controlled builders generate additional business opportunities that support our growth. If we are unable to maintain good relationships with our controlled builders, we may be unable to fully take advantage of existing agreements or expand our relationships with these controlled builders. Additionally, our opportunities for pursuing acquisitions of additional builders may be adversely impacted.

In Atlanta, we sell lots to our controlled builder for its homebuilding operations and provide it loans to finance home construction. If our controlled builder fails to successfully execute its business strategies for any reason, it may be unable to purchase lots from us, repay outstanding construction finance loans made by us or borrow from us in the future, any of which could negatively impact our business, financial condition and results of operations.

An integral component of our growth strategy is the use of controlled builders, joint ventures, partnerships and other strategic investments, and these counterparties’ interests may not be wholly aligned with ours or those of our investors.

Our controlled builders and the third parties with whom we enter into partnerships, joint ventures or other strategic investments are separate and distinct entities from us. Consequently, these counterparties may have different economic, financial and industry positions from us which could influence their business decisions, including but not limited to strategic decision-making which they believe to be in their best interests but which may not be aligned with those of our shareholders. While we exercise different levels of control over the entities in which we invest or co-invest, our rights may be limited contractually or by statute and we may not be able to ensure that their decisions are in alignment with those of our investors. Disputes between us and these third parties could result in legal proceedings that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. If our counterparties take actions that are not in our best interests it could have a material adverse effect on our business and our profitability.

If we are required to either repurchase or sell a substantial portion of the equity interest in our controlled homebuilding subsidiaries, our capital resources and liquidity could be adversely affected.

The operating agreements governing our partially owned controlled builders contain buy-sell provisions that may be triggered in certain circumstances. In the event that a buy-sell event occurs, our builder will have the right to initiate a buy-sell process, which may happen at an inconvenient time for us. In the event the buy-sell provisions are exercised at a time when we lack sufficient capital to purchase the remaining equity interest, we may elect to sell our equity interest in the entity. If we are forced to sell our equity interest, we will no longer benefit from the future operations of the applicable entity. If a buy-sell provision is exercised and we elect to purchase the interest in an entity that we do not already own, we may be obligated to expend significant capital in order to complete such acquisition, which may result in our being unable to pursue other investments or opportunities. If either of these events occurs, our revenue and net income could decline or we may not have sufficient capital necessary to implement our growth strategy.

Our geographic concentration could materially and adversely affect us if the homebuilding industry in our current markets should decline.

In the Dallas–Fort Worth metropolitan area, we principally operate in the counties of Dallas, Collin, Denton, Ellis, Rockwall and Tarrant . In Atlanta, we principally operate in the counties of Fulton, Gwinnett, Cobb, Forsyth, Cherokee and Dekalb. In Florida, we principally operate in the counties of Indian River and St. Lucie. To the extent housing demand and population growth slow in our core markets, our favorable growth outlook may not be realized. Furthermore, we may be unable to compete effectively with the resale home market in our core markets. Because our operations are concentrated in these areas, a prolonged economic downturn in one or more of these areas could have a material adverse effect on our business, liquidity, financial condition and results of operations, and a disproportionately greater impact on us than other homebuilders with more diversified operations. Further, slower rates of population growth or population declines in the DFW, Atlanta or Treasure Coast markets, especially as compared to the high population growth rates in prior years, could affect the demand for housing, causing home prices in these markets to decline and adversely affect our business, financial condition and results of operations.

Our developments are subject to government regulation, which could cause us to incur significant liabilities or restrict our business activities.

Our developments are subject to numerous local, state, federal and other statutes, ordinances, rules and regulations concerning zoning, development, building design, construction and similar matters that impose restrictive zoning and density requirements, the result of which is to limit the number and type of homes that can be built within the boundaries of a particular area. Projects that are not yet entitled may be subjected to periodic delays, changes in use, less intensive development or elimination of development in certain specific areas due to government regulations. We may also be subject to periodic delays or may be precluded entirely from developing in certain communities due to building moratoriums or “slow-growth” or “no-growth” initiatives that could be implemented in the future. Local governments also have broad discretion regarding the imposition of development and service fees for projects in their jurisdiction. Projects for which we have received land use and development entitlements or approvals may still require a variety of other governmental approvals and permits during the development process and can also be impacted adversely by unforeseen health, safety and welfare issues, which can further delay these projects or prevent their development. As a result, lot and home sales could decline and costs could increase, which could have a material adverse effect on our current results of operations and our long-term growth prospects.

Changes in global or regional environmental conditions and governmental actions in response to such changes may adversely affect us by increasing the costs of or restricting our planned or future growth activities.

There is growing concern from many members of the scientific community and the general public that an increase in global average temperatures due to emissions of greenhouse gases and other human activities have caused, or will cause, significant changes in weather patterns and increase the frequency and severity of natural disasters. Government mandates, standards or regulations intended to reduce greenhouse gas emissions or projected climate change impacts have resulted, and are likely to continue to result, in restrictions on land development in certain areas and increased energy, transportation and raw material costs. Governmental requirements directed at reducing effects on climate could cause us to incur expenses that we cannot recover or that will require us to increase the price of homes we sell to the point that it affects demand for those homes.

Our financial condition and results of operations may be adversely affected by and decrease in the value of our land or homes declines as well as the associated carrying costs.

We continuously acquire land for replacement of land inventory and expansion within our current markets, and may in the future acquire land for expansion into new markets. However, the market value of land, building lots and housing inventories can fluctuate significantly as a result of changing market conditions, and the measures we employ to manage inventory risk may not be adequate to insulate our operations from a severe drop in inventory values. If housing demand decreases below what we anticipated when we acquired our inventory, we may not be able to generate profits consistent with those we have generated in the past and we may not be able to recover our costs when we sell lots and homes. When market conditions are such that land values are not appreciating, option arrangements previously entered into may become less desirable, at which time we may elect to forgo deposits and pre-acquisition costs and terminate such arrangements. In the face of adverse market conditions, we may have substantially higher inventory carrying costs, may have to write down our inventory as a result of impairment and/or may have to sell land or homes at a loss. Any material write-downs of assets, or sales at a loss, could have a material adverse effect on our financial condition and results of operations.

Demand for our homes and lots is dependent on the cost and availability of mortgage financing.

Our business depends on the ability of our homebuyers, as well as the ability of those who buy homes from the third-party homebuilding entities to which we sell lots (our “homebuilding customers”), to obtain financing for the purchase of their homes. Many of these homebuyers must sell their existing homes in order to buy a home from us or our homebuilding customers. Rising interest rates, decreased availability of mortgage financing or of certain mortgage programs, higher down payment requirements or increased monthly mortgage costs may lead to reduced demand for our homes and lots. Increased interest rates can also hinder our ability to realize our backlog because certain of our home purchase contracts provide homebuyers with a financing contingency. Financing contingencies allow homebuyers to cancel their home purchase contracts in the event that they cannot arrange for adequate financing within a certain time period after the execution of the home purchase contracts. As a result, rising interest rates can decrease our home sales and mortgage originations. Any of these factors could have a material adverse effect on our business, liquidity, financial condition and results of operations.

In addition, the federal government has a significant role in supporting mortgage lending through its conservatorship of Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac"), both of which purchase home mortgages and mortgage-backed securities originated by mortgage lenders, and its insurance of mortgages originated by lenders through the Federal Housing Administration (the "FHA") and the Veterans Administration ("VA"). The availability and affordability of mortgage loans, including consumer interest rates for such loans, could be adversely affected by a curtailment or cessation of the federal government's mortgage-related programs or policies. The FHA may continue to impose stricter loan qualification standards, raise minimum down payment requirements, impose higher mortgage insurance premiums and other costs and/or limit the number of mortgages it insures. Due to growing federal budget deficits, the U.S. Treasury may not be able to continue supporting the mortgage-related activities of Fannie Mae, Freddie Mac, the FHA and the VA at present levels, or it may revise significantly the federal government's participation in and support of the residential mortgage market. Because the availability of Fannie Mae, Freddie Mac, FHA- and VA-backed mortgage financing is an important factor in marketing and selling many of our homes, any limitations, restrictions or changes in the availability of such government-backed financing could reduce our home sales, which could have a material adverse effect on our business, liquidity, financial condition and results of operations.

Any increase in unemployment or underemployment may lead to an increase in the number of loan delinquencies and property repossessions, which would have an adverse impact on our business.

People who are not employed, are underemployed, who have left the labor force or are concerned about the loss of their jobs are less likely to purchase new homes, may be forced to try to sell the homes they own and may face difficulties in making required mortgage payments. Therefore, any increase in unemployment or underemployment may lead to an increase in the number of loan delinquencies and property repossessions and have an adverse impact on our business both by reducing demand for our homes, lots and construction loans and by increasing the supply of homes for sale.

Increases in the after-tax costs of owning a home could prevent reduce demand for our homes and lots.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act made major changes to the Internal Revenue Code that, in part, affect the after-tax cost of owning a home. Specifically, the Tax Act limited the ability of homebuyers to deduct (i) property taxes, (ii) mortgage interest, and (iii) state and local income taxes. Due to such changes, the after-tax cost of owning a new home has increased for many of our potential homebuyers and the potential homebuyers of our homebuilding customers. In addition, if the federal government or a state government further changes its income tax laws to further eliminate or substantially limit these income tax deductions, the after-tax cost of owning a new home would further increase for many of our potential customers.

The loss or reduction of these homeowner tax deductions that have historically been available has and could further reduce the perceived affordability of homeownership, and therefore the demand for and sales price of new homes, including ours. In addition, increases in property tax rates or fees on developers by local governmental authorities, as experienced in response to reduced federal and state funding or to fund local initiatives, such as funding schools or road improvements, or increases in insurance premiums can adversely affect the ability of potential customers to obtain financing or their desire to purchase new homes, and can have an adverse impact on our business and financial results.

The occurrence of severe weather, natural disasters, acts of war or terrorism could increase our operating expenses and reduce our revenues and cash flows.

The climates and geology of the states in which we operate present increased risks of severe weather and natural disasters. The occurrence of severe weather conditions or natural disasters can delay new home deliveries and lot development, reduce the availability of materials and/or negatively impact the demand for new homes in affected areas.

Additionally, to the extent that hurricanes, severe storms, earthquakes, tornadoes, droughts, floods, wildfires or other natural disasters or similar events occur, our homes under construction or our lots under development could be damaged or destroyed, which may result in losses exceeding our insurance coverage. Any of these events could increase our operating expenses, impair our cash flows and reduce our revenues. To the extent that climate change increases the frequency and severity of weather related disasters, we may experience increasing negative weather related impacts to our operations in the future.

Further, acts of war, any outbreak or escalation of hostilities between the United States and any foreign power or acts of terrorism may cause disruption to the U.S. economy, or the local economies of the markets in which we operate, cause shortages of building materials, increase costs associated with obtaining building materials, result in building code changes that could increase costs of construction, affect job growth and consumer confidence or cause economic changes that we cannot anticipate, all of which could reduce demand for our lots, homes and construction loans and adversely impact our business and results of operations.

High cancellation rates may negatively impact our business.

Our backlog reflects the number and value of homes for which we have entered into non-contingent sales contracts with homebuyers but not yet delivered. Although these sales contracts require a cash deposit, a homebuyer may in certain circumstances cancel the contract and receive a complete or partial refund of the deposit as a result of contract provisions. If home prices decline, the national or local homebuilding environment or general economy weakens, our neighboring competitors reduce their sales prices (or increase their sales incentives), interest rates increase or the availability of mortgage financing tightens, homebuyers may have an incentive to cancel their contracts with us, even where they might be entitled to no refund or only a partial refund. Significant cancellations could have a material adverse effect on our business as a result of lost sales revenue and the accumulation of unsold housing inventory.

We may not be able to compete effectively against competitors in the homebuilding, land development and financial services industries.

Competition in the land development and homebuilding industries is intense, and there are relatively low barriers to entry. Land developers and homebuilders compete for, among other things, homebuyers, desirable land parcels, financing, raw materials and skilled labor. Increased competition could hurt our business, as it could prevent us from acquiring attractive land parcels for development and resale or homebuilding (or make such acquisitions more expensive), hinder our market share expansion and lead to pricing pressures that adversely impact our margins and revenues. If we are unable to compete successfully, our business, liquidity, financial condition and results of operations could be materially and adversely affected. Our competitors may independently develop land and construct housing units that are superior or substantially similar to our products. Furthermore, a number of our primary competitors are significantly larger, have a longer operating history and may have greater resources or lower cost of capital than us. Accordingly, competitors may be able to compete more effectively in one or more of the markets in which we operate. Many of these competitors also have longstanding relationships with subcontractors and suppliers in the markets in which we operate. Our homebuilding business also competes for sales with individual resales of existing homes and with available rental housing.

Our construction financing business competes with other lenders, including national, regional and local banks and other financial institutions, some of which have greater access to capital or different lending criteria and may be able to offer more attractive financing to potential homebuyers.

Our future growth may include additional strategic investments, joint ventures, partnerships and/or acquisitions of companies that may not be as successful as we anticipate and could disrupt our ongoing businesses and adversely affect our operations.

Our investments in our homebuilding subsidiaries have contributed to our historical growth and similar investments may be a component of our growth strategy in the future.

We may make additional strategic investments, enter into new joint venture or partnership arrangements or acquire businesses, some of which may be significant. These endeavors may involve significant risks and uncertainties, including distraction of management from current operations, significant start-up costs, insufficient revenues to offset expenses associated with these new investments and inadequate return of capital on these investments, any of which may adversely affect our financial condition and results of operations. Our failure to successfully identify and manage future investments, joint ventures, partnerships or acquisitions could harm our results of operations.

We are subject to environmental laws and regulations, which may increase our costs, limit the areas in which we can build homes and develop land and delay completion of our projects.

We are subject to a variety of local, state, federal and other statutes, ordinances, rules and regulations concerning the environment. The particular environmental laws that apply to any given homebuilding or development site vary according to multiple factors, including the site's location, its environmental conditions and the present and former uses of the site, as well as adjoining properties. Environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs and can prohibit or severely restrict homebuilding and land development activity in environmentally sensitive regions or areas. In addition, in those cases where an endangered or threatened species is involved, environmental rules and regulations can result in the restriction or elimination of development in identified environmentally sensitive areas. From time to time, the United States Environmental Protection Agency and similar federal or state agencies review homebuilders' compliance with environmental laws and may levy fines and penalties for failure to comply strictly with applicable environmental laws or impose additional requirements for future compliance as a result of past failures. Any such actions taken with respect to our business may increase our costs. Environmental regulations can also have an adverse impact on the availability and price of certain raw materials such as lumber. Further, we expect that increasingly stringent requirements will be imposed on homebuilders and land developers in the future.

Under various environmental laws, current or former owners of real estate may be required to investigate and clean up hazardous or toxic substances, and may be held liable to a governmental entity or to third parties for related damages, including for bodily injury, and for investigation and clean-up costs incurred by such parties in connection with the contamination.

A major health and safety incident relating to our business could be costly in terms of potential liabilities and reputational damage.

Building sites are inherently dangerous, and operating in the land development and homebuilding industries poses certain inherent health and safety risks. Due to health and safety regulatory requirements, health and safety performance is critical to the success of our business. Any failure in health and safety performance may result in penalties for non-compliance with relevant regulatory requirements, and a failure that results in a major or

significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result. Such a failure could generate significant negative publicity and have a corresponding impact on our reputation, our relationships with relevant regulatory agencies or governmental authorities and our ability to attract employees, subcontractors and homebuyers, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Poor relations with the residents of our communities, or with local real estate agents, could negatively impact our home sales, which could cause our revenues or results of operations to decline.

Residents of communities we develop rely on us to resolve issues or disputes that may arise in connection with the operation or development of their communities. Efforts made by us to resolve these issues or disputes could be deemed unsatisfactory by the affected residents and subsequent actions by these residents could adversely affect sales or our reputation. In addition, we could be required to make material expenditures related to the settlement of such issues or disputes or to modify community development plans, which could adversely affect our results of operations. Most of our potential homebuyers engage local real estate agents who are unaffiliated with us in connection with their search for a new home. If we do not maintain good relations with, and a good reputation among, these real estate agents, the agents may not encourage potential homebuyers to consider, or may actively discourage homebuyers from considering, our communities, which could adversely affect our results of operations.

Information technology failures and data security breaches could harm our business. We use information technology and other computer resources to carry out operational

We use information technology and other computer resources to carry out operational and marketing activities, as well as to maintain our business records. As part of our normal business activities, we may collect and store certain confidential information, including information about employees, homebuyers, customers, vendors and suppliers and may share information with vendors who assist us with certain aspects of our business. Many of these resources are provided to us and/or maintained on our behalf by third-party service providers pursuant to agreements that specify certain security and service level standards. Our ability to conduct our business may be impaired if these resources are compromised, degraded, damaged or fail, whether due to a virus or other harmful circumstance, intentional penetration or disruption of our information technology resources by a third-party, natural disaster, hardware or software corruption or failure or error (including a failure of security controls incorporated into or applied to such hardware or software), telecommunications system failure, service provider error or failure, intentional or unintentional personnel actions (including the failure to follow our security protocols) or lost connectivity to networked resources. There has been an increase in cyber-attacks during the COVID-19 pandemic. Breaches of our data security systems, including by cyber-attacks, could result in the unintended public disclosure or the misappropriation of our proprietary information or personal and confidential information, about our employees, consumers who view our homes, homebuyers or business partners, requiring us to incur significant expense to address and resolve such issues. The release of confidential information may also lead to identity theft and related fraud, litigation or other proceedings against us by affected individuals and/or business partners and/or regulators, and the outcome of such proceedings, which could include penalties or fines, and any significant disruption of our business could have a material and adverse effect on our reputation and cause us to lose homebuyers, customers, sales and revenue. We maintain insurance coverage for potential breaches but the costs to remedy a breach may not be fully covered by our insurance. We provide employee awareness training of cybersecurity threats and utilize information technology security experts to assist us in our evaluations of the effectiveness of the security of our information technology systems, and we regularly enhance our security measures to protect our systems and data. We use various encryption, tokenization and authentication technologies to mitigate cybersecurity risks and have increased our monitoring capabilities to enhance early detection and rapid response to potential cyber threats.

Product liability claims and litigation and warranty claims that arise in the ordinary course of business may be costly, which could adversely affect our business.

As a homebuilder, we are subject to construction defect and home warranty claims arising in the ordinary course of business. These claims are common in the homebuilding industry and can be costly. In addition, the costs of insuring against construction defect and product liability claims are high. This coverage may be restricted and become more costly in the future. If the limits or coverages of our current and former insurance programs prove inadequate, or we are not able to obtain adequate, or reasonably priced, insurance against these types of claims in the future, or the amounts currently provided for future warranty or insurance claims are inadequate, we may experience losses that could negatively impact our financial results.

Our business is seasonal in nature, so our quarterly results of operations may fluctuate.

The homebuilding industry experiences seasonal fluctuations in quarterly results of operations and capital requirements. We typically experience the highest new home order activity in spring and summer, 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 five to nine months to construct a new home, we deliver more homes in the second half of the year as spring and summer home orders convert to home deliveries. Because of this seasonality, home starts, construction costs and related cash outflows have historically been highest in the second and third quarters, and the majority of cash receipts from home deliveries occurs during the second half of the year. We expect this seasonal pattern to continue over the long-term, although we may also be affected by volatility in the homebuilding industry. Additionally, weather-related problems may occur, delaying starts or closings or increasing costs and reducing profitability. In addition, delays in opening new communities or new sections of existing communities could have an adverse impact on home sales and revenues. Expenses are not incurred and recognized evenly throughout the year. Because of these factors, our quarterly results of operations may be uneven and may be marked by lower revenues and earnings in some quarters compared with others.

Shortages or extreme fluctuation in availability of natural resources and utilities could have an adverse effect on our operations.

The markets in which we operate may in the future be subject to utility or other resource shortages, including significant changes to the availability of electricity and water. Shortages of natural resources in our markets, particularly of water, may make it more difficult for us to obtain regulatory approval of new developments. We may experience material fluctuations in utility and resource costs across our markets, and we may incur additional costs and may not be able to complete construction on a timely basis if such fluctuations arise. Furthermore, these shortages and interest rate fluctuations may adversely affect the regional economies in which we operate, which may reduce demand for our homes, lots and construction loans and negatively affect our business and results of operations.

Our business and financial results could be adversely affected by the failure of persons who act on our behalf to comply with applicable regulations and guidelines.

Although we expect all of our employees, officers and directors to comply at all times with all applicable laws, rules and regulations, there may be instances in which subcontractors or others through whom we do business engage in practices that do not comply with applicable regulations or guidelines. Should we learn of practices relating to homes we build, lots we develop or financing we provide that do not comply with applicable regulations or guidelines, we would move actively to stop the non-complying practices as soon as possible and would take disciplinary action with regard to employees who were aware of the practices and did not take steps to address them, including in some instances terminating their employment. However, regardless of the steps we take after we learn of practices that do not comply with applicable regulations or guidelines, we can in some instances be subject to fines or other governmental penalties, and our reputation can be injured, due to the practices having taken place.

We may suffer uninsured losses or suffer material losses in excess of insurance limits.

We could suffer physical damage to property or incur liabilities resulting in losses that may not be fully recoverable by insurance. In addition, certain types of risks, such as personal injury claims, may be, or may become in the future, either uninsurable or not economically insurable, or may not be currently or in the future covered by our insurance policies or otherwise be subject to significant deductibles or limits. Should an uninsured loss or a loss in excess of insured limits occur or be subject to deductibles, we could sustain financial loss or lose capital invested in the affected property as well as anticipated future income from that property. In addition, we could be liable to repair damage or meet liabilities caused by risks that are uninsured or subject to deductibles. We may be liable for any debt or other financial obligations related to affected property. Material losses or liabilities in excess of insurance proceeds may occur in the future.

Products supplied to us and work done by subcontractors can expose us to risks that could adversely affect our business.

We rely on subcontractors to perform the actual construction of our homes, and, in some cases, to select and obtain building materials. Despite our detailed specifications and quality control procedures, in some cases, subcontractors may use improper construction processes or defective materials. Defective products widely used by the homebuilding industry can result in the need to perform extensive repairs to large numbers of homes. The cost of complying with our warranty obligations may be significant if we are unable to recover the cost of repairs from subcontractors, materials suppliers and insurers.

Laws and regulations governing the residential mortgage industry could have an adverse effect on our business and financial results.

In 2018 and 2020, we established joint ventures, Green Brick Mortgage and BHome Mortgage, respectively, to provide mortgage related services to homebuyers. The residential mortgage lending industry remains under intense scrutiny and is heavily regulated at the federal, state and local levels. Although we do not originate mortgages, we are directly or indirectly subject to certain of these regulations. Changes to existing laws or regulations or adoption of new laws or regulations could require our joint venture to incur significant compliance costs. A material failure to comply with any of these laws or regulations could result in the loss or suspension of required licenses or other approvals, the imposition of monetary penalties, and restitution awards or other relief. Any of these outcomes could have an adverse effect on our results of operations.

GHO HOMES - ARABELLA RESERVE, VERO BEACH, FL

Risks Related to Our Financing and Capital Structure

Changes in the method pursuant to which LIBOR rates are determined and potential phasing out of LIBOR after 2021 may affect our financial results.

The United Kingdom Financial Conduct Authority (the "FCA"), which regulates the London Interbank Offered Rate ("LIBOR") has announced that the FCA intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021 (the "FCA Announcement"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Following the implementation of any reforms to LIBOR or the methods pursuant to which LIBOR rates are determined, or other benchmark rates that may be enacted in the United Kingdom or elsewhere, the manner of administration of such benchmarks may change, with the result that such benchmarks may perform differently than in the past, such benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. Under our Unsecured Revolving Credit Facility, LIBOR may be used to set the fluctuating interest rate (the "Base Rate") and the interest rate for any Eurodollar Rate Advance. If LIBOR is phased out, we may be required to renegotiate with our lender to establish a new interest rate (the "LIBOR Successor Rate"). We can give no assurance that we and our lender will be able to agree on a LIBOR Successor Rate. If we and our lender cannot agree on a LIBOR Successor Rate, our ability to draw upon the Unsecured Revolving Credit Facility may be materially impacted.

We may be unable to obtain suitable bonding for the development of our housing projects.

We are periodically required to provide bonds to governmental authorities and others to ensure the completion of our projects. Depending on market conditions, surety providers may be reluctant to issue new bonds and may request credit enhancements (such as cash deposits or letters of credit) in order to maintain existing bonds or to issue new bonds. If we are unable to obtain required bonds for our future projects, or if we are required to provide credit enhancements with respect to our current or future bonds, our business, liquidity, financial condition and results of operations could be materially and adversely affected.

Difficulty in obtaining sufficient capital could result in an inability to acquire land for our developments or increased costs and delays in the completion of development projects.

The homebuilding industry is capital-intensive and requires significant up-front expenditures to acquire land parcels and begin development. Land acquisition, development and construction activities may be adversely affected by any shortage or increased cost of financing or the unwillingness of third parties to engage in partnerships, joint ventures or other alternative arrangements.

In addition to the financing provided by the senior unsecured notes, we currently have access to a senior secured revolving credit facility and a senior unsecured revolving credit facility. We cannot ensure that we will be able to extend the maturity of these credit facilities or arrange another facility on acceptable terms or at all.

Furthermore, in the future, we may seek additional capital in the form of equity or debt financing from a variety of potential sources, including additional bank financings and/or securities offerings. The availability of borrowed funds, especially for land acquisition and construction financing, may be greatly reduced nationally, and the lending community may require increased amounts of equity to be invested in a project by borrowers in connection with both new loans and the extension of existing loans. The credit and capital markets are subject to volatility. If we are required to seek additional financing to fund our operations, volatility in these markets may restrict our flexibility to access such financing. If we are not successful in obtaining sufficient capital to fund our planned capital and other expenditures, we may be unable to acquire land for our housing developments and/or to develop the housing. Any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays and any such delay could result in cost increases. Any one or more of the foregoing events could have a material adverse effect on our business, liquidity, financial condition and results of operations.

Our debt instruments contain limitations and restrictions that could prevent us from capitalizing on business opportunities and could adversely affect our growth.

Our revolving credit facilities and the terms of our senior unsecured notes impose certain restrictions on our and certain of our subsidiaries' operations and activities and require us to maintain certain financial covenants. The most significant restrictions relate to debt incurrence (including non-recourse indebtedness), creation of liens, repayment of certain indebtedness prior to its respective stated maturity, sales of assets, cash distributions (including paying dividends), capital stock repurchases, and investments by us and certain of our subsidiaries. These restrictions may prevent us from capitalizing on business opportunities and could adversely affect our growth.

The restrictions in our debt instruments could prohibit or restrict our and certain of our subsidiaries' activities, such as undertaking capital raising or restructuring activities or entering into other transactions. In addition, if we fail to comply with these restrictions, an event of default could occur and our debt under these debt instruments could become due and payable prior to maturity. Any such event of default could lead to cross defaults under certain of our other debt or negatively impact other covenants. In any of these situations, we may be unable to amend the applicable instrument or obtain a waiver without significant additional cost, or at all. Any such situation could have a material adverse effect on our liquidity and financial condition.

Risks Related to Ownership of Our Common Stock

The price of our common stock may continue to be volatile.

The trading price of our common stock is highly volatile and could be subject to future fluctuations in response to a number of factors beyond our control. In recent years the stock market has experienced significant price and volume fluctuations. These fluctuations may be unrelated to the operating performance of particular companies. These broad market fluctuations may cause declines in the market price of our common stock. The price of our common stock could fluctuate based upon factors that have little or nothing to do with our company or its performance, and those fluctuations could materially reduce our common stock price. If we fail to meet expectations related to future growth, profitability or other market expectations, our stock price may decline significantly, which could have a material adverse impact on investor confidence and our stock price.

Certain large stockholders own a significant percentage of our shares and exert significant influence over us. Their interests may not coincide with ours and they may make decisions with which we may disagree.

Greenlight Capital, Inc. and its affiliates ("Greenlight") and James R. Brickman own approximately 34% and 4%, respectively, of the voting power of the Company. These large stockholders, acting together, could determine substantially all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a sale or other change of control transaction. In addition, this concentration of ownership may delay or prevent a change in control of our company and make some transactions more difficult or impossible without the support of these stockholders. The interests of these stockholders may not always coincide with our interests as a company or the interests of other stockholders. Accordingly, these stockholders could cause us to enter into transactions or agreements that you would not approve or make decisions with which you may disagree.

We do not intend to pay dividends on our common stock for the foreseeable future.

We have not paid any dividends since our inception and do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any payment of future dividends will be at the discretion of our Board of Directors (the "Board") and will depend upon, among other things, our earnings, financial condition, capital requirements, levels of indebtedness, statutory and contractual restrictions applying to the payment of dividends or contained in our financing instruments and other considerations that the Board deems relevant. Investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize a return on their investment. Investors seeking cash dividends should not purchase our common stock.

Certain large stockholders' shares have been and may in the future be sold into the market, which could cause the market price of our common stock to decrease significantly.

We believe that a significant portion of our common stock beneficially owned by Greenlight and Mr. Brickman are "restricted securities" within the meaning of the federal securities laws.

We entered into registration rights agreements with each of these parties in 2014 which provide these parties the right to require us to register the resale of their shares under certain circumstances. In December 2020, 24,118,668 shares held by Greenlight were registered for resale on Form S-3 in accordance with the registration rights agreement. Following the recent offering, Greenlight beneficially owned 17,418,668 shares of our common stock. After a customary lockup period expires, these shares may be sold in the market, subject to compliance with securities laws. If these holders sell substantial amounts of these shares, the price of our common stock could decline. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional equity securities.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease our principal executive office located at 2805 Dallas Parkway, Suite 400, Plano, Texas, 75093. Our homebuilding and title division offices are located in leased space in the markets where we conduct business. We believe that such properties are suitable and adequate to meet the needs of our businesses. Because of the nature of our homebuilding operations, we and our builders hold significant amounts of property as inventory in connection with our homebuilding business. We discuss these properties in the discussion of our homebuilding operations in Part I, Item 1 and Part II, Item 7 of this Annual Report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

We are involved in various claims and litigation arising in the ordinary course of business. We do not believe that any such claims and litigation will have a material adverse effect upon our results of operations or financial position.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information
Our common stock trades on The Nasdaq Capital Market under the symbol "GRBK".

Holders of Record
On February 26, 2021, there were 17 stockholders of record of our common stock. We believe the number of beneficial owners of our common stock is substantially greater than the number of record holders because a large portion of our outstanding common stock is held of record in broker "street names" for the benefit of individual investors. As of February 26, 2021, there were 50,661,919 common shares outstanding.

Dividends
We have not paid any dividends since our inception and do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. We currently anticipate that we will retain all of our available cash for general corporate purposes. Payment of future dividends, if any, will be at the discretion of our Board and will depend on many factors, including general economic and business conditions, our strategic plans, our financial results and condition, legal requirements and other factors as our Board deems relevant.

ITEM 6. RESERVED

FORWARD-LOOKING STATEMENTS
This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the securities laws. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control. All statements other than statements of historical facts included or incorporated by reference in this Annual Report on Form 10-K, including the statements regarding our strategy, future operations, financial position, estimated revenues, projected costs, prospects, plans, and objectives, are forward-looking statements. When used in this Annual Report, the words "will," "believe," "anticipate," "plan," "intend," "estimate," "expect," "project," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Although we believe that our plans, intentions, and expectations reflected in or suggested by the forward-looking statements we make in this Annual Report on Form 10-K are reasonable, we cannot assure you that these plans, intentions, or expectations will be achieved. Forward-looking statements included or incorporated by reference in this Annual Report on Form 10-K include statements concerning (1) our balance sheet strategy and belief that we have ample liquidity; (2) our goals and strategies and their anticipated benefits, including expansion into new markets; (3) the effects of COVID-19 pandemic on the homebuilding industry and our results of operations, business and liquidity; (4) our intentions and the expected benefits and advantages of our product and land positioning strategies; (5) our expectations regarding the timing of backlog fulfillment; (6) expectations regarding our industry and our business in 2021 and beyond; (7) the contribution of certain market factors to our growth; (8) our land and lot acquisition strategy; (9) the sufficiency of our capital resources to support our business strategy and to service our debt; (10) the impact of new accounting standards and changes in accounting estimates; (11) trends and expectations regarding sales prices, sales orders, cancellations, construction costs, gross margins, land costs and profitability and future home inventories; (12) our future cash needs; (13) our strategy to utilize leverage to invest in our business; (14) seasonal factors and the impact of seasonality in future quarters; and (15) our expectations regarding access to additional growth capital.

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from what is anticipated by our forward-looking statements. These risks include, but are not limited to: (1) continuing impacts from the COVID-19 pandemic, (2) general economic conditions, seasonality, cyclicality and competition in the homebuilding industry; (3) changes in macroeconomic conditions, including interest rates and unemployment rates, that could adversely impact demand for new homes or the ability of our buyers to qualify; (4) shortages, delays or increased costs of raw materials, especially in light of COVID-19, or increases in the Company's other operating costs, including costs related to labor, real estate taxes and insurance, which in each case exceed our ability to increase prices; (5) a shortage of labor, (6) an inability to acquire land in our markets at anticipated prices or difficulty in obtaining land-use entitlements; (7) our inability to successfully execute our strategies, including an inability to expand our Trophy brand; (8) a failure to recruit, retain or develop highly skilled and competent employees; (9) government regulation risks; (10) a lack of availability or volatility of mortgage financing or a rise in interest rates; (11) severe weather events or natural disasters; (12) difficulty in obtaining sufficient capital to fund our growth; (13) our ability to meet our debt service obligations; (14) a decline in the value of our inventories and resulting write-downs of the carrying value of our real estate assets; (15) changes in accounting standards that adversely affect our reported earnings or financial condition.

Please see "Risk Factors" located in Part I, Item 1A in this Annual Report on Form 10-K for a further discussion of these and other risks and uncertainties which could affect our future results. We undertake no obligation to revise any forward-looking statements to reflect events or circumstances after the date of those statements or to reflect the occurrence of anticipated or unanticipated events, except to the extent we are legally required to disclose certain matters in SEC filings or otherwise.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For business overview and developments during the year ended December 31, 2020, refer to Part I, Item 1 of this Annual Report on Form 10-K.

Overview and Outlook

Our key financial and operating metrics are home deliveries, home closings revenue, average sales price of homes delivered, and net new home orders, which refers to sales contracts executed reduced by the number of sales contracts canceled during the relevant period. Our results for each key financial and operating metric, as compared to the year ended December 31, 2019, are provided below:

	YEAR ENDED DECEMBER 31, 2020
Home deliveries	Increased by 28.4%
Home closings revenue	Increased by 22.8%
Average sales price of homes delivered	Decreased by 4.4%
Net new home orders	Increased by 50.0%

The United States has been impacted by the coronavirus ("COVID-19") pandemic. While response to the COVID-19 outbreak continues to rapidly evolve, during March and the second quarter of 2020 these steps included stay-at-home orders and social distancing guidelines that have seriously disrupted activities in many other segments of the economy. However, throughout the pandemic, we have continued to build, close and sell homes in our markets. While uncertainty caused by COVID-19 dramatically slowed net new home orders in late March and April 2020, during May and June 2020, our sales rebounded. Our rate of sales accelerated in the third and fourth quarters with an increase in net sales of 88.8.% and 43.7% over the corresponding periods in the prior year, respectively. The initial recovery and expansion of our sales activity since May is attributable to the steady growth and strong performance of our new Trophy brand division, an increase in average selling communities as well as the impact of macroeconomic factors such as low interest rates, an influx of millennial first-time home buyers and demand for suburban homes from apartment dwellers in response to COVID-19.

2020 Developments

From October 2019 to October 2020, homes in the DFW and Atlanta markets appreciated by 6.5% and 6.8%, respectively (Source: S&P Dow Jones Indices & CoreLogic, December 2020). We believe that we operate in two of the most desirable housing markets in the nation and that increasing demand and supply constraints in our target markets create favorable conditions for our future growth.

Results of Operations

Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

Residential Units Revenue and New Homes Delivered

The table below represents residential units revenue and new homes delivered for the years ended December 31, 2020 and December 31, 2019 (dollars in thousands):

	YEARS ENDED DECEMBER 31,			
	2020	2019	CHANGE	%
Home closings revenue	$923,901	$752,273	$171,628	22.8%
Mechanic's lien contracts revenue	6,275	7,557	(1,282)	(17.0)%
Residential units revenue	$930,176	$759,830	$170,346	22.4%
New homes delivered	2,208	1,719	489	28.4%
Average sales price of homes delivered	$418.4	$437.6	$(19.2)	(4.4)%

The $170.3 million increase in residential units revenue was driven by the 28.4% increase in the number of homes delivered, which was primarily due to an organic increase in the number of active selling communities and an increase in our absorption rate for net new home orders per average active selling community during the year ended December 31, 2020. The 4.4% decline in the average sales price of homes delivered for the year ended December 31, 2020 was attributable to our growth in revenues which was substantially from Trophy Signature Homes and CB JENI Homes—Townhome Division, that both sell homes at average sales prices that are below the average sales price for the Company.

New Home Orders and Backlog

The table below represents new home orders and backlog related to our builder operations segments, excluding mechanic's liens contracts (dollars in thousands):

	YEARS ENDED DECEMBER 31,			
	2020	2019	CHANGE	%
Net new home orders	2,885	1,923	962	50.0%
Cancellation rate	13.0%	12.9%	0.1%	0.8%
Absorption rate per average active selling community per quarter	7.5	5.6	1.9	33.9%
Average active selling communities	96	86	10	11.6%
Active selling communities at end of period	103	95	8	8.4%
Backlog	$686,861	$346,828	$340,033	98.0%
Backlog (units)	1,463	786	677	86.1%
Average sales price of backlog	$469.5	$441.3	$28.2	6.4%

Net new home orders increased by 50.0% over the prior year period. The increase reflects the strong performance of our new Trophy brand division, an 11.6% increase in average selling communities as well as the impact of macroeconomic factors such as low interest rates, an influx of millennial first-time buyers and demand for suburban homes from apartment dwellers in response to COVID-19. Our absorption rate per average active selling community increased 33.9% year over year. While uncertainty caused by COVID-19 dramatically slowed net new home orders in late March and April 2020, during May and June 2020, our sales rebounded. Our rate of sales accelerated in both the third and fourth quarters with an increase in net sales of 88.8.% and 43.7% over the corresponding periods in the prior year, respectively.

Backlog refers to homes under sales contracts that have not yet closed at the end of the relevant period, and absorption rate refers to the rate at which net new home orders are contracted per average active selling community during the relevant period. Upon a cancellation, the escrow deposit may be returned to the prospective purchaser. Accordingly, backlog may not be indicative of our future revenue.

Our cancellation rate, which refers to sales contracts canceled divided by sales contracts executed during the relevant period, was 13.0% for the year ended December 31, 2020, compared to 12.9% for the year ended December 31, 2019. Sales contracts relating to homes in backlog may be canceled by the prospective purchaser for a number of reasons, such as the prospective purchaser's inability to obtain suitable mortgage financing. Upon a cancellation, the escrow deposit may be returned to the prospective purchaser. Management believes a cancellation rate in the range of 15% to 20% is representative of an industry average cancellation rate. Our cancellation rate is on the lower end of the industry average, which we believe is due to favorable market conditions through December 31, 2020.

The $340.0 million increase in value of backlog was due to the 86.1% increase in the number of homes in backlog and the 6.4% increase in the average sales price of backlog. The 86.1% increase in the number of homes in backlog was due to a 33.9% increase in the absorption rate per average active selling community and a 11.6% increase in the number of average active selling communities. The increase of the average sales price of homes in backlog was the result of lower incentives offered and price increases.

Residential Units Gross Margin

The table below represents the components of residential units gross margin (dollars in thousands):

	YEARS ENDED DECEMBER 31,			
	2020		2019	
Home closings revenue	$923,901	100.0%	$752,273	100.0%
Cost of homebuilding units	700,771	75.8%	591,321	78.6%
Homebuilding gross margin	**$223,130**	**24.2%**	**$160,952**	**21.4%**
Mechanic's lien contracts revenue	$6,275	100.0%	$7,557	100.0%
Cost of mechanic's lien contracts	5,095	81.2%	6,563	86.8%
Mechanic's lien contracts gross margin	**$1,180**	**18.8%**	**$994**	**13.2%**
Residential units revenue	$930,176	100.0%	$759,830	100.0%
Cost of residential units	705,866	75.9%	597,884	78.7%
Residential units gross margin	**$224,310**	**24.1%**	**$161,946**	**21.3%**

Cost of residential units for the year ended December 31, 2020 increased by $108.0 million, or 18.1%, compared to the year ended December 31, 2019, primarily due to the 28.4% increase in the number of new homes delivered and a change in mix of homes delivered.

Residential units gross margin for the year ended December 31, 2020 increased to 24.1%, compared to 21.3% for the year ended December 31, 2019 primarily because of a decrease in sales incentives offered to customers, price increases to homes sold in certain communities, and an increase in building homes on lots developed by the Company where our lower land cost increases our profitability.

Land and Lots Revenue

The table below represents lots closed and land and lots revenue (dollars in thousands):

	YEARS ENDED DECEMBER 31,			
	2020	2019	CHANGE	%
Lots revenue	45,461	$31,820	$13,641	42.9%
Land revenue	384	10	374	3,740.0%
Land and lots revenue	**$45,845**	**$31,830**	**$14,015**	**44.0%**
Lots closed	375	211	164	77.7%
Average sales price of lots closed	$121.2	$150.8	$(29.6)	(19.6)%

The 42.9% increase in lots revenue was driven by the 77.7% increase in the number of lots closed, partially offset by the 19.6% decrease in the average lot price. The average lot price decreased by 19.6% due to a higher number of entry level lots sold.

Selling, General and Administrative Expenses

The table below represents the components of selling, general and administrative expense (dollars in thousands):

	YEARS ENDED DECEMBER 31,		AS PERCENTAGE OF SEGMENT REVENUE	
	2020	2019	2020	2019
Builder operations	$108,436	$93,636	11.6%	12.3%
Land development	1,411	1,730	3.3%	5.6%
Corporate and other unallocated	2,287	2,409	—%	—%
Total selling, general and administrative expense	**$112,134**	**$97,775**	**11.5%**	**12.4%**

The 0.9% decrease of total selling, general and administrative expense as a percentage of revenue was driven by headcount reductions and higher revenues partially offset by an increase in commission expenses.

Builder Operations

Selling, general and administrative expense as a percentage of revenue for builder operations decreased by 0.7%. due to a higher degree of operating leverage driven by increased sales volume. Builder operations expenditures include salary expenses, sales commissions, and community costs such as advertising and marketing expenses, rent, professional fees, and non-capitalized property taxes.

Land Development

The 2.3% decrease in selling, general and administrative expense as a percentage of revenue for land development was primarily attributable to an increase in land development segment revenues.

Corporate, Other and Unallocated

Selling, general and administrative expense for the corporate, other and unallocated non-operating segment for the year ended December 31, 2020 was $2.3 million, compared to $2.4 million for the year ended December 31, 2019.

Equity in Income of Unconsolidated Entities

Equity in income of unconsolidated entities increased to $16.7 million, or 69.8%, for the year ended December 31, 2020, compared to $9.8 million for the year ended December 31, 2019, primarily due to an increase in earnings from GB Challenger, LLC and Green Brick Mortgage, LLC.

Other Income, Net

Other income, net, decreased to $4.1 million for the year ended December 31, 2020, compared to $8.1 million for the year ended December 31, 2019. The decrease is primarily due to $1.5 million of allowances for option deposits and pre-acquisition costs caused by COVID-19 pandemic considerations, and the impact of customer earnest money deposit of $5.0 million on the sale of finished lots forfeited during the year ended December 31, 2019, which were partially offset by an increase in title closing and settlement services of $2.6 million arising from higher volume of closings during the period.

Income Tax Expense

Income tax expense increased to $25.0 million for the year ended December 31, 2020 from $20.0 million for the year ended December 31, 2019. The increase was due to a higher taxable income substantially offset by a lower effective tax rate due to estimated savings from federal energy efficient homes tax credits for the 2020 tax year and for amending prior year tax returns for federal energy efficient homes tax credits.

Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

For discussion and analysis of the Company's results of operations for the year ended December 31, 2019 as well as for comparison to the Company's results of operations for the year ended December 31, 2018, refer to Item 7 of Part II of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Lots Owned and Controlled

The following table presents the lots we owned or controlled, including lot option contracts, as of December 31, 2020 and December 31, 2019. Owned lots are those for which we hold title, while controlled lots are lots past feasibility studies for which we do not hold title but have the contractual right to acquire title.

	DECEMBER 31, 2020	DECEMBER 31, 2019
Lots owned		
Central	6,823	4,223
Southeast	2,097	2,196
Total lots owned	8,920	6,419
Lots controlled[1]		
Central	4,398	1,410
Southeast	1,150	1,147
Total lots controlled	5,548	2,557
Total lots owned and controlled [1]	**14,468**	**8,976**
Percentage of lots owned	61.7%	71.5%

(1) Total lots excludes lots with homes under construction.

The following table presents additional information on the lots we controlled as of December 31, 2020 and December 31, 2019.

	DECEMBER 31, 2020	DECEMBER 31, 2019
Lots under third party option contracts	2,970	1,574
Land under option for future acquisition and development	740	431
Lots under option through unconsolidated development joint ventures	1,838	552
Total lots controlled	**5,548**	**2,557**

The following table presents additional information on the lots we owned as of December 31, 2020 and December 31, 2019.

	DECEMBER 31, 2020	DECEMBER 31, 2019
Total lots owned	8,920	6,419
Land under option for future acquisition and development	740	431
Lots under option through unconsolidated development joint ventures	1,838	552
Total lots self-developed	**11,498**	**7,402**
Self-developed lots as a percentage of total lots owned and controlled	79.5%	82.5%

Liquidity and Capital Resources Overview

As of December 31, 2020 and December 31, 2019, we had $19.5 million and $33.3 million of unrestricted cash, respectively. Our historical cash management strategy includes redeploying net cash from the sale of home inventory to acquire and develop land and lots that represent opportunities to generate desired margins and using cash to make additional investments in business acquisitions, joint ventures, or other strategic activities. In response to the extraordinary circumstances created by the economic impacts of the COVID-19 pandemic, during the latter part of the first quarter of 2020 management took measures to significantly curtail land and lot acquisitions. However, as we began to see increased market activity commencing in May and accelerating into June, we re-initiated much of the previously planned capital expenditures. Specifically, we restarted construction of unsold units, recommenced purchases of lots and land and resumed development of land to reflect the market activity. We have continued moderate product price increases to offset some cost input increases like lumber and expect to maintain our industry leading high margins. We continue to monitor our fixed costs to position us to be responsive to the changing market conditions and have delivered this growth without returning to prior overhead levels.

Our principal uses of capital for the year ended December 31, 2020 were home construction, land purchases, land development, operating expenses, and payment of routine liabilities. We used funds generated by operations and available borrowings to meet our short-term working capital requirements. We remain focused on generating positive margins in our builder operations segments and acquiring desirable land positions in order to maintain a strong balance sheet and remain poised for continued growth.

Cash flows for each of our communities depend on the community's 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, roads, utilities, general landscaping and other amenities. These costs are a component of our inventory and are not recognized in our statement of income until a home closes. In the later stages of community development, cash inflows may significantly exceed earnings reported for financial statement purposes, as the cash outflows associated with home construction and land development previously occurred.

Our debt to total capitalization ratio, which is calculated as the sum of borrowings on lines of credit, the senior unsecured notes and notes payable, net of debt issuance costs, divided by the total Green Brick Partners, Inc. stockholders' equity, was approximately 25.6% as of December 31, 2020. In addition, as of December 31, 2020, our net debt to total capitalization ratio, which is a non-GAAP financial measure, remained low at 23.8%. It is our intent to prudently employ leverage to continue to invest in our land acquisition, development and homebuilding businesses. We target a debt to total capitalization ratio of approximately 30% to 35%, which we expect will provide us with significant additional growth capital.

Reconciliation of a Non-GAAP Financial Measure

In this Annual Report on Form 10-K, we utilize a financial measure of net debt to total capitalization ratio that is a non-GAAP financial measure as defined by the Securities and Exchange Commission. Net debt to total capitalization is calculated as the total debt less cash and cash equivalents, divided by the sum of total Green Brick Partners, Inc. stockholders' equity and total debt less cash and cash equivalents. We present this measure because we believe it is useful to management and investors in evaluating the Company's financing structure. We also believe this measure facilitates the comparison of our financing structure with other companies in our industry. Because this measure is not calculated in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), it may not be comparable to other similarly titled measures of other companies and should not be considered in isolation or as a substitute for, or superior to, financial measures prepared in accordance with GAAP.

The closest GAAP financial measure to the net debt to total capitalization ratio is the debt to total capitalization ratio. The following table represents a reconciliation of the net debt to total capitalization ratio to the closest GAAP financial measure as of December 31, 2020.

	GROSS	CASH AND EQUIVALENTS	NET
Total debt, net of debt issuance costs	$219,868	$(19,479)	$200,389
Total Green Brick Partners, Inc. stockholders' equity	$640,242	-	$640,242
Total capitalization	**$860,110**	**$(19,479)**	**$840,631**
Debt to total capitalization ratio	25.6%		
Net debt to total capitalization ratio			23.8%

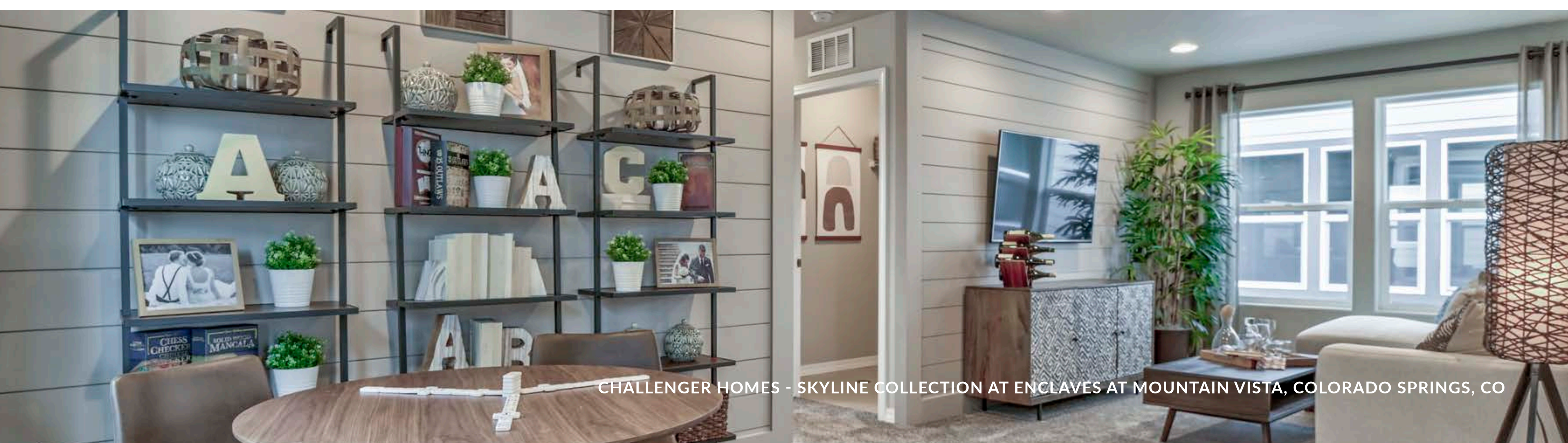
Key Sources of Liquidity

The Company's key sources of liquidity were funds generated by operations and provided by lines of credit and issuance of senior unsecured notes during the year ended December 31, 2020. Borrowings on lines of credit outstanding, net of debt issuance costs, as of December 31, 2020 and December 31, 2019 consisted of the following (in thousands):

	DECEMBER 31, 2020	DECEMBER 31, 2019
Secured Revolving Credit Facility	$7,000	$38,000
Unsecured Revolving Credit Facility	101,000	128,000
Debt issuance costs, net of amortization	(1,313)	(1,358)
Total borrowings on lines of credit, net	**$106,687**	**$164,642**

As of December 31, 2020, we had $7.0 million outstanding under our Secured Revolving Credit Facility, down from $38.0 million as of December 31, 2019. Borrowings under the Secured Revolving Credit Facility have a maturity date of May 1, 2022 and bear interest at a floating rate per annum equal to the rate announced by Bank of America, N.A. as its "Prime Rate" less 0.25%. Notwithstanding the foregoing, the interest may not, at any time, be less than 4% per annum or more than the lesser amount of 18% and the highest maximum rate allowed by applicable law. As of December 31, 2020, the interest rate on outstanding borrowings under the secured revolving credit facility was 4.00% per annum.

As of December 31, 2020, we had $101.0 million outstanding under our Unsecured Revolving Credit facility, down from $128 million as of December 31, 2019.



CHALLENGER HOMES - SKYLINE COLLECTION AT ENCLAVES AT MOUNTAIN VISTA, COLORADO SPRINGS, CO

Based on the unprecedented disruptions to the credit and economic markets arising from the COVID-19 pandemic, we drew the unutilized portion of our Unsecured Revolving Credit Facility during the three months ended March 31, 2020. However, these amounts were repaid in June 2020 once it was apparent that our access to liquidity in the financial markets was not compromised. Borrowings on the Unsecured Revolving Credit Facility have a maturity date of December 14, 2021 for $11.4 million, December 14, 2022 for $28.6 million, and December 14, 2023 for $61.0 million, respectively, and bear interest at a floating rate equal to either (a) for base rate advances, the highest of (1) the lender's base rate, (2) the federal funds rate plus 0.5% and (3) the one-month LIBOR plus 1.0%, in each case plus 1.5%; or (b) in the case of Eurodollar rate advances, the reserve adjusted LIBOR plus 2.5%. As of December 31, 2020, the interest rates on outstanding borrowings under the unsecured revolving credit facility ranged from 2.64% to 2.65% per annum.

During the three months ended September 30, 2020, we issued $37.5 million in senior unsecured notes pursuant to a Note Purchase Agreement with The Prudential Insurance Company of America and Prudential Universal Reinsurance Company. The Company received net proceeds of $37.4 million and incurred debt issuance costs of approximately $0.1 million that were deferred and reduced the amount of debt on our consolidated balance sheet. The Company used the net proceeds from the issuance of the Notes to repay borrowings under the Company's existing revolving credit facilities and for general corporate purposes.

We had an aggregate $111.1 million and $73.4 million in senior unsecured notes as of December 31, 2020 and December 31, 2019, respectively. Principal of $75.0 million of the senior unsecured notes is required to be paid in increments of $12.5 million on August 8, 2024 and $12.5 million on August 8, 2025. The final principal payment of $50.0 million is due on August 8, 2026. Optional prepayment is allowed with payment of a "make-whole" premium which fluctuates depending on market interest rates. Interest, which accrues at a fixed rate of 4.00% per annum, is payable quarterly in arrears commencing November 8, 2019. Principal of $37.5 million of the senior unsecured notes is due on August 26, 2027. Interest, which accrues at a fixed rate of 3.35% per annum is payable quarterly in arrears commencing on November 26, 2020.

Our debt instruments require us to maintain specific financial covenants, each of which we were in compliance with as of December 31, 2020. Specifically, under the most restrictive covenants, we are required to maintain (1) a minimum interest coverage (consolidated EBITDA to interest incurred) of no less than 2.0 to 1.0 and, as of December 31, 2020, our interest coverage on a last 12 months' basis was 15.60 to 1.0, (2) a Consolidated Tangible Net Worth of no less than approximately $412.5 million and, as of December 31, 2020, we had $638.3 million and (3) maximum debt to total capitalization rolling average ratio of no more than 40.0% and, as of December 31, 2020, we had a rolling average ratio of 26.8%. As of December 31, 2020, we believe that our cash on hand, capacity available under our lines of credit and cash flows from operations for the next twelve months will be sufficient to service our outstanding debt during the next twelve months. For more detailed information on the Company's lines of credit, refer to Note 7 to the Consolidated Financial Statements located in Part II, Item 8 of this Annual Report on Form 10-K.

Registration Statements

In December 2020, we filed with the SEC a shelf registration statement on Form S-3 registering up to $500 million of securities, including shares of our common stock, preferred stock or debt securities either separately or represented by warrants, or depositary shares as well as units that include any of these securities. Under the rules governing shelf registration statements, we will file a prospectus supplement and advise the SEC of the amount and type of securities each time we issue securities under this registration statement. No securities were issued under this registration statement through the date of this filing.

Cash Flows

The following summarizes our primary sources and uses of cash for the year ended December 31, 2020 as compared to the year ended December 31, 2019:

- Operating activities. Net cash provided by operating activities for the year ended December 31, 2020 was $35.1 million, compared to $22.1 million cash used in operating activities during the year ended December 31, 2019. The net cash inflows for the year ended December 31, 2020 were primarily driven by $119.6 million of cash generated from business operations, the deferral of expense payments through the increase in accrued expenses of $15.8 million, and an increase in customer builder deposits of $14.2 million, partially offset by an increase in inventory of $90.3 million, a $9.1 million decrease in earnest money deposits, expense payments of $5.5 million through a decrease in accounts payable and a $5.3 million payment of contingent consideration related to the acquisition of GRBK GHO in excess of acquisition date fair value

- Investing activities. Net cash used in investing activities for the year ended December 31, 2020 increased to $13.3 million compared to $7.9 million for the year ended December 31, 2019. The increase in cash outflows was primarily driven by a $9.0 million investment in joint venture GBTM Sendera, a $0.5 million investment into a newly formed equity investee BHome Mortgage LLC and acquisitions of property and equipment of $2.9 million.

- Financing activities. Net cash used in financing activities for the year ended December 31, 2020 was $25.9 million, compared to $25.9 million source of cash during the year ended December 31, 2019. The cash outflows for the year ended December 31, 2020 were primarily due to net payments on lines of credit of $58.0 million, and $6.8 million of distributions to noncontrolling interests partners, partially offset by borrowings from senior unsecured notes of $37.5 million.

For discussion and analysis of the Company's cash flows for the year ended December 31, 2019 as well as for comparison to the Company's cash flows for the year ended December 31, 2018, refer to Item 7 of Part II of the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Off-Balance Sheet Arrangements

Land and Lot Option Contracts

In the ordinary course of business, we enter into land purchase contracts with third-party developers in order to procure lots for the construction of our homes in the future. We are subject to customary obligations associated with such contracts. These purchase contracts typically require an earnest money 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 lot sellers as a method of acquiring lots in staged takedowns, which are the schedules that dictate when lots must be purchased to help manage the financial and market risk associated with land holdings, and to reduce the use of funds from our corporate financing sources. Lot option contracts generally require us to pay a non-refundable deposit for the right to acquire lots over a specified period of time at pre-determined prices which typically include escalations in lot prices over time.

Our utilization of lot option contracts is dependent on, among other things, the availability of land sellers willing to enter into these arrangements, the availability of capital 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.

We generally have the right, at our discretion, to terminate our obligations under both purchase contracts and option contracts by forfeiting the earnest money deposit with no further financial responsibility to the land seller. During the three months ended March 31, 2020, management determined to increase the allowance for certain option contracts due to the impact of the COVID-19 pandemic on the homebuilding industry and projected future demand for homes in certain markets and/or locations. However, management subsequently reassessed the market situation based on new information available. As a result, reversal of allowances for earnest money deposits and pre-acquisition costs related to option contracts reflected a net loss of $1.5 million and $0.9 million for the years ended ended December 31, 2020 and December 31, 2019, respectively.

As of December 31, 2020, the Company had earnest money deposits of $29.0 million at risk associated with contracts to purchase 4,722 lots past feasibility studies with an aggregate purchase price of approximately $324.9 million.

Letters of Credit and Performance Bonds

Refer to Note 17 in the accompanying Notes to the consolidated financial statements included in this Annual Report on Form 10-K for details of letters of credit and performance bonds outstanding.

Guarantee

Refer to Note 5 in the accompanying Notes to the consolidated financial statements included in this Annual Report on Form 10-K for details of our guarantee in relation to our joint venture with EJB River Holdings, LLC ("EJB River Holdings").

Critical Accounting Policies

The preparation of financial statements in accordance with United States generally accepted accounting principles ("GAAP") requires management to use judgment and make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Management bases estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. Actual results may differ from estimates under different assumptions or conditions. Management believes that the following accounting area is most critical to the portrayal of our financial condition and results of operations and requires the most subjective or complex judgments.

Impairment of Inventory

The Company values inventory at cost unless the carrying value is determined to be not recoverable in which case the affected inventory is written down to fair value. In accordance with Accounting Standards Codification 360, Property, Plant, and Equipment ("ASC 360"), we evaluate our inventory for indicators of impairment by individual community and development during each reporting period.

For our builder operations segments, during each reporting period, community gross margins on closed homes, average margins of homes within backlog, and community outlook factors are reviewed by management. In the event that this review suggests higher potential for losses at a specific community, the Company monitors such communities by adding them to its "watchlist" communities, and, when an impairment indicator is present, further analysis is performed.

For our land development segment, we perform a quarterly review for indicators of impairment for each project which involves comparing anticipated lot sale revenues to projected costs (i.e. lot gross margins). For lots designated for our builders, we review land for indicators of impairment on a consolidated level, looking at overall projected home gross margins. In determining the allocation of costs to a particular land parcel, we rely on project budgets which are based on a variety of assumptions, including assumptions about development schedules and future costs to be incurred. It is common that actual results differ from budgeted amounts for various reasons, including delays, changes in costs that have not been committed, unforeseen issues encountered during project development that fall outside the scope of existing contracts, or items that ultimately cost more or less than the budgeted amount.

We apply procedures to maintain best estimates in our budgets, including assessing and revising project budgets on a periodic basis, obtaining commitments from subcontractors and vendors for future costs to be incurred and utilizing the most recent information available to estimate costs.

For each real estate asset that has an indicator of impairment, we analyze whether the estimated remaining undiscounted future cash flows are more or less than the asset's carrying value. The estimated cash flows are determined by projecting the remaining revenue from closings based on the contractual lot takedowns remaining or historical and projected home sales or delivery absorptions for homebuilding operations and then comparing such projections to the remaining projected expenditures for development or home construction. Remaining projected expenditures are based on the most current pricing/bids received from subcontractors for current phases or homes under development. For future phases of land development, management uses its judgment to project potential cost increases. When projecting revenue, management does not assume improvement in market conditions.

If the estimated undiscounted cash flows are less than the asset's carrying value, the asset is deemed impaired and will be written down to fair value less associated costs to sell. These impairment evaluations require us to make estimates and assumptions regarding future conditions, including the timing and amounts of development costs and sales prices of real estate assets, to determine if expected future cash flows will be sufficient to recover the asset's carrying value.

Fair value is determined based on estimated future cash flows discounted for inherent risks associated with real estate assets. These discounted cash flows are impacted by expected risk based on estimated land development activities, construction and delivery timelines, market risk of price erosion, uncertainty of development or construction cost increases, and other risks specific to the asset or market conditions where the asset is located when the assessment is made. These factors are specific to each community and may vary among communities.

When estimating cash flows of a community, management makes various assumptions, including: (i) expected sales prices and sales incentives to be offered, including the number of homes available, pricing and incentives being offered by us or other builders, and future sales price adjustments based on market and economic trends; (ii) expected sales pace and cancellation rates based on local housing market conditions, competition and historical trends; (iii) costs expended to date and expected to be incurred including, but not limited to, land and land development costs, home construction costs, interest costs, indirect construction and overhead costs, and selling and marketing costs; (iv) alternative product offerings that may be offered that could have an impact on sales pace, sales price and/or building costs; and (v) alternative uses for the property.

Many assumptions are interdependent and a change in one may require a corresponding change to other assumptions. For example, increasing or decreasing sales absorption rates has a direct impact on the estimated per unit sales price of a home, the level of time-sensitive costs (such as indirect construction, overhead and carrying costs), and selling and marketing costs (such as model home maintenance costs and advertising costs). Due to uncertainties in the estimation process, the volatility in demand for new housing and the long life cycle of many communities, actual results could differ significantly from such estimates.

Refer to Note 1 to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for further description of the Company's significant accounting policies.

Recent Accounting Pronouncements

See Note 1 to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

TROPHY SIGNATURE HOMES - LAKEPOINTE, LAVON, TX

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Green Brick Partners, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Green Brick Partners, Inc. and its subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America. We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 8, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of Inventory for Impairment

As described in Notes 1 and 4 to the consolidated financial statements, the Company's inventory, including homes completed or under construction and land and lots inventory was $845 million as of December 31, 2020. The Company performs impairment testing quarterly to determine whether events or changes in circumstances indicate the carrying amount of its inventory may not be recoverable. If future results are not consistent with the Company's assumptions and estimates, including future events such as deterioration of market conditions or significant changes in the absorption rates, changes in the assumptions could have a significant impact of the determination of indicators of potential impairment. We identified the evaluation of potential indicators of impairment for inventory as a critical audit matter. This is due to a high degree of auditor judgment that was involved in evaluating management's assumptions and judgments regarding whether changes in market conditions at a location in which the Company operates would indicate a significant decrease in the fair value of the inventory.

Our audit procedures related to the Company's evaluation of potential indicators of impairment for inventory include the following primary procedures, among others to address this critical audit matter:

a. We obtained an understanding of the relevant controls related to the evaluation of inventory for impairment and tested such controls for design and operating effectiveness, including controls related to the Company's process to evaluate its inventory for impairment.
b. We performed an independent assessment of the impact of changes in market conditions on inventory by comparing third party data to the operating performance of the Company's inventory. We then compared the results of our assessment to the Company's analysis.
c. We tested management's process for evaluating changes in market conditions and operating performance to determine if potential indicators of impairment exist, as well as determining the impact of industry, regulatory, and macroeconomic factors on the significant inputs used to determine the fair value of its communities, by recalculating certain key inputs utilized and agreeing those key inputs, on a sample basis, to source documents.
d. We tested management's process of identifying potential indicators of impairment by comparing actual contribution margins on closed homes to management's target contribution margin to identify communities averaging below the target and identifying communities with significantly declining margins and or increasing costs.

/s/ RSM US LLP
We have served as the Company's auditor since 2016.
Dallas, Texas
March 8, 2021

CB JENI HOMES - MERIDIAN AT SOUTHGATE, MCKINNEY, TX

GREEN BRICK PARTNERS, INC. CONSOLIDATED BALANCE SHEETS (In thousands, except share data)

AS OF DECEMBER 31,	2020	2019
ASSETS		
Cash and equivalents	$ 19,479	$ 33,269
Restricted cash	14,156	4,416
Receivables	5,224	4,720
Inventory	844,635	753,567
Investments in unconsolidated entities	46,443	30,294
Right-of-use assets - operating leases	2,538	3,462
Property and equipment, net	3,595	4,309
Earnest money deposits	22,242	14,686
Deferred income tax assets, net	15,376	15,262
Intangible assets, net	622	707
Goodwill	680	680
Other assets	13,857	10,167
Total assets	$ 988,847	$ 875,539
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable	$ 24,521	$ 30,044
Accrued expenses	40,416	24,656
Customer and builder deposits	38,131	23,954
Lease liabilities - operating leases	2,591	3,564
Borrowings on lines of credit, net	106,687	164,642
Senior unsecured notes, net	111,056	73,406
Notes payable	2,125	-
Contingent consideration	368	5,267
Total liabilities	325,895	325,533
Commitments and contingencies		
Redeemable noncontrolling interest in equity of consolidated subsidiary	13,543	13,611
Equity:		
Green Brick Partners, Inc. stockholders' equity		
Preferred stock, $0.01 par value: 5,000,000 shares authorized; none issued and outstanding	-	-
Common stock, $0.01 par value: 100,000,000 shares authorized; 51,053,858 and 50,879,949 issued and 50,661,919 and 50,488,010 outstanding as of December 31, 2020 and December 31, 2019, respectively	511	509
Treasury stock, at cost, 391,939 shares	(3,167)	(3,167)
Additional paid-in capital	293,242	290,799
Retained earnings	349,656	235,027
Total Green Brick Partners, Inc. stockholders' equity	640,242	523,168
Noncontrolling interests	9,167	13,227
Total equity	649,409	536,395
Total liabilities and equity	988,847	$ 875,539

The accompanying notes are an integral part of these consolidated financial statements.

GREEN BRICK PARTNERS, INC. CONSOLIDATED STATEMENT OF INCOME (In Thousands, Except Share Data)

AS OF DECEMBER 31,	2020	2019	2018
Residential units revenue	$ 930,176	$ 759,830	$ 578,893
Land and lots revenue	45,845	31,830	44,754
Total revenues	976,021	791,660	623,647
Cost of residential units	705,866	597,884	433,279
Cost of land and lots	35,551	24,694	36,166
Total cost of revenues	741,417	622,578	469,445
Total gross profit	234,604	169,082	154,202
Selling, general and administrative expense	(112,134)	(97,775)	(80,039)
Change in fair value of contingent consideration	(368)	(4,906)	(1,693)
Equity in income of unconsolidated entities	16,654	9,809	7,259
Other income, net	4,057	8,119	1,942
Income before income taxes	142,813	84,329	81,671
Income tax expense	25,016	20,027	17,136
Net income	117,797	64,302	64,535
Less: Net income attributable to noncontrolling interests	4,104	5,646	12,912
Net income attributable to Green Brick Partners, Inc.	**$ 113,693**	**$ 58,656**	**$ 51,623**
Net income attributable to Green Brick Partners, Inc. per common share:			
Basic	$ 2.25	$ 1.16	$ 1.02
Diluted	$ 2.24	$ 1.16	$ 1.02
Weighted average common shares used in the calculation of net income attributable to Green Brick Partners, Inc. per common share:			
Basic	50,568	50,530	50,652
Diluted	50,795	50,636	50,751

The accompanying notes are an integral part of these consolidated financial statements.

GREEN BRICK PARTNERS, INC. CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (In thousands, except share data)

	COMMON STOCK		TREASURY STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL GREEN BRICK PARTNERS, INC. STOCKHOLDERS' EQUITY	NONCOTROLLING INTERESTS	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT	SHARES	AMOUNT					
Balance at December 31, 2017	50,598,901	$ 506	—	—	$ 289,938	$ 125,903	$ 416,347	$ 16,691	$ 433,038
Share-based compensation	—	—	—	—	288	—	288	—	288
Issuance of common stock under 2014 Omnibus Equity Incentive Plan	140,211	1	—	—	1,081	—	1,082	—	1,082
Withholdings from vesting of restricted stock awards	(39,228)	—	—	—	(412)	—	(412)	—	(412)
Amortization of deferred share-based compensation	—	—	—	—	404	—	404	—	404
Common stock issued in connection with the investment in Challenger	20,000	—	—	—	—	—	—	—	—
Stock repurchases	—	—	(136,756)	(981)	—	—	(981)	—	(981)
Contributions	—	—	—	—	—	—	—	5	5
Distributions	—	—	—	—	—	—	—	(10,747)	(10,747)
Net income	—	—	—	—	—	51,623	51,623	11,332	62,955
Balance at December 31, 2018	50,719,884	$ 507	(136,756)	(981)	$ 291,299	$ 177,526	$ 468,351	$ 17,281	$ 485,632
Share-based compensation	—	—	—	—	236	—	236	—	236
Issuance of common stock under 2014 Omnibus Equity Incentive Plan	219,181	3	—	—	1,463	—	1,466	—	1,466
Withholdings from vesting of restricted stock awards	(59,116)	(1)	—	—	(543)	—	(544)	—	(544)
Amortization of deferred share-based compensation	—	—	—	—	489	—	489	—	489
Stock repurchases	—	—	(255,183)	(2,186)	—	—	(2,186)	—	(2,186)
Accretion of redeemable noncontrolling interest	—	—	—	—	(2,145)	—	(2,145)	—	(2,145)
Increase in ownership in Southgate Homes	—	—	—	—	—	(891)	(891)	891	—
Increase in ownership in Centre Living Homes	—	—	—	—	—	(264)	(264)	264	—
Contributions	—	—	—	—	—	—	—	3,600	3,600
Distributions	—	—	—	—	—	—	—	(10,993)	(10,993)
Net income	—	—	—	—	—	58,656	58,656	2,184	60,840
Balance at December 31, 2019	50,879,949	$ 509	(391,939)	(3,167)	$ 290,799	$ 235,027	$ 523,168	$ 13,227	$ 536,395
Issuance of common stock under 2014 Omnibus Equity Incentive Plan	249,617	3	—	—	1,597	—	1,600	—	1,600
Withholdings from vesting of restricted stock awards	(75,708)	(1)	—	—	(591)	—	(592)	—	(592)
Amortization of deferred share-based compensation	—	—	—	—	497	—	497	—	497
Change in fair value of redeemable noncontrolling interest	—	—	—	—	940	—	940	—	940
Increase in ownership in CB JENI Homes	—	—	—	—	—	936	936	(936)	—
Contributions	—	—	—	—	—	—	—	400	400
Distributions	—	—	—	—	—	—	—	(5,251)	(5,251)
Net income	—	—	—	—	—	113,693	113,693	1,727	115,420
Balance at December 31, 2020	51,053,858	$ 511	(391,939)	$ (3,167)	$ 293,242	$ 349,656	$ 640,242	$ 9,167	$ 649,409

The accompanying notes are an integral part of these consolidated financial statements.

GREEN BRICK PARTNERS, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands)

	YEARS ENDED DECEMBER 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net income	$ 117,797	$ 64,302	$ 64,535
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization expense	3,666	3,079	2,943
Share-based compensation expense	2,097	2,191	1,774
Change in fair value of contingent consideration	368	4,906	1,693
Deferred income taxes, net	(114)	1,237	14,712
Equity in income of unconsolidated entities	(16,654)	(9,809)	(7,259)
Allowances for option deposits and pre-acquisition costs	1,513	884	663
Distributions of income from unconsolidated entities	10,936	5,084	4,623
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	(504)	122	(3,029)
Increase in inventory	(90,345)	(83,970)	(129,291)
(Increase) decrease in earnest money deposits	(9,069)	2,107	2,119
Increase in other assets	(3,739)	(1,525)	(2,741)
(Decrease) increase in accounts payable	(5,523)	3,953	(483)
(Increase) decrease in accrued expenses	15,760	(4,384)	9,470
Payment of contingent consideration in excess of acquisition date fair value	(5,267)	(1,332)	—
(Increase) decrease in customer and builder deposits	(14,177)	(8,024)	1,458
Net cash provided by (used in) operating activities	35,099	(22,063)	(39,476)
Cash flows from investing activities:			
Business combination, net of acquired cash	—	—	(26,861)
Investments in unconsolidated entities	(10,431)	(5,300)	(755)
Purchase of property and equipment	(2,867)	(2,569)	(3,211)
Net cash used in investing activities	(13,298)	(7,869)	(30,827)

Consolidated statement of cash flow continued on right

CONTINUED	YEARS ENDED DECEMBER 31,		
	2020	2019	2018
Cash flows from financing activities:			
Borrowings from lines of credit	354,500	224,000	165,000
Borrowings from senior unsecured notes	37,500	75,000	—
Repayments of lines of credit	(412,500)	(260,000)	(70,000)
Proceeds from notes payable	10,714		
Repayments of notes payable	(8,590)	—	(10,226)
Payments of debt issuance costs	(527)	(1,974)	(870)
Payment of contingent consideration	—	(514)	—
Payments of withholding tax on vesting of restricted stock awards	(592)	(544)	(412)
Stock repurchases	—	(2,186)	(981)
Contributions from noncontrolling interests	400	3,600	5
Distributions to redeemable noncontrolling interest	(1,505)	(527)	—
Distributions to noncontrolling interests	(5,251)	(10,993)	(10,747)
Net cash (used in) provided by financing activities	(25,851)	25,862	71,769
Net (decrease) increase in cash and cash equivalents and restricted cash	(4,050)	(4,070)	1,466
Cash and cash equivalents, beginning of period	33,269	38,315	36,684
Restricted cash, beginning of period	4,416	3,440	3,605
Cash and cash equivalents and restricted cash, beginning of period	$ 37,685	$ 41,755	$ 40,289
Cash and cash equivalents, end of period	19,479	33,269	38,315
Restricted cash, end of period	14,156	4,416	3,440
Cash and cash equivalents and restricted cash, end of period	**$ 33,635**	**$ 37,685**	**$ 41,755**
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of capitalized interest	—	—	—
Cash paid for income taxes, net of refunds	$ 20,541	$ 14,313	$ 4,611

The accompanying notes are an integral part of these consolidated financial statements.

GREEN BRICK PARTNERS, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") as set forth in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") and applicable regulations of the Securities and Exchange Commission ("SEC").

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Green Brick Partners, Inc., its controlled subsidiaries, and variable interest entities in which Green Brick Partners, Inc. or one of its controlled subsidiaries is deemed to be the primary beneficiary (together, the "Company", "we", or "Green Brick").

The Company evaluated its wholly-owned subsidiaries and controlled builder under ASC 810, Consolidation ("ASC 810") and concluded that its controlled builder is a variable interest entity ("VIE"). The Company owns a 50% equity interest and a 51% voting interest in its controlled builder. In addition, the Company appoints two of the three board managers of its controlled builder and is able to exercise control over its operations. The Company accounts for its controlled builder under the variable interest model and is the primary beneficiary of its controlled builder in accordance with ASC 810.

All intercompany balances and transactions have been eliminated in consolidation. The Company uses the equity method of accounting for its investments in unconsolidated entities over which it exercises significant influence but does not have a controlling interest. Under the equity method, the Company's share of the unconsolidated entities' earnings or losses is included in the consolidated statements of income.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management of the Company to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes, including 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation with no impact to net income in any period.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. The cash balances of the Company are held with multiple financial institutions. At times, cash balances at certain banks and financial institutions may exceed insurable amounts. The Company believes it mitigates this risk by monitoring the financial stability of institutions holding material cash balances. The Company has not experienced any losses in such accounts and believes that the risk of loss is minimal.

Restricted Cash

Restricted cash primarily relates to cash held in escrow for sales of developed lots to third parties and customer deposits from homebuyers.

Receivables

Receivables consist of amounts collectible from manufacturing rebates earned by our homebuilders during the normal course of business, amounts collectible from third-party escrow agents related to closings on land, lots and homes, amounts collectible related to mechanic's lien contracts, as well as income tax receivables. As of December 31, 2020 and 2019, all amounts are considered fully collectible and no allowance for doubtful accounts is recorded. Any allowance for doubtful accounts is estimated based on our historical losses, the existing economic conditions, and the financial stability of our customers. Receivables are written off in the period that they are deemed uncollectible.

Inventory and Cost of Revenues

Inventory consists of undeveloped land, raw land scheduled for development, land in the process of development, land held for sale, developed lots, homes completed and under construction, and model homes. Inventory is valued at cost unless the carrying value is determined to be not recoverable in which case the affected inventory is written down to fair value. Cost includes any related pre-acquisition costs that are directly identifiable with a specific property so long as those pre-acquisition costs are anticipated to be recoverable at the sale of the property.

Residential lots held for sale and lots held for development include the initial cost of acquiring the land as well as certain costs capitalized related to developing the land into individual residential lots including direct overhead, interest and real estate taxes.

Land development and other project costs, including direct overhead, interest and property taxes incurred during development and home construction, are capitalized. Land development and other common costs that benefit an entire community are allocated to individual lots or homes based on relative sales value. The costs of completed lots are transferred to work in process when home construction begins. Home construction costs and related carrying charges (principally interest and real estate taxes) are allocated to the cost of individual homes.

Inventory costs for completed homes are expensed upon closing and delivery of the homes. Changes to estimated total land development costs subsequent to initial home closings in a community are generally allocated to the unclosed homes and lots in the community on a pro-rata basis. The life cycle of a community generally ranges from 24 to 72 months, commencing with the acquisition of land, continuing through the land development phase, construction, and concluding with the sale and delivery of homes. We recognize costs as incurred on our mechanic's lien contracts.

Impairment of Inventory

In accordance with ASC 360, Property, Plant, and Equipment ("ASC 360"), we evaluate our inventory for indicators of impairment by individual community and development during each reporting period.

For our builder operations segments, during each reporting period, community gross margins on closed homes, average margins of homes within backlog, and community outlook factors are reviewed by management. In the event that this review suggests higher potential for losses at a specific community, the Company monitors such communities by adding them to its "watchlist" communities, and, when an impairment indicator is present, further analysis is performed.

For our land development segment, we perform a quarterly review for indicators of impairment for each project which involves comparing anticipated lot sale revenues to projected costs (i.e. lot gross margins). For lots designated for our builders, we review land for indicators of impairment on a consolidated level, looking at overall projected home gross margins. In determining the allocation of costs to a particular land parcel, we rely on project budgets which are based on a variety of assumptions, including assumptions about development schedules and future costs to be incurred. It is common that actual results differ from budgeted amounts for various reasons, including delays, changes in costs that have not been committed, unforeseen issues encountered during project development that fall outside the scope of existing contracts, or items that ultimately cost more or less than the budgeted amount. We apply procedures to maintain best estimates in our budgets, including assessing and revising project budgets on a periodic basis, obtaining commitments from subcontractors and vendors for future costs to be incurred and utilizing the most recent information available to estimate costs.

Each reporting period, management reviews each real estate asset which has an indicator of impairment in order to determine whether the estimated remaining undiscounted future cash flows are more or less than the asset's carrying value. The estimated cash flows are determined by projecting the remaining revenue from closings based on the contractual lot takedowns remaining or historical and projected home sales or delivery absorptions for homebuilding operations and then comparing such projections to the remaining projected expenditures for development or home construction. Remaining projected expenditures are based on the most current pricing/bids received from subcontractors for current phases or homes under development. For future phases of land development, management uses its judgment to project potential cost increases. In determining the estimated cash flows for land held for sale, management considers recent comparisons to market comparable transactions, bona fide letters of intent from outside parties, executed sales contracts, broker quotes, and similar information. When projecting revenue, management does not assume improvement in market conditions.

If the estimated undiscounted cash flows are more than the asset's carrying value, no impairment adjustment is required. However, if the estimated undiscounted cash flows are less than the asset's carrying value, the asset is deemed impaired and will be written down to fair value less associated costs to sell. These impairment evaluations require us to make estimates and assumptions regarding future conditions, including the timing and amounts of development costs and sales prices of real estate assets, to determine if expected future cash flows will be sufficient to recover the asset's carrying value.

Fair value is determined based on estimated future cash flows discounted for inherent risks associated with real estate assets. These discounted cash flows are impacted by expected risk based on estimated land development activities, construction and delivery timelines, market risk of price erosion, uncertainty of development or construction cost increases, and other risks specific to the asset or market conditions where the asset is located when the assessment is made. These factors are specific to each community and may vary among communities.

When estimating cash flows of a community, management makes various assumptions, including: (i) expected sales prices and sales incentives to be offered, including the number of homes available, pricing and incentives being offered by us or other builders, and future sales price adjustments based on market and economic trends; (ii) expected sales pace and cancellation rates based on local housing market conditions, competition and historical trends; (iii) costs expended to date and expected to be incurred including, but not limited to, land and land development costs, home construction costs, interest costs, indirect construction and overhead costs, and selling and marketing costs; (iv) alternative product offerings that may be offered that could have an impact on sales pace, sales price and/or building costs; and (v) alternative uses for the property.

Many assumptions are interdependent and a change in one may require a corresponding change to other assumptions. For example, increasing or decreasing sales absorption rates has a direct impact on the estimated per unit sales price of a home, the level of time-sensitive costs (such as indirect construction, overhead and carrying costs), and selling and marketing costs (such as model home maintenance costs and advertising costs). Due to uncertainties in the estimation process, the volatility in demand for new housing and the long life cycle of many communities, actual results could differ significantly from such estimates.

Capitalization of Interest

The Company capitalizes interest costs incurred to inventory during development and other qualifying activities. Interest capitalized as cost of inventory is charged to cost of revenues as related homes, land and lots are closed. Interest incurred on undeveloped land is directly expensed and included in interest expense in our consolidated statements of income.

Investments in Unconsolidated Entities

In accordance with ASC 323, Investments - Equity Method and Joint Ventures ("ASC 323"), the Company uses the equity method of accounting for its investments in unconsolidated entities over which it exercises significant influence but does not have a controlling interest. The equity method of accounting requires the investment to be initially recorded at cost and subsequently adjusted for the Company's share of equity in the unconsolidated entity's earnings or losses. The Company evaluates the carrying amount of the investments in unconsolidated entities for impairment in accordance with ASC 323. If the Company determines that a loss in the value of the investment is other than temporary, the Company writes down the investment to its estimated fair value. Any such losses are recorded to equity in income of unconsolidated entities in the Company's consolidated statements of income. Due to uncertainties in the estimation process and the volatility in demand for new housing, actual results could differ significantly from such estimates.

The Company has made an election to classify distributions received from unconsolidated entities using the nature of the distribution approach. Distributions received are classified as cash inflows from operating activities based on the nature of the activities of the investee that generated the distribution.

Variable Interest Entities

The Company accounts for variable interest entities ("VIEs") in accordance with ASC 810. In accordance with ASC 810, an entity is a VIE when: (a) the equity investment at risk in the entity is not sufficient to permit the entity to finance its activities without additional subordinated financial support provided by other parties, including the equity holders; (b) the entity's equity holders as a group either (i) lack the direct or indirect ability to make decisions about the entity, (ii) are not obligated to absorb expected losses of the entity or (iii) do not have the right to receive expected residual returns of the entity; or (c) the entity's equity holders have voting rights that are not proportionate to their economic interests, and the activities of the entity involve or are conducted on behalf of the equity holder with disproportionately few voting rights. If an entity is deemed to be a VIE pursuant to ASC 810, the enterprise that has both (i) the power to direct the activities of the VIE that most significantly impacts the entity's economic performance and (ii) the obligation to absorb the expected losses of the entity or right to receive benefits from the entity that could be potentially significant to the VIE is considered the primary beneficiary and must consolidate the VIE. In accordance with ASC 810, the Company performs ongoing reassessments of whether it is the primary beneficiary of a VIE. The financial statements of the VIEs for which the Company is considered to be the primary beneficiary, if any, are consolidated in the Company's consolidated financial statements. The noncontrolling interests attributable to other beneficiaries of the VIEs are included as noncontrolling interests in the Company's consolidated financial statements.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of assets range from 1 to 15 years. Repairs and maintenance are expensed as incurred.

Impairment of Long-Lived Assets

In accordance with ASC 360, our property and equipment and right-of-use assets related to operating leases are reviewed for possible impairment if there are indicators that their carrying amounts are not recoverable. The carrying amount of a long-lived asset is considered not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Earnest Money Deposits

In the ordinary course of business, the Company enters into land and lot option contracts in order to procure land for the construction of homes in the future. Pursuant to these option contracts, the Company generally provides a deposit to the seller as consideration for the right to purchase land at different times in the future, usually at predetermined prices. Such contracts enable the Company to defer acquiring portions of properties owned by third parties or unconsolidated entities until the Company has determined whether and when to exercise its option, which reduces the Company's financial risk associated with long-term land holdings. Option deposits and pre-acquisition costs (such as environmental testing, surveys, engineering, and entitlement costs) are capitalized if the costs are directly identifiable with the land under option and acquisition of the property is probable. Such costs are reflected in earnest money deposits and are reclassified to inventory upon taking title to the land. The Company writes off deposits and pre-acquisition costs if it becomes probable that the Company will not proceed with the project or recover the capitalized costs. Such decisions take into consideration changes in local market conditions, the timing of required land takedowns, the availability and best use of necessary incremental capital, and other factors.

Under ASC 810, a non-refundable deposit paid to an entity is deemed to be a variable interest that will absorb some or all of the entity's expected losses if they occur and, as such, the Company's land and lot option contracts are considered variable interests. The Company's option contract deposits along with any related pre-acquisition costs represent the Company's maximum exposure to the land seller if the Company elects not to purchase the optioned property. Therefore, whenever the Company enters into an option or purchase

contract with an entity and makes a non-refundable deposit, a VIE assessment is performed. However, the Company generally has little control or power to direct the activities that most significantly impact the VIE's economic performance due to the Company's lack of an equity interest in them. Additionally, creditors of the VIE typically have no material recourse against the Company, and the Company does not provide financial or other support to these VIEs other than as stipulated in the option contracts. In accordance with ASC 810, the Company performs ongoing reassessments of whether the Company is the primary beneficiary of a VIE.

Intangible Assets

Intangible assets, net consists of the estimated fair value of the acquired trade name, net of amortization. The trade name has a definite life and is amortized over ten years.

Intangible assets are tested for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized if the carrying amount of the asset exceeds the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. The impairment loss recorded would be the excess of the asset's carrying value over its fair value. Fair value would be determined using a discounted cash flow analysis or other valuation technique.

Goodwill

The excess of the purchase price of a business acquisition over the net fair value of assets acquired and liabilities assumed is capitalized as goodwill in accordance with ASC 805, Business Combinations ("ASC 805"). Goodwill is assessed for impairment at least annually in the fourth quarter, or more frequently if certain impairment indicators are present. A goodwill impairment loss is recognized for the amount by which the carrying amount of the reporting unit, including goodwill, exceeds its fair value.

The Company reviews goodwill at the reporting unit level for impairment. The Company first performs a qualitative assessment to determine whether it is more likely than not that fair value of the reporting level is less than its carrying amount. Qualitative factors include adverse macroeconomic conditions, industry and market conditions, overall financial performance, reporting unit specific events and entity specific events. If, after completing a qualitative assessment, the Company concludes that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, the Company must perform a quantitative test to evaluate goodwill for impairment.

For the quantitative impairment test, the Company calculates the fair value of the reporting unit and compares that amount to the reporting unit's carrying value. The fair value of the reporting unit is determined by using generally accepted valuation techniques, including discounted cash flow models and market multiple analysis. The Company's valuation methodology for assessing impairment would require management to make judgments and assumptions based on historical experience and projections of future operating performance. The Company recognizes goodwill impairment, if any, as the excess of the reporting unit's carrying value over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit.

Warranties

The Company accrues an estimate of its exposure to warranty claims based on both current and historical home closings data and warranty costs incurred. The Company offers homeowners a comprehensive third-party warranty on each home. Homes are generally covered by a ten-year warranty for qualified and defined structural defects, one year for defects and products used, and two years for electrical, plumbing, heating, ventilation, and air conditioning parts and labor. Warranty accruals are included within accrued expenses on the consolidated balance sheets. Any legal costs associated with loss contingencies related to warranties are expensed as incurred.

Debt Issuance Costs

Debt issuance costs represent costs incurred related to the senior unsecured notes and revolving secured and unsecured credit facilities, including amendments thereto, and reduce the carrying amount of debt on the consolidated balance sheets. These costs are subject to capitalization to inventory over the term of the related debt facility using the straight-line method.

Business Combinations

Acquisitions are accounted for in accordance with ASC 805. Following the determination that control of a business and its inputs, processes and outputs were obtained in exchange for consideration, all material assets and liabilities of the business, including contingent consideration, are measured and recognized at fair value as of the date of the acquisition to reflect the purchase price. Depending on the fair value of net assets acquired, the purchase price allocation may or may not result in goodwill. Contingent consideration is subsequently remeasured to fair value at each reporting date until the contingency is resolved, with any change in fair value recognized in the consolidated statements of income.

Redeemable Noncontrolling Interest in Equity of Consolidated Subsidiary

Redeemable noncontrolling interest in equity of consolidated subsidiary represents equity related to a put option held by a minority shareholder of a subsidiary. Based on the put option structure, the minority shareholder's interest in the controlled subsidiary is classified as a redeemable noncontrolling interest on the consolidated balance sheets. The accretion of the redeemable noncontrolling interest to its estimated redemption value is recorded in additional paid-in capital on the consolidated balance sheets if the estimated redemption value, net of accretion, is greater than the current value of the noncontrolling interest capital account.

Revenue Recognition

Contracts with Customers

The Company derives revenues from two primary sources: the closing and delivery of homes through our builder operations segments and the closing of lots sold to homebuilders through our land development segment. All of our revenue is from contracts with customers.

Contract Liabilities

The Company requires homebuyers to submit a deposit for home purchases and requires third-party builders to submit a deposit in connection with land sale or lot option contracts. The non-refundable deposits serve as an incentive for performance under homebuilding and land sale or development contracts. Cash received as customer deposits, if held in escrow, is reflected as restricted cash and as customer and builder deposits on the consolidated balance sheets.

Performance Obligations

The Company's contracts with homebuyers contain a single performance obligation. The performance obligation is satisfied when homes are completed and legal title has been transferred to the buyer. The Company does not have any variable consideration associated with home sales transactions.

Revenue from mechanic's lien contracts in which the Company serves as the general contractor for custom homes where the customer, and not the Company, owns the underlying land and improvements is recognized based on the input method, where progress toward completion is measured by relating the actual cost of work performed to date to the estimated total cost of the respective contracts.

Lot option contracts contain multiple performance obligations. The performance obligations are satisfied as lots are closed and legal title has been transferred to the builder. For lot option contracts, individual performance obligations are accounted for separately. The transaction price is allocated to the separate performance obligations on a relative stand-alone selling price basis. Certain lot option contracts require escalations in lot price over the option period. Any escalator is not collectible until the lot closing occurs. While we recognize lot escalators as variable consideration within the transaction price, we do not recognize escalator revenue until a builder closes on a lot subject to an escalator as the escalator relates to general inflation and holding costs.

Occasionally, the Company sells developed and undeveloped land parcels. If the land parcel is developed prior to the sale of the land, the revenue is recognized at closing since we deliver a single performance obligation in the form of a developed parcel. We also recognize revenue at closing on undeveloped land parcel sales as there are no other obligations beyond delivering the undeveloped land.

Homebuyers are not obligated to pay for a home until the closing and delivery of the home. The selling price of a home is based on the contract price adjusted for any change orders, which are considered modifications of the contract price.

Homebuilders are not obligated to pay for developed lots prior to control of the lots and any associated improvements being transferred to them. The term of our lot option contracts is generally based upon the number of lots being purchased and an agreed upon lot takedown schedule, which can be in excess of one year. Lots cannot be taken down until development is substantially complete. There is no significant financing component related to our third-party lot sales.

The Company does not sell warranties outside of the customary workmanship warranties provided on homes or developed lots at the time of sale. The warranties offered to homebuyers are short term, with the exception of ten-year warranties on structural concerns for homes. As these are assurance-type warranties, there is no separate performance obligation related to warranties provided to homebuyers or homebuilder.

Significant Judgments and Estimates

There are no significant judgments involved in the recognition of residential units revenue. The performance obligation of delivering a completed home is satisfied upon the sale closing when title transfers to the buyer.

There are no significant judgments involved in the recognition of land and lots revenue. The performance obligation of delivering land and lots is satisfied upon the closing of the sale when title transfers to the homebuilder.

Contract Costs

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects to recover those costs. The Company pays sales commissions to employees and/or outside Realtors related to individual home sales which are expensed as incurred at the time of closing. Commissions on the sale of land parcels are also expensed as incurred upon closing. Sales commissions on the sale of homes are included in the selling, general, and administrative expenses in the consolidated statements of income.

The Company also pays builder incentives to employees which are based on the time it takes to build individual homes, as well as quality inspection completion and customer satisfaction. The builder incentives do not represent incremental costs that would require capitalization as we would incur these costs whether or not we sold the home. As such, we recognize builder incentives as expense at the time they are incurred and paid.

Advertising costs, sales salaries and certain costs associated with model homes, such as signage, do not qualify for capitalization under ASC 340-40, Other Assets and Deferred

Costs - Contracts with Customers, as they are not incremental costs of obtaining a contract. As such, we expense these costs to selling, general and administrative expense as incurred. Costs incurred related to model home furnishings and sales office construction are capitalized and included in property and equipment, net on the consolidated balance sheets.

Selling, General and Administrative Expense

Selling, general and administrative expense represents salaries, benefits, share-based compensation, property taxes on finished homes, sales commissions, depreciation, amortization, advertising and marketing, rent, and other administrative items, and is recorded in the period incurred.

Advertising Expense

The Company expenses advertising costs as incurred. Advertising costs are included in selling, general and administrative expense in the consolidated statements of income. Advertising expense for the years ended December 31, 2020, 2019 and 2018 totaled $2.2 million, $2.1 million and $1.5 million, respectively.

Interest Expense

Interest expense consists primarily of interest costs incurred on our debt that are not capitalized, and amortization of debt issuance costs. We capitalize interest costs incurred to inventory during development and other qualifying activities. Debt issuance costs are capitalized to inventory over the term of the underlying debt using the straight-line method, in accordance with our interest capitalization policy. All interest costs were capitalized during the years ended December 31, 2020, 2019 and 2018.

Net Income Attributable to Green Brick Partners, Inc. per Share

The Company's restricted stock awards have the right to receive forfeitable dividends on an equal basis with common stock and therefore are not considered participating securities that must be included in the calculation of net income per share using the two-class method. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during each period, adjusted for non-vested shares of restricted stock awards during each period. Diluted earnings per share is calculated using the treasury stock method and includes the effect of all dilutive securities, including stock options and restricted stock awards.

Cost Recognition

Lot acquisition, materials, direct costs, interest and indirect costs related to the acquisition, development, and construction of lots and homes are capitalized. Direct and indirect costs of developing residential lots are allocated evenly to all applicable lots. Capitalized costs of residential lots are charged to earnings when the related revenue is recognized. Non-capitalizable costs in connection with developed lots and completed homes and other selling and administrative costs are charged to earnings when incurred.

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Share-Based Compensation

The Company measures and accounts for share-based awards in accordance with ASC 718, Compensation - Stock Compensation. The Company expenses share-based payment awards made to employees and directors, including stock options and restricted stock awards. Share-based compensation expense associated with stock options and restricted stock awards with vesting contingent upon the achievement of service conditions is recognized on a straight-line basis, net of estimated forfeitures, over the requisite service period over which the awards are expected to vest. The Company estimates the value of stock options with vesting contingent upon the achievement of service conditions as of the date the award was granted using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the use of certain input variables, such as expected volatility, risk-free interest rate and expected award life.

Income Taxes

The Company accounts for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company regularly reviews historical and anticipated future pre-tax results of operations to determine whether we will be able to realize the benefit of deferred tax assets. A valuation allowance is required to reduce the deferred tax asset when it is more-likely-than-not that all or some portion of the deferred tax asset will not be realized due to the lack of sufficient taxable income. The Company assesses the recoverability of deferred tax assets and the need for a valuation allowance on an ongoing basis. In making this assessment, management considers all available positive and negative evidence and available income tax planning to determine whether it is more-likely-than-not that some portion or all of the deferred tax assets will be realized in future periods. This assessment requires significant judgment and estimates involving current and deferred income taxes, tax attributes relating to the interpretation of various tax laws, historical bases of tax attributes associated with certain assets and limitations surrounding the realization of deferred tax assets.

We establish accruals for uncertain tax positions that reflect our best estimate of deductions and credits that may not be sustained on a more-likely-than-not basis. We recognize interest and penalties related to uncertain tax positions in the income tax expense in the consolidated statements of income. Accrued interest and penalties, if any, are included within accrued expenses on the consolidated balance sheets. In accordance with ASC 740, Income Taxes, the Company recognizes the effect of income tax positions only if those positions have a more-likely-than-not chance of being sustained by the Company. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

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Fair Value Measurements

The Company has adopted and implemented the provisions of ASC 820-10, Fair Value Measurements, with respect to fair value measurements of: all elected financial assets and liabilities and any nonfinancial assets and liabilities that are recognized or disclosed in the consolidated financial statements at fair value on a recurring basis (at least annually). Under ASC 820-10, fair value is defined as an exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. These provisions establish a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of input are defined as follows:

Level 1 — unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Company;
Level 2 — inputs that are observable in the marketplace other than those classified as Level 1; and
Level 3 — inputs that are unobservable in the marketplace and significant to the valuation.
Entities are encouraged to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation.

Our valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

Segment Information

In accordance with ASC 280, Segment Reporting (“ASC 280”), an operating segment is defined as a component of an enterprise for which discrete financial information is available and reviewed regularly by the chief operating decision maker (“CODM”), or decision-making group, to evaluate performance and make operating decisions.

A reportable segment is an operating segment, either separately defined or aggregated from several operating segments based on similar economic and other characteristics, that exceeds certain quantitative thresholds of ASC 280.

The Company identifies its CODM as three key executives - the Chief Executive Officer, the Chief Financial Officer, and the Chief Operating Officer, who was promoted from his previous role as President of the Texas Region effective September 10, 2020. In determining the reportable segments, the CODM considers similar economic and other characteristics, including geography, class of customers, product types, and production processes.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”), which changes the impairment model for most financial assets and certain other instruments from an “incurred loss” approach to an “expected credit loss” methodology. The Company adopted the standard on January 1, 2020 using the full retrospective application. The adoption of ASU 2016-13 had no impact on the Company’s consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment (“ASU 2017-04”), which removes Step 2 of the goodwill impairment test. A goodwill impairment will now be determined by the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The Company adopted the standard on January 1, 2020. The adoption of ASU 2017-04 had no financial impact on the Company’s consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying Accounting for Income Taxes (“ASU 2019-12”), which simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740, Income Taxes related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 is effective for annual reporting periods, and interim periods therein, beginning after December 15, 2020, with early adoption permitted. The Company does not expect the adoption of ASU 2019-12 to have a material impact on the Company’s consolidated financial statements.

2. INTANGIBLE ASSETS, GOODWILL, CONTINGENT CONSIDERATION, AND REDEEMABLE NONCONTROLLING INTEREST

Intangible Assets

On April 26, 2018 (the "Acquisition Date"), following a series of transactions, the Company acquired substantially all of the assets and assumed certain liabilities of GHO Homes Corporation and its affiliates ("GHO") through a newly formed subsidiary, GRBK GHO Homes, LLC ("GRBK GHO"), in which the Company holds an 80% controlling interest.

Intangible assets related to the acquired trade name were recognized in this business combination. The amortization of the acquired intangible assets of $0.2 million for the period from April 26, 2018 through December 31, 2018 was recorded in selling, general and administrative expense in the consolidated statements of income. The accumulated amortization of the acquired intangible assets was $0.2 million as of December 31, 2018. The amortization of the acquired trade name of $0.1 million for each of the years ended December 31, 2020 and 2019, respectively, was recorded in selling, general and administrative expense in the consolidated statements of income. The accumulated amortization of the acquired trade name was $0.2 million and $0.1 million as of December 31, 2020 and December 31, 2019, respectively. The estimated amortization expense related to the acquired trade name for each of the next five years as of December 31, 2020 is as follows (in thousands):

2021	$ 85
2022	85
2023	85
2024	85
2025	85
Total	**$ 425**

Goodwill

The allocation to goodwill represents the excess of the purchase price, including contingent consideration, over the estimated fair value of assets acquired and liabilities assumed. Goodwill results primarily from operational synergies expected from the business combination. The Company performed its annual goodwill impairment testing during the fourth quarter of 2020 by first completing a qualitative assessment in accordance with ASC 350. The Company determined that it was not more likely than not that the reporting unit's estimated fair value was less than its carrying value and, therefore, a quantitative impairment test was unnecessary. The Company did not record any goodwill impairment during the years ended December 31, 2020, 2019 and 2018.

Contingent Consideration

In connection with this business combination, the Company may be obligated to pay contingent consideration to our partner if certain annual performance targets are met over the three-year period following the Acquisition Date. The performance targets specified in the purchase agreement were met for the period from April 26, 2018 through December 31, 2018, and contingent consideration of $1.8 million was earned by the minority partner and paid by the Company in April 2019 in addition to a $0.5 million distribution of income. The performance targets specified in the purchase agreement were met for the period from January 1, 2019 through December 31, 2019, and the contingent consideration of $5.3 million was earned by the minority partner and paid by the Company in April 2020 in addition to a $1.5 million distribution of income. The performance targets specified in the purchase agreement were met for the period from January 1, 2020 through December 31, 2020, and the contingent consideration of $0.4 million was earned by the minority partner. As of December 31, 2020, the estimate of the undiscounted contingent consideration payouts for the period from January 1, 2021 through April 26, 2021 was $0.0 million. The change in the range of estimates of the undiscounted contingent consideration compared to the range of estimates disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 was due to revision of the Company's forecasts of GRBK GHO profits and capital requirements.

Redeemable Noncontrolling Interest in Equity of Consolidated Subsidiary

As part of the GRBK GHO business combination, we entered into a put/call agreement ("Put/Call Agreement") with respect to the equity interest in the joint venture held by the minority partner. The Put/Call Agreement provided that the 20% ownership interest in GRBK GHO held by the minority partner would be subject to put and purchase options starting in April 2024. The exercise price would be based on the financial results of GRBK GHO for the three years prior to exercise of the option. If the minority partner does not exercise the put option, we have the option, but not the obligation, to buy the 20% interest in GRBK GHO from our partner.

Based on the nature of the put/call structure, the noncontrolling interest attributable to the 20% minority interest owned by our Florida-based partner is included as redeemable noncontrolling interest in equity of consolidated subsidiary in the Company's consolidated financial statements.

The following table shows the changes in redeemable noncontrolling interest in equity of consolidated subsidiary during the year ended December 31, 2020 (in thousands):

	YEARS ENDED DECEMBER 31,	
	2020	2019
Redeemable noncontrolling interest, beginning of period	$ 13,611	$ 8,531
Net income attributable to redeemable noncontrolling interest partner	2,377	3,462
Distributions of income to redeemable noncontrolling interest partner	(1,505)	(527)
Change in fair value of redeemable noncontrolling interest	(940)	2,145
Redeemable noncontrolling interest, end of period	**$ 13,543**	**$ 13,611**

3. VARIABLE INTEREST ENTITIES

Effective November 30, 2019, we, through our wholly owned subsidiary, SGHDAL LLC ("Southgate"), acquired the remaining membership and voting interests in our subsidiary, Southgate Homes DFW LLC. As a result, Southgate became an indirect wholly owned subsidiary of the Company, was no longer considered a VIE and was consolidated based on the majority voting interest pursuant to ASC 810.

Effective December 31, 2019, we, through our wholly owned subsidiary, CLH20, LLC ("Centre Living"), acquired the remaining membership and voting interests in our subsidiary, Centre Living Homes, LLC, and we contributed certain real estate inventory assets to Centre Living. As both Centre Living, to which ownership interests were assigned and assets and liabilities were transferred, and Centre Living Homes, LLC were controlled by the Company on December 31, 2019, the acquisition of the remaining membership interest and the contribution of the real estate inventory assets were accounted for at carrying amounts on Centre Living Homes, LLC's books on the date of the transfer, pursuant to provisions of ASC 805 that govern transactions between entities under common control.

Subsequently, the prior owner of a portion of the membership and voting interests in Centre Living Homes, LLC acquired a ten percent membership and voting interest in Centre Living for $3.6 million. As a result, as of December 31, 2019, Centre Living was an indirect subsidiary in which the Company owned a ninety percent membership interest and a ninety percent voting interest, was no longer considered a VIE and was consolidated based on the majority voting interest pursuant to ASC 810. During the three months ended March 31, 2020, the minority interest owner made a $0.4 million cash contribution to Centre Living.

On April 29, 2020, through a series of transactions, the Company acquired the remaining membership and voting interests in our subsidiary, CB JENI Homes DFW LLC ("CB JENI"). As a result, CB JENI became an indirect wholly owned subsidiary of the Company, was no longer considered a VIE and was consolidated based on the majority voting interest pursuant to ASC 810. As both the entity wholly owned by the Company to which CB JENI ownership interests were assigned and CB JENI were controlled by the Company on April 29, 2020, the acquisition of the remaining membership interest was accounted for at the carrying amounts on CB JENI's books, pursuant to provisions of ASC 805 that govern transactions between entities under common control.

Consolidated VIEs

The Providence Group of Georgia LLC ("TPG"), the controlled builder based in Atlanta, in which the Company owns a 50% equity interest, is deemed to be a VIE for which the Company is considered the primary beneficiary. We sell finished lots and option lots from third-party developers to this controlled builder for their homebuilding operations and provide them with construction financing and strategic planning. The board of managers of this controlled builder has the power to direct the activities that significantly impact the controlled builder's economic performance. Pursuant to the Company's agreement with this controlled builder, the Company has the ability to appoint two of the three members to the controlled builder's board of managers. A majority of the board of managers constitutes a quorum to transact business. No action can be approved by the board of managers without the approval from at least one individual whom the Company has appointed at the controlled builder.

The Company has the ability to control the activities of the controlled builder that most significantly impact the controlled builder's economic performance. Such activities include, but are not limited to, involvement in the day to day capital and operating decisions, the ability to determine the budget and plan, the ability to control financing decisions, and the ability to acquire additional land or dispose of land. In addition, the Company has the right to receive the expected residual returns and obligation to absorb the expected losses of the controlled builder through the pro rata profits and losses we are allocated based on our ownership interest. Therefore, the financial statements of the Atlanta-based controlled builder are consolidated in the Company's consolidated financial statements following the variable interest model.

The aggregated carrying amounts of assets and liabilities of TPG following the variable interest model were $131.9 million and $125.5 million, respectively, as of December 31, 2020 and $126.8 million and $116.8 million, respectively, as of December 31, 2019. The noncontrolling interest attributable to the 50% minority interest owned by the Atlanta-based controlled builder was included as noncontrolling interests in the Company's consolidated financial statements. The creditors of the above controlled builder have no recourse against the Company.

Unconsolidated VIEs

Please refer to Note 5 for information on the Company's VIE evaluation of its joint ventures with EJB River Holdings, LLC and GBTM Sendera, LLC.

Land and lot option purchase contracts

The Company evaluates all option contracts to purchase land and lots to determine whether they are VIEs and, if so, whether the Company is the primary beneficiary of counterparts of these option contracts. Although the Company does not have legal title to the optioned land or lots, if the Company is deemed to be the primary beneficiary of or makes a significant deposit for optioned land or lots, it may need to consolidate the land or lots under option at the purchase price of the optioned land or lots.

As of December 31, 2020 and 2019, the Company's exposure to loss related to its option contracts with third parties primarily consisted of its non-refundable option deposits. Following VIE evaluation, it was concluded that the Company was not the primary beneficiary in any of the VIEs related to land or lot option contracts as of December 31, 2020 and 2019.

4. INVENTORY

A summary of inventory is as follows (in thousands):

	DECEMBER 31, 2020	DECEMBER 31, 2019
Homes completed or under construction	$ 356,706	$ 314,966
Land and lots - developed and under development	482,371	437,553
Land held for sale	5,558	1,048
Total inventory	$ 844,635	$ 753,567

A summary of interest costs incurred, capitalized and expensed is as follows (in thousands):

	YEARS ENDED DECEMBER 31,		
	2020	2019	2018
Interest capitalized at beginning of period	$ 18,596	$ 14,780	$ 10,474
Interest incurred	9,823	12,140	9,003
Interest charged to cost of revenues	(10,899)	(8,324)	(4,697)
Interest capitalized at end of period	**$ 17,520**	**$ 18,596**	**$ 14,780**

As of December 31, 2020, the Company reviewed the performance and outlook for all of its communities for indicators of potential impairment and performed detailed impairment analysis when necessary. As of December 31, 2020, the Company performed further impairment analysis of the selling communities with indicators of impairment with a combined corresponding carrying value of approximately $2.8 million.

For the years ended December 31, 2020, 2019 and 2018, the Company recorded a de minimis impairment adjustment, $0.1 million, and $0.1 million, respectively, to reduce the carrying value of impaired communities to fair value. The recorded impairment adjustments related to real estate inventory in our builder operations segments and were included in cost of residential units in our consolidated statements of income.

5. INVESTMENTS IN UNCONSOLIDATED ENTITIES

A summary of the Company's investments in unconsolidated entities is as follows (in thousands):

	DECEMBER 31, 2020	DECEMBER 31, 2019
GB Challenger, LLC	$ 29,488	$2 3,822
GBTM Sendera, LLC	9,846	—
EJB River Holdings, LLC	5,296	5,299
Green Brick Mortgage, LLC	1,207	1,124
BHome Mortgage, LLC	606	—
Providence Group Title, LLC	—	49
Total inventory	$ 46,443	$ 30,294

Challenger

The Company holds two of the five board of managers (the "Managers") seats of GB Challenger, LLC ("Challenger"). Challenger's six officers, who are employees of the Challenger entities, were designated by the Managers for the purpose of managing the day to day operations. The Company does not have a controlling financial interest in Challenger as the Company has less than 50% of the voting interests in Challenger. The Company's investment in Challenger is treated as an unconsolidated investment under the equity method of accounting and is included in investments in unconsolidated entities in the Company's consolidated balance sheets. The Company's investment in Challenger is carried at cost, as adjusted for the Company's share of income or losses and distributions received, as well as for adjustments related to basis differences between the Company's cost and the Company's underlying equity in net assets recorded in Challenger's financial statements as of the date of acquisition.

As of December 31, 2020, the carrying value of the investment in Challenger was $29.5 million, whereas the underlying 49.9% equity in net assets of Challenger was $26.5 million. The $3.0 million difference represents the premium paid for the Company's equity interest in excess of Challenger's carrying value. This basis difference primarily relates to the estimated fair value of inventory, as well as the Challenger Homes trade name and capitalized acquisition costs. The amortization of the basis differences related to inventory is recorded as a reduction of equity in income of unconsolidated entities as homes are closed on and delivered to homebuyers. The basis difference related to the trade name is amortized over ten years as a reduction of equity in income of unconsolidated entities.

The Company recognized $11.9 million, $8.3 million, and $7.0 million related to Challenger in equity in income of unconsolidated entities during the years ended December 31, 2020, 2019, and 2018, respectively.

Providence Title

In March 2018, the Company formed a joint venture with a title company in Georgia to provide title closing and settlement services to our Atlanta-based builder. The Company, through its controlled builder, The Providence Group of Georgia, L.L.C. ("TPG"), owned a 49% equity interest in Providence Group Title, LLC ("Providence Title"). The Company's investment in Providence Title was treated as an unconsolidated investment under the equity method of accounting and included in investments in unconsolidated entities in the Company's consolidated balance sheets. In December 2020, this joint venture was terminated and the Company incurred a de minimis loss upon dissolution.

Green Brick Mortgage

In June 2018, the Company formed a joint venture with PrimeLending to provide mortgage loan origination services to our builders. The Company owns a 49% equity interest in Green Brick Mortgage, LLC ("Green Brick Mortgage") which initiated mortgage loan origination activities in September 2018. The Company determined that the investment in Green Brick Mortgage should be treated as an unconsolidated investment under the equity method of accounting and included in investments in unconsolidated entities in the Company's consolidated balance sheets. On September 1, 2020, the Company increased its ownership interest in GRBK Mortgage, LLC from 49.00% to 49.99%.

EJB River Holdings

In December 2018, EJB River Holdings joint venture was formed by TPG with the purpose to acquire and develop a tract of land in Gwinnett County, Georgia to be called Waterside. In May 2019, East Jones Bridge, LLC, a Georgia limited liability company ("EJB") was admitted as a member of EJB River Holdings, which resulted in TPG and EJB each having a 50% ownership interest in EJB River Holdings. EJB River Holdings had no activity in the period from its formation until October 2019.

In October 2019, EJB River Holdings received two $5.0 million initial contributions from its two members, TPG and EJB. In December 2019, two additional contributions of $0.3 million were made by TPG and EJB to EJB River Holdings. Per EJB River Holdings' operating agreement, TPG and EJB share equally in the profits and losses of EJB River Holdings, with the exception of certain customary fees.

In October 2019, EJB River Holdings issued two loans with the total maximum amount of borrowings of $21.9 million to finance its land acquisition and development in Gwinnett County, Georgia. One of the investors in EJB issued a personal guarantee on one of the loans in the amount of $9.4 million. Subsequently, in October 2019, a wholly owned subsidiary of the Company provided a limited $2.0 million guarantee to the investor in EJB. The approximate term of the guarantee is 35 months. In the event EJB River Holdings defaults on its $9.4 million loan and the investor in EJB makes the $9.4 million payment under his personal guarantee, the maximum potential amount of future payments that the Company could be required to make under its limited guarantee is $2.0 million. As of December 31, 2020, the Company has no current liability related to the guarantee obligation as the payment risk of the guarantee has been assessed to be very low.

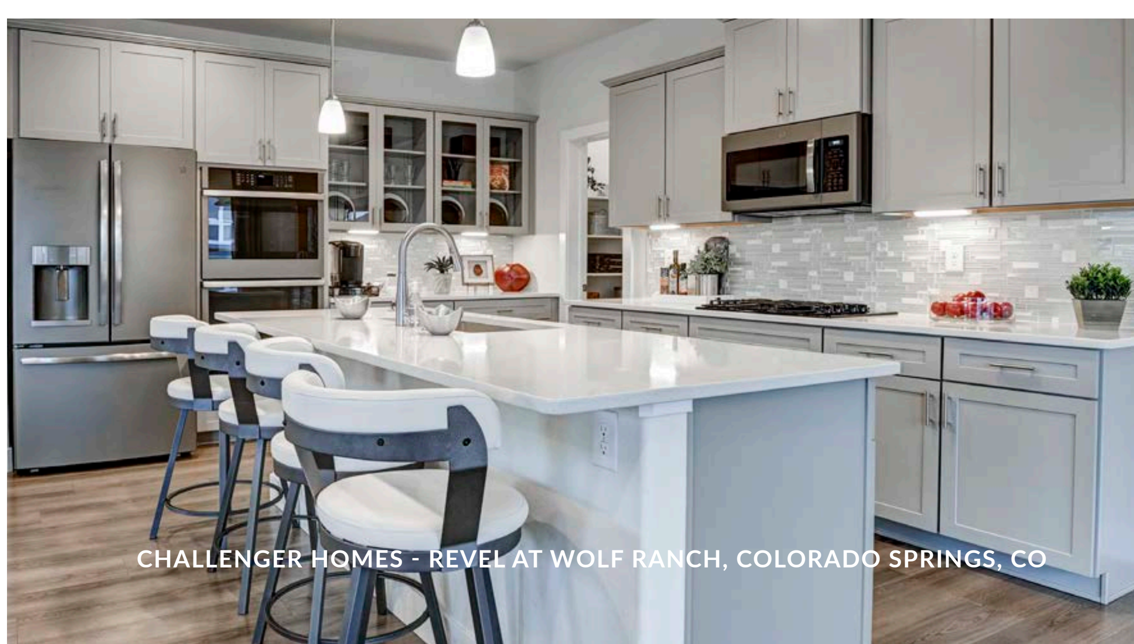
Following the analysis of the above facts and provisions of EJB River Holdings' operating agreement, the Company has determined that EJB River Holdings is a VIE in which the Company is not the primary beneficiary. Therefore, the investment in EJB River Holdings was treated as an unconsolidated investment under the equity method of accounting and was included in investments in unconsolidated entities in the Company's consolidated balance sheets.

As of December 31, 2020, the carrying amounts of assets and liabilities of EJB River Holdings were $29.2 million and $18.6 million, respectively. Assets were comprised of real estate inventory and cash, whereas the liabilities were comprised of loans and interest payable. As of December 31, 2020, the Company's maximum exposure to loss as a result of its involvement with EJB River Holdings was $7.3 million, represented by the sum of the Company's investment in EJB River Holdings of $5.3 million and the $2.0 million limited guarantee described above.

BHome Mortgage

In May 2020, we established a joint venture, BHome Mortgage, LLC ("BHome Mortgage") with First Continental Mortgage, Ltd., to provide mortgage related services to homebuyers. The Company owns 49.0% in BHome Mortgage. In May 2020, BHome Mortgage received initial capital contributions of approximately $0.5 million from its two members in accordance with their membership interest.

The Company determined that the investment in BHome Mortgage should be treated as an unconsolidated investment under the equity method of accounting and included in investments in unconsolidated entities in the Company's consolidated balance sheets.



CHALLENGER HOMES - REVEL AT WOLF RANCH, COLORADO SPRINGS, CO

GBTM Sendera, LLC

In August 2020, GBTM Sendera, LLC joint venture ("GBTM Sendera") was formed by GRBK Edgewood, LLC ("GRBK Edgewood") and TM Sendera, LLC ("TM Sendera") with the purpose to acquire and develop a tract of land in Fort Worth,Texas. Each party holds a 50% ownership interest in GBTM Sendera. GBTM Sendera had no activity in the period but it is expected to begin its operations in the first quarter of 2021.

In August 2020, GBTM Sendera received two $9.0 million initial contributions from each of its two members, GBRK Edgewood and TM Sendera. Per the GBTM Sendera company agreement, GRBK Edgewood and TM Sendera share equally in the profits and losses of GBTM Sendera, with the exception of certain customary fees.

Following the analysis of the above facts and provisions of the GBTM Sendera company agreement, the Company has determined that GBTM Sendera is a joint venture to be evaluated under the voting interest model. Therefore, the investment in GBTM Sendera is treated as an unconsolidated investment under the equity method of accounting and is included in investments in unconsolidated entities in the Company's consolidated balance sheets.

As of December 31, 2020, the carrying amount of GBTM Sendera net assets was $19.7 million. Assets were comprised of real estate inventory and cash, whereas the liabilities were comprised of accounts payable. As of December 31, 2020, the Company's maximum exposure to loss as a result of its involvement with GBTM Sendera was $9.8 million, represented by the sum of the Company's investment in GBTM Sendera of $9.0 million and an additional $0.8 million contribution made each by GBRK Edgewood and TM Sendera.

A summary of the financial information of the unconsolidated entities that are accounted for by the equity method, as described above, is as follows (in thousands):

	DECEMBER 31, 2020	DECEMBER 31, 2019
Assets:		
Cash	$ 12,765	$ 11,699
Accounts receivable	1,815	3,252
Bonds and notes receivable	5,942	5,864
Loans held for sale, at fair value	14,530	23,143
Inventory	122,819	73,704
Other Assets	8,377	4,012
Total assets	$ 166,248	$ 121,674

Summary of financial information of the unconsolidated entities continued on right

	DECEMBER 31, 2020	DECEMBER 31, 2019
Liabilities:		
Accounts payable	$ 7,171	$ 1,726
Accrued expenses and other liabilities	11,148	7,784
Notes payable	60,642	58,223
Total liabilities	**$ 78,961**	**$ 67,733**
Owners' equity:		
Green Brick	$ 43,451	$ 25,910
Others	43,836	28,031
Total owners' equity	**$ 87,287**	**$ 53,941**
Total liabilities and owners' equity	**$ 166,248**	**$ 121,674**

	YEARS ENDED DECEMBER 31,		
	2020	2019	2018
Revenues	$ 181,724	$ 166,368	$ 166,102
Costs and expenses	145,525	144,097	148,222
Net earnings of unconsolidated entities	$ 36,199	$ 22,271	$ 17,880
Company's share in net earnings of unconsolidated entities	**$ 16,654**	**$ 9,809**	**$ 7,259**

A summary of the Company's share in net (losses) earnings by unconsolidated entity is as follows (in thousands):

	YEARS ENDED DECEMBER 31,	
	2020	2019
GB Challenger, LLC	$ 11,899	$ 8,309
Green Brick Mortgage, LLC	4,727	1,053
Providence Group Title, LLC	12	448
EJB River Holdings, LLC	(2)	(1)
BHome Mortgage, LLC	18	—
GBTM Sendera, LLC	—	—
Total net earnings from unconsolidated entities	**$ 16,654**	**$ 9,809**

During the years ended December 31, 2020, 2019, and 2018, the Company did not identify indicators of impairment for its investments in unconsolidated entities.

6. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment by major classification and related accumulated depreciation as of December 31, 2020 and 2019 (in thousands):

	DECEMBER 31, 2020	DECEMBER 31, 2019
Land	$ —	$ 763
Building	—	180
Model home furnishings and capitalized sales office costs	7,362	6,090
Office furniture and equipment	486	424
Leasehold improvements	1,996	1,824
Computers and equipment	724	912
Vehicles and field trailers	561	357
	11,129	10,550
Less: accumulated depreciation	(7,534)	(6,241)
Total property and equipment, net	**$ 3,595**	**$ 4,309**

Depreciation expense for the years ended December 31, 2020, 2019 and 2018 totaled $3.6 million, $2.9 million, and $2.7 million, respectively, and is included in selling, general and administrative expense in our consolidated statements of income.

2021	$ 11,434
2022	35,585
2023	60,981
2024	12,500
2025	12,500
Thereafter	87,500
Total	$ 220,500

Lines of Credit

Borrowings on lines of credit outstanding, net of debt issuance costs, as of December 31, 2020 and 2019 consist of the following (in thousands):

	DECEMBER 31, 2020	DECEMBER 31, 2019
Secured Revolving Credit Facility	$ 7,000	$ 38,000
Unsecured Revolving Credit Facility	101,000	128,000
Debt issuance costs, net of amortization	(1,313)	(1,358)
Total borrowings on lines of credit, net	**$ 106,687**	**$ 164,642**

CB JENI HOMES - THE CANALS AT GRAND PARK, FRISCO, TX

Secured Revolving Credit Facility
On July 30, 2015, the Company entered into a secured revolving credit facility (the "Secured Revolving Credit Facility") with Inwood National Bank, which initially provided for up to $50.0 million. Amounts outstanding under the Secured Revolving Credit Facility are secured by mortgages on real property and security interests in certain personal property (to the extent that such personal property is connected with the use and enjoyment of the real property) that is owned by certain of the Company's subsidiaries.

On May 22, 2020, the Company amended the Secured Credit Facility to reduce the aggregate commitment amount of $75.0 million to $35.0 million. Amounts outstanding under the Secured Revolving Credit Facility are secured by mortgages on real property and security interests in certain personal property (to the extent that such personal property is connected with the use and enjoyment of the real property) that is owned by certain of the Company's subsidiaries. The entire unpaid principal balance and any accrued but unpaid interest is due and payable on the maturity date. As of December 31, 2020, the maturity date of the Secured Revolving Credit Facility was May 1, 2022. As of December 31, 2020, letters of credit outstanding totaling $1.5 million reduced the aggregate maximum commitment amount to $33.5 million.

As of December 31, 2020, outstanding borrowings under the amended Secured Revolving Credit Facility bear interest payable monthly at a floating rate per annum equal to the rate announced by Bank of America, N.A., from time to time, as its "Prime Rate" (the "Index") with such adjustments to the interest rate being made on the effective date of any change in the Index, less 0.25%. Notwithstanding the foregoing, the interest may not, at any time, be less than 4% per annum or more than the lesser amount of 18% and the highest maximum rate allowed by applicable law. As of December 31, 2020, the interest rate on outstanding borrowings under the Secured Revolving Credit Facility was 4.00% per annum. As of December 31, 2020, the amended Secured Revolving Credit Facility was subject to a borrowing base limitation equal to the sum of 50% of the total value of land and 65% of the total value of lots owned by certain of the Company's subsidiaries, each as determined by an independent appraiser, with the value of land being restricted from being more than 65% of the borrowing base. As of December 31, 2020, the amended Secured Revolving Credit Facility was also subject to a non-usage fee equal to 0.25% of the average unfunded amount of the commitment amount over a trailing 12 month period.

Under the terms of the amended Secured Revolving Credit Facility, the Company is required, among other things, to maintain minimum multiples of tangible net worth in excess of the outstanding Secured Revolving Credit Facility balance, minimum interest coverage and maximum leverage. The Company was in compliance with these financial covenants under the Secured Revolving Credit Facility as of December 31, 2020.

De minimis fees and other debt issuance costs were incurred during each of the years ended December 31, 2020, 2019 and 2018, associated with the Secured Revolving Credit Facility amendments. These costs are deferred and reduce the carrying amount of debt in our consolidated balance sheets. The Company capitalizes these costs to inventory over the term of the Secured Revolving Credit Facility using the straight-line method.

Unsecured Revolving Credit Facility
On December 15, 2015, the Company entered into a credit agreement (the "Credit Agreement") with Citibank, N.A. and Credit Suisse AG, Cayman Islands Branch ("Credit Suisse") as lenders, and Citibank, N.A. as administrative agent, providing for a senior, unsecured revolving credit facility with initial aggregate lending commitments of up to $40.0 million (the "Unsecured Revolving Credit Facility").

The Unsecured Revolving Credit Facility provides for interest rate options on advances at rates equal to either: (a) in the case of base rate advances, the highest of (1) Citibank's base rate, (2) the federal funds rate plus 0.5%, and (3) the one-month LIBOR plus 1.0%, in each case plus 1.5%; or (b) in the case of Eurodollar rate advances, the reserve adjusted LIBOR plus 2.5%. Interest on amounts borrowed under the Unsecured Revolving Credit Facility is payable in arrears on a monthly basis. As of December 31, 2020, the interest rates on outstanding borrowings under the Unsecured Revolving Credit Facility ranged from 2.64% to 2.65% per annum. The Company pays the lenders a commitment fee on the amount of the unused commitments on a quarterly basis at a rate per annum equal to 0.45%.

Outstanding borrowings under the Unsecured Revolving Credit Facility are subject to, among other things, a borrowing base. The borrowing base limitation is equal to the sum of: 100% of unrestricted cash in excess of $15.0 million; 85% of the book value of model homes, construction in progress homes, completed sold and speculative homes (subject to certain limitations on the age and number of speculative homes and model homes); 65% of the book value of finished lots and land under development; and 50% of the book value of entitled land (subject to certain limitations on the value of entitled land and land under development as a percentage of the borrowing base).

Following amendments to the Credit Agreement and the addition of Flagstar Bank, FSB ("Flagstar Bank"), JPMorgan Chase Bank, N.A. ("JPMorgan") and Chemical Financial Corporation ("Chemical") as lenders, the aggregate lending commitment available under the Unsecured Revolving Credit Facility as of December 31, 2020 was $265.0 million, the maximum aggregate amount of the Unsecured Revolving Credit Facility was $275.0 million, and the termination date with respect to commitments under the Unsecured Revolving Credit Facility was December 14, 2021 for $30.0 million, December 14, 2022 for $75.0 million and December 14, 2023 for $160.0 million out of the aggregate lending commitment of $265.0 million.

Fees and other debt issuance costs of $0.5 million, $0.3 million and $0.9 million were incurred during the years ended December 31, 2020, 2019 and 2018, respectively, associated with the amendments, term extensions and increases in lenders' commitments.

These costs are deferred and reduce the carrying amount of debt in our consolidated balance sheets. The Company capitalizes these costs to inventory over the term of the Unsecured Revolving Credit Facility using the straight-line method.

Based on the unprecedented disruptions to the credit and economic markets arising from the COVID-19 pandemic, we drew the full amount of our Unsecured Revolving Credit Facility during the three months ended March 31, 2020. During the three months ended June 30, 2020, we paid our Unsecured Revolving Credit Facility down to prior levels once it was apparent that the Company's access to liquidity in the financial markets was not compromised. Under the terms of the Unsecured Revolving Credit Facility, the Company is required to maintain compliance with various financial covenants, including a maximum leverage ratio, a minimum interest coverage ratio, and a minimum consolidated tangible net worth. The Company was in compliance with these financial covenants under the Unsecured Revolving Credit Facility as of December 31, 2020.

Senior Unsecured Notes

On August 8, 2019, the Company issued $75.0 million aggregate principal amount of senior unsecured notes due on August 8, 2026 at a fixed rate of 4.00% per annum to Prudential Private Capital in a Section 4(a)(2) private placement transaction and received net proceeds of $73.3 million. A brokerage fee of approximately $1.5 million associated with the issuance was paid at closing. The brokerage fee, and other debt issuance costs of approximately $0.2 million, were deferred and reduced the amount of debt on our consolidated balance sheet. The Company used the net proceeds from the issuance of the senior unsecured notes to repay borrowings under the Company's existing revolving credit facilities.

Principal on the senior unsecured notes is required to be paid in increments of $12.5 million on August 8, 2024 and $12.5 million on August 8, 2025. The final principal payment of $50.0 million is due on August 8, 2026. Optional prepayment is allowed with payment of a "make-whole" premium which fluctuates depending on market interest rates. Interest is payable quarterly in arrears commencing November 8, 2019.

On August 26, 2020, the Company entered into a Note Purchase Agreement with The Prudential Insurance Company of America and Prudential Universal Reinsurance Company to issue a $37.5 million aggregate principal amount of senior unsecured notes due on August 26, 2027 at a fixed rate of 3.35% per annum in a Section 4(a)(2) private placement transaction. The Company received net proceeds of $37.4 million and incurred debt issuance costs of approximately $0.1 million that were deferred and reduced the amount of debt on our consolidated balance sheet. The Company used the net proceeds from the issuance of the Notes to repay borrowings under the Company's existing revolving credit facilities and for general corporate purposes. Interest is payable quarterly in arrears and commenced on November 26, 2020.

Under the terms of the senior unsecured notes, the Company is required, among other things, to maintain compliance with various financial covenants, including maximum leverage ratios, a minimum interest coverage ratio, and a minimum consolidated tangible net worth. The Company was in compliance with these financial covenants under the Senior Unsecured Notes as of December 31, 2020. The senior unsecured notes are guaranteed on an unsecured senior basis by the Company's significant subsidiaries and certain other subsidiaries. The senior unsecured notes will rank equally in right of payment with all of the Company's existing and future senior unsecured and unsubordinated indebtedness.

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8. STOCKHOLDERS' EQUITY

Common Stock

Pursuant to the Company's amended and restated certificate of incorporation ("Certificate of Incorporation"), the Company is authorized to issue up to 100,000,000 shares of common stock, par value $0.01 per share. As of December 31, 2020, there were 51,053,858 shares of common stock issued and 50,661,919 outstanding.

On March 16, 2018, 20,000 shares of common stock were issued as additional consideration for the investment in Challenger upon resolution of terms for such holdback shares.

Preferred Stock

Pursuant to the Company's Certificate of Incorporation, the Company is authorized to issue up to 5,000,000 shares of preferred stock, par value $0.01 per share. The Board of Directors (the "Board") has the authority, subject to any limitations imposed by law or Nasdaq rules, without further action by the stockholders, to issue such preferred stock in one or more series and to fix the voting powers (if any), the preferences and relative, participating, optional or other special rights or privileges, if any, of such series and the qualifications, limitations or restrictions thereof. These rights, preferences and privileges may include, but are not limited to, dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of that series. As of December 31, 2020, there were no shares of preferred stock issued and outstanding.

Share Repurchase Programs

In October 2018, the Company's Board authorized a share repurchase program for the period beginning on October 3, 2018 and ending on October 3, 2020 of the Company's common stock for an aggregate price not to exceed $30.0 million (the "2018 Share Repurchase Program"). The timing, volume and nature of share repurchases are at the discretion of management and dependent on market conditions, corporate and regulatory requirements, available cash and other factors, and may be suspended or discontinued at any time. Authorized repurchases may be made from time to time in the open market, through block trades or in privately negotiated transactions. No assurance can be given that any particular amount of common stock will be repurchased. All or part of the repurchases may be implemented under a trading plan under Rule 10b5-1 or Rule 10b-18 established by the SEC, which would allow repurchases under pre-set terms at times when the Company might otherwise be prevented from doing so under insider trading laws or because of self-imposed blackout periods. This repurchase program may be modified, extended or terminated by the Board at any time. The Company intends to finance any repurchases with available cash and proceeds from borrowings under lines of credit.

In December 2018, the Company repurchased 136,756 shares for approximately $1.0 million. On December 31, 2018, the Company's Board authorized implementation of share repurchases in accordance with a trading plan under Rule 10b5-1 (the "December 2018 Trading Plan") within the 2018 Share Repurchase Program. The trading plan was effective from January 2, 2019 until March 30, 2019. In January 2019, the Company repurchased 7,862 shares for approximately $0.1 million under the December 2018 Trading Plan.

In June 2019, the Company's Board authorized discrete repurchases under the 2018 Share Repurchase Program of 39,320 shares for approximately $0.3 million. On June 27, 2019, the Company's Board authorized implementation of share repurchases in accordance with a trading plan under Rule 10b5-1 (the "June 2019 Trading Plan") within the 2018 Share Repurchase Program. The trading plan was effective from July 1, 2019 until August 5, 2019. In July 2019, the Company repurchased 144,584 shares for approximately $1.2 million under the June 2019 Trading Plan.

In September 2019, the Company's Board authorized discrete repurchases under the 2018 Share Repurchase Program of 63,417 shares for approximately $0.6 million. The 2018 Share Repurchase Program expired on October 3, 2020. No shares were repurchased during the year ended December 31, 2020.

THE PROVIDENCE GROUP - EAST OF MAIN, ALPHARETTA, GA

9. SHARE-BASED COMPENSATION

2014 Omnibus Equity Incentive Plan

On October 17, 2014, the Company's stockholders approved the Green Brick Partners, Inc. 2014 Omnibus Equity Incentive Plan (the "2014 Equity Plan"). The purpose of the 2014 Equity Plan is to provide a means for the Company to attract and retain key personnel and to provide a means whereby current and prospective directors, officers, employees, consultants and advisors can acquire and maintain an equity interest in the Company, or be paid incentive compensation, which may (but need not) be measured by reference to the value of the Company's common stock, thereby strengthening their commitment to the welfare of the Company and aligning their interests with those of the Company's stockholders. The 2014 Equity Plan will terminate automatically on the tenth anniversary of the date it became effective. No awards will be granted under the 2014 Equity Plan after that date, but awards granted prior to that date may extend beyond that date.

Under the 2014 Equity Plan, awards of stock options, including both incentive stock options and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, other share-based awards and performance compensation awards, may be granted. The maximum number of shares of the Company's common stock that is authorized and reserved for issuance under the 2014 Equity Plan is 2,350,956 shares, subject to adjustment for certain corporate events or changes in the Company's capital structure.

In general, the Company's employees or those reasonably expected to become the Company's employees, consultants and directors, are eligible for awards under the 2014 Equity Plan, provided that incentive stock options may be granted only to employees. The Company has six non-employee directors and approximately 440 employees (including employees of our builders) who are eligible to receive awards under the 2014 Equity Plan. Written agreements between the Company and each participant evidence the terms of each award granted under the 2014 Equity Plan.

If any award under the 2014 Equity Plan expires or otherwise terminates, in whole or in part, without having been exercised in full, the common stock withheld from issuance under that award will become available for future issuance under the plan. If shares issued under the 2014 Equity Plan are reacquired by the Company pursuant to the terms of any forfeiture provision, those shares will become available for future awards under the plan. Awards that can only be settled in cash will not be treated as shares of common stock granted for purposes of the 2014 Equity Plan. The maximum amount that can be paid to any single participant in any one calendar year pursuant to a cash bonus award under the 2014 Equity Plan is $2.0 million.

As of December 31, 2020, 1,482,794 shares remain available for future grant of awards under the 2014 Equity Plan.

Share-Based Award Activity

During the years ended December 31, 2020, 2019 and 2018 the Company granted restricted stock awards ("RSAs") under the 2014 Equity Plan to Executive Officers ("EOs") and non-employee members of the Board. The RSAs granted to EOs were 100% vested and non-forfeitable on the grant date. Some members of the Board elected to defer up to 100% of their annual retainer fee in the form of common stock. The RSAs granted to the Board will become fully vested on the earlier of (i) the first anniversary of the date of grant of the shares of restricted common stock or (ii) the date of the Company's 2020 Annual Meeting of Stockholders. The fair value of the RSAs granted to EOs and non-employee members of the Board were recorded as share-based compensation expense on the grant date and over the vesting period, respectively.

During the years ended December 31, 2020, 2019 and 2018, the Company withheld 75,708; 59,116; and 39,228 shares, respectively, of common stock from EOs, at a total cost of $0.6 million, $0.5 million, and $0.4 million, for the respective periods, to satisfy statutory minimum tax requirements upon grant of the RSAs.

	NUMBER OF SHARES (IN THOUSANDS)	WEIGHTED AVERAGE GRANT DATE FAIR VALUE PER SHARE
Nonvested, December 31, 2017	38	$10.25
Granted	140	$10.45
Vested	(144)	$10.03
Forfeited	—	—
Nonvested, December 31, 2018	34	$12.00
Granted	219	$9.14
Vested	(194)	$9.67
Forfeited	—	—
Nonvested, December 31, 2019	59	$9.05
Granted	250	$8.63
Vested	(264)	$8.10
Forfeited	—	—
Nonvested, December 31, 2020	45	$12.33

Stock Options

Stock options granted to date were not granted under the 2014 Equity Plan. The stock options outstanding as of December 31, 2020 vested and became exercisable in five substantially equal installments on each of the first five anniversaries of the grant date and expire 10 years after the date on which they were granted. Compensation expense related to these options was expensed on a straight-line basis over the 5 years year service period. All of the stock options outstanding as of December 31, 2020 are vested. We utilized the Black-Scholes option pricing model for estimating the grant date fair value of the stock options. There were no stock options granted during the years ended December 31, 2020, 2019 and 2018.

A summary of stock option activity during the year ended December 31, 2020 is as follows:

	NUMBER OF SHARES (IN THOUSANDS)	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE	WEIGHTED AVERAGE REMAINING CONTRACTUAL TERM (IN YEARS)	AGGREGATE INTRINSIC VALUE (IN THOUSANDS)
Options outstanding, December 31, 2019	500	$ 7.49		
Granted	—	—		
Exercised	—	—		
Forfeited	—	—		
Options outstanding, December 31, 2020	500	$ 7.49	3.82	$ 7,735
Options exercisable, December 31, 2020	500	$ 7.49	3.82	$ 7,735

Share-Based Compensation Expense

Share-based compensation expense was $2.1 million, $2.2 million and $1.8 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Recognized tax benefit related to share-based compensation expense was $0.4 million, $0.5 million and $0.4 million for the years ended December 31, 2020, 2019 and 2018, respectively.

As of December 31, 2020, the estimated total remaining unamortized share-based compensation expense related to unvested RSAs, net of forfeitures, was $0.3 million which is expected to be recognized over a weighted-average period of 0.5 years. The total fair value of RSAs vested during the years ended December 31, 2020, 2019 and 2018 was $2.1 million, $1.9 million and $1.4 million, respectively.

As of December 31, 2020, there was no remaining unamortized share-based compensation expense related to stock options.

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10. REVENUE RECOGNITION

Disaggregation of Revenue

The following reflects the disaggregation of revenue by primary geographic market, type of customer, product type, and timing of revenue recognition (in thousands):

	YEARS ENDED DECEMBER 31,					
	2020		2019		2018	
	RESIDENTIAL UNITS REVENUE	LAND AND LOTS REVENUE	RESIDENTIAL UNITS REVENUE	LAND AND LOTS REVENUE	RESIDENTIAL UNITS REVENUE	LAND AND LOTS REVENUE
Primary Geographical Market						
Central	$ 644,976	$ 43,788	$ 396,900	$ 31,080	$ 281,868	$ 40,184
Southeast	285,200	2,057	362,930	750	297,025	4,570
Total revenues	$ 930,176	$ 45,845	$ 759,830	$ 31,830	$ 578,893	$ 44,754
Type of Customer						
Homebuyers	$ 930,176	—	$ 759,830	$ 185	$ 578,893	$ 670
Homebuilders	—	45,845	—	31,645	—	44,084
Total revenues	$ 930,176	$ 45,845	$ 759,830	$ 31,830	$ 578,893	$ 44,754
Product Type						
Residential units	$ 930,176	$ —	$ 759,830	$ —	$ 578,893	$ —
Land and lots	—	45,845	—	31,830	—	44,754
Total revenues	$ 930,176	$ 45,845	$ 759,830	$ 31,830	$ 578,893	$ 44,754
Timing of Revenue Recognition						
Transferred at a point in time	$ 923,901	$ 45,845	$ 752,273	$ 31,830	$ 571,177	$ 44,754
Transferred over time	6,275	—	7,557	—	7,716	—
Total revenues	$ 930,176	$ 45,845	$ 759,830	$ 31,830	$ 578,893	$ 44,754

Revenue recognized over time represents revenue from mechanic's lien contracts.

Contract Balances

Opening and closing contract balances included in customer and builder deposits on the consolidated balance sheets are as follows (in thousands):

	DECEMBER 31, 2020	DECEMBER 31, 2019
Customer and builder deposits	$ 38,131	$ 23,954

The difference between the opening and closing balances of customer and builder deposits results from the timing difference between the customer's payment of a deposit and the Company's performance, impacted slightly by terminations of contracts.

The amount of deposits on residential units and land and lots held as of the beginning of the period and recognized as revenue during the years ended December 31, 2020 and 2019 are as follows (in thousands):

	2020	2019
Type of Customer		
Homebuyers	$ 14,149	$ 8,981
Homebuilders	5,929	3,417
Total deposits recognized as revenue	**$ 20,078**	**$ 12,398**

As a result of the GRBK GHO business combination, customer deposits from homebuyers in the amount of $9.1 million were acquired, of which $8.2 million was recognized during the period from April 26, 2018 through December 31, 2018.

Performance Obligations

There was no revenue recognized during the years ended December 31, 2020, 2019 and 2018 from performance obligations satisfied in prior periods.

Transaction Price Allocated to Remaining Performance Obligations

The aggregate amount of transaction price allocated to the remaining performance obligations on our land sale and lot option contracts is $16.7 million. The Company will recognize the remaining revenue when the lots are taken down, or upon closing for the sale of a land parcel, which is expected to occur as follows (in thousands):

2021	$ 14,825
2022	1,826
Total	**$ 16,651**

The timing of lot takedowns is contingent upon a number of factors, including customer needs, the number of lots being purchased, receipt of acceptance of the plat by the municipality, weather-related delays, and agreed-upon lot takedown schedules.

Our contracts with homebuyers have a duration of less than one year. As such, the Company uses the practical expedient as allowed under ASC 606 and has not disclosed the transaction price allocated to remaining performance obligations as of the end of the reporting period.

11. SEGMENT INFORMATION

The Company has three reportable segments - Builder operations Central, Builder operations Southeast, and Land development. Builder operations Central represents operations of our builders in Texas, whereas Builder operations Southeast represents operations of our builders in Georgia and Florida.

The operations of the Company's builders were aggregated in these three reportable segments based on similar economic characteristics, including geography, housing products, class of homebuyer, regulatory environments, and methods used to construct and sell homes. The Company believes such presentation is consistent with the objective and basic principles of ASC 280 and provides the most meaningful information about the types of business activities in which the Company engages and the economic environments in which it operates.

Corporate operations are reported as a non-operating segment and include activities which support the Company's builder operations, land development, title and mortgage operations through centralization of certain administrative functions, such as finance, treasury, information technology and human resources, as well as development of strategic initiatives. Unallocated corporate expenses are reported in the corporate, other and unallocated segment as these activities do not share a majority of aggregation criteria with either the builder operations or land development segments.

While the operations of Challenger meet the criteria for an operating segment, they do not meet the quantitative thresholds of ASC 280 to be separately reported and disclosed. As such, Challenger's results are included within the corporate, other and unallocated segment.

Green Brick Title, LLC ("Green Brick Title"), Providence Group Title, and Green Brick Mortgage operations are not economically similar to either builder operations or land development and do not meet the quantitative thresholds of ASC 280 to be separately reported and disclosed. As such, these entities' results are included within the corporate, other and unallocated segment.

Operations of EJB River Holdings and GBTM Sendera do not meet the criteria for an operating segment, and they do not meet the quantitative thresholds of ASC 280 to be separately reported and disclosed. As such, these results are included within the corporate, other and unallocated segment.

Segment information for the year ended December 31, 2018 has been restated to conform with the revised segment presentation for the years ended December 31, 2020 and 2019. Financial information relating to the Company's reportable segments is as follows. Operational results of each reportable segment are not necessarily indicative of the results that would have been achieved had the reportable segment been an independent, stand-alone entity during the periods presented.

	YEARS ENDED DECEMBER 31,		
(IN THOUSANDS)	2020	2019	2018
Revenues: [1]			
Builder operations			
Central	$ 645,475	$ 396,900	$ 282,218
Southeast	287,257	363,680	301,595
Total builder operations	932,732	760,580	583,813
Land development	43,289	31,080	39,834
Total revenues	$ 976,021	$ 791,660	$ 623,647
Gross profit:			
Builder operations			
Central	$ 172,341	$ 88,480	$ 75,006
Southeast	77,121	92,088	82,935
Total builder operations	249,462	180,568	157,941
Land development	10,877	8,050	9,334
Corporate, other and unallocated [2]	(25,735)	(19,536)	(13,073)
Total gross profit	$ 234,604	$ 169,082	$ 154,202
Interest expense: [3]			
Builder operations			
Central	$ —	$ 24,072	$ 18,207
Southeast	15,635	15,686	12,795
Total builder operations	15,635	39,758	31,002
Corporate, other and unallocated	(15,635)	(39,758)	(31,002)
Total interest expense	$ —	$ —	$ —
Income before income taxes:			
Builder operations			
Central	$ 99,624	$ 34,801	$ 36,191
Southeast	41,061	46,268	46,297
Total builder operations	140,685	81,069	82,488
Land development	9,512	13,469	8,439
Corporate, other and unallocated [4]	(7,384)	(10,209)	(9,256)
Income before income taxes	$ 142,813	$ 84,329	$ 81,671

(IN THOUSANDS)	DECEMBER 31, 2020	DECEMBER 31, 2019
Inventory:		
Builder operations		
Central	$ 421,477	$ 251,677
Southeast	183,623	168,140
Total builder operations	605,100	419,817
Land development	213,555	308,071
Corporate, other and unallocated [5]	25,980	25,679
Total inventory	$ 844,635	$ 753,567
Goodwill: [6]		
Builder operations - Southeast	$ 680	$ 680

(1) The sum of Builder operations Central and Southeast segments' revenues does not equal residential units revenue included in the consolidated statements of income in periods when our builders have revenues from land or lot closings, which for the years ended December 31, 2020, 2019 and 2018 were $2.6 million, $0.8 million and $4.9 million, respectively.

(2) Corporate, other and unallocated gross loss is comprised of capitalized overhead and capitalized interest adjustments that are not allocated to builder operations and land development segments.

(3) Interest expense of Builder operations Central and Southeast segments represents an interest expense charged by Corporate, other and unallocated segment in relation to financing purchases of land and construction of some of the Company's Dallas and Atlanta builders. Intercompany interest revenue of the Corporate, other and unallocated segment is eliminated in consolidation.

(4) Corporate, other and unallocated loss before income taxes includes results from Green Brick Title, LLC and investments in unconsolidated subsidiaries.

(5) Corporate, other and unallocated inventory consists of capitalized overhead and interest related to work in process and land under development.

12. INCOME TAXES

On March 27, 2020, the United States enacted the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, as a response to the economic uncertainty resulting from the COVID-19 pandemic, which, among other things, included several temporary changes to corporate income tax provisions. The CARES Act did not have a significant impact on our expense for income taxes for the year ended December 31, 2020. We will continue to assess the effect, if any, the CARES Act will have on our income taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act made major changes to the Internal Revenue Code. The Company recognized the income tax effects of the Tax Act in its financial statements in accordance with Staff Accounting Bulletin 118 which provides SEC staff guidance for the application of ASC 740, Income Taxes. The Company finalized its accounting for the income tax effects of the Tax Act in the fourth quarter of 2018 with no adjustments recorded during the measurement period.

Income Tax Expense

The components of current and deferred income tax expense are as follows (in thousands):

	YEARS ENDED DECEMBER 31,		
	2020	2019	2018
Current income tax expense (benefit):			
Federal	$ 20,968	$ 15,980	$ (569)
State	4,162	2,810	2,993
Total current income tax expense	25,130	18,790	2,424
Deferred income tax expense (benefit):			
Federal	(354)	774	15,023
State	240	463	(311)
Total deferred income tax expense	(114)	1,237	14,712
Total income tax expense	**$ 25,016**	**$ 20,027**	**$ 17,136**

Effective Income Tax Rate Reconciliation

The income tax expense differs from the amount that would be computed by applying the statutory federal income tax rates of 21% for each of the years ended December 31, 2020, 2019 and 2018, respectively, to income before income taxes as a result of the following (amounts in thousands):

	YEARS ENDED DECEMBER 31,		
	2020	2019	2018
Tax on pre-tax book income (before reduction of noncontrolling interests)	$ 29,991	$ 17,709	$ 17,151
Tax effect of non-controlled earnings	(862)	(1,252)	(2,743)
State income tax expense, net of federal benefit	3,606	2,706	1,940
Adjustments to deferred tax assets related to state net operating losses	—	1,063	283
Change in valuation allowance	—	(1,063)	283
Tax credits	(8,088)	—	—
Other	369	864	788
Total income tax expense	**$ 25,016**	**$ 20,027**	**$ 17,136**
Effective income tax rate	**17.5%**	**23.7%**	**21.0%**

The change in the effective tax rate for the year ended December 31, 2020 relates primarily to the tax benefit of $8.1 million, net of the required basis adjustment, from the enactment of the Taxpayer Certainty and Disaster Tax Relief Act of 2019 ("the Act"). The Act retroactively reinstated the federal energy efficient homes tax credit that expired on December 31, 2017 to homes closed from January 1, 2018 to December 31, 2020.

Deferred Income Taxes

The primary differences between the financial statement and tax bases of assets and liabilities are as follows (in thousands):

	DECEMBER 31, 2020	DECEMBER 31, 2019
Deferred tax assets:		
Basis in partnerships	$ 8,163	$ 9,212
Accrued expenses	2,979	2,206
Inventory	2,585	2,316
Change in fair value of contingent consideration	1,385	1,444
Lease liabilities - operating leases	601	832
Stock-based compensation	392	408
Other	349	191
Deferred tax assets, gross	16,454	16,609
Valuation allowance	—	—
Deferred tax assets, net	**$ 16,454**	**$ 16,609**
Deferred tax liabilities:		
Right-of-use assets - operating leases	$ (581)	$ (818)
Prepaid insurance	(372)	(419)
Other	(125)	(110)
Deferred tax liabilities	$ (1,078)	(1,347)
Total deferred income tax assets, net	**$ 15,376**	**$ 15,262**

Net Operating Losses and Valuation Allowances

As of December 31, 2020, all federal net operating loss carryforwards were fully utilized.

During the year ended December 31, 2019, the Company decided to write off its gross state net operating loss carryforwards in Minnesota of $13.7 million, as well as the related deferred tax asset and valuation allowance. Management believes on a more-likely-than-not basis that the Minnesota net operating loss carryforwards would not have been utilized.

The rollforward of valuation allowance is as follows (amounts in thousands):

	DECEMBER 31, 2020	DECEMBER 31, 2019
Valuation allowance at beginning of the year	$ —	1,063
Write-off of state net operating losses	—	(1,063)
Expiration of state net operating losses	—	—
Valuation allowance at end of the year	$ —	$ —

Uncertain Tax Positions

The Company establishes accruals for uncertain tax positions that reflect management's best estimate of deductions and credits that may not be sustained on a more-likely-than-not basis. In accordance with ASC 740, Income Taxes, the Company recognizes the effect of income tax positions only if those positions have a more-likely-than-not chance of being sustained by the Company. Recognized income tax positions are measured at the largest amount that is considered greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. There were no uncertain tax positions as of December 31, 2020.

There were no expenses for interest and penalties related to uncertain tax positions for the years ended December 31, 2020, 2019, and 2018. There were no accrued liabilities related to uncertain tax positions as of December 31, 2020 and 2019, respectively.

Statutes of Limitations

The U.S. federal statute of limitations remains open for our 2017 and subsequent tax years. Due to the carryover of the federal net operating losses for years 2009 and forward, income tax returns going back to the 2009 tax year are subject to adjustment.

The Colorado and Minnesota statutes of limitations remain open for our 2016 and subsequent tax years. The Nebraska statute of limitations remains open for our 2017 and subsequent tax years.

The Company's subsidiaries file returns in Texas, Georgia and Florida and Colorado.

The Texas statute of limitations remains open for the 2016 and subsequent tax years. Any Texas adjustments relating to returns filed by the subsidiary partnerships would be borne by the subsidiary partnership entities.

The Georgia statute of limitations remains open for the 2017 and subsequent tax years. Any Georgia adjustments relating to returns filed by the subsidiary partnerships would be borne by the partner.

The Florida statute of limitations will remain open for the 2018 and subsequent tax years. Any Florida adjustments relating to returns filed by the subsidiary partnerships would be borne by the partner.

The Company is not presently under examination by the Internal Revenue Service or state tax authority.

13. EMPLOYEE BENEFITS

We have a qualifying 401(k) defined contribution plan that covers all employees of the Company. Each year, we may make discretionary matching contributions equal to a percentage of the employees' contributions. The Company contributed $0.9 million, $0.8 million and $0.6 million of matching contributions to the 401(k) plan during the years ended December 31, 2020, 2019 and 2018.

14. EARNINGS PER SHARE

The Company's restricted stock awards have the right to receive forfeitable dividends on an equal basis with common stock and therefore are not considered participating securities that must be included in the calculation of net income per share using the two-class method. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during each period, adjusted for non-vested shares of restricted stock awards during each period. Diluted earnings per share is calculated using the treasury stock method and includes the effect of all dilutive securities, including stock options and restricted stock awards.

The computation of basic and diluted net income attributable to Green Brick Partners, Inc. per share is as follows (in thousands, except per share amounts):

	YEARS ENDED DECEMBER 31,		
	2020	2019	2018
Net income attributable to Green Brick Partners, Inc.	$ 113,693	$ 58,656	$ 51,623
Weighted-average number of shares outstanding - basic	50,568	50,530	50,652
Basic net income attributable to Green Brick Partners, Inc. per share	$ 2.25	$ 1.16	$ 1.02
Weighted-average number of shares outstanding - basic	50,568	50,530	50,652
Dilutive effect of stock options and restricted stock awards	227	106	99
Weighted-average number of shares outstanding - diluted	50,795	50,636	50,751
Diluted net income attributable to Green Brick Partners, Inc. per share	$ 2.24	$ 1.16	$ 1.02

The following shares that could potentially dilute earnings per share in the future are not included in the determination of diluted net income attributable to Green Brick Partners, Inc. per common share (in thousands):

YEARS ENDED DECEMBER 31,	2020	2019	2018
Antidilutive options to purchase common stock and restricted stock awards	10	14	8

15. FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

The Company's financial instruments, none of which are held for trading purposes, include cash, restricted cash, receivables, earnest money deposits, other assets, accounts payable, accrued expenses, customer and builder deposits, borrowings on lines of credit, senior unsecured notes, and contingent consideration liability. Per the fair value hierarchy, level 1 financial instruments include: cash, restricted cash, receivables, earnest money deposits, other assets, accounts payable, accrued expenses, and customer and builder deposits due to their short-term nature. The Company estimates that, due to the short-term nature of the underlying financial instruments or the proximity of the underlying transaction to the applicable reporting date, the fair value of level 1 financial instruments does not differ materially from the aggregate carrying values recorded in the consolidated financial statements as of December 31, 2020 and 2019. Level 2 financial instruments include borrowings on lines of credit and senior unsecured notes. Due to the short-term nature and floating interest rate terms, the carrying amounts of borrowings on lines of credit are deemed to approximate fair value. The estimated fair value of the senior unsecured notes as of December 31, 2020 was $125.2 million.

The fair value of the contingent consideration liability related to the GRBK GHO business combination was estimated using an internally developed discounted cash flow analysis. As the measurement of the contingent consideration is based primarily on significant inputs not observable in the market, it represents a level 3 measurement. Key inputs in measuring the fair value of the contingent consideration liability are management's projections of GRBK GHO's net income and debt, and the annual discount rate of 16.5% that reflects the risk associated with achieving the milestones of the contingent consideration payments.

The reconciliation of the beginning and ending balances for level 3 measurements is as follows (in thousands):

	CARRYING VALUE	ESTIMATED FAIR VALUE
Contingent consideration liability, balance as of December 31, 2019	$ 5,267	$ 5,267
Payment of contingent consideration in excess of acquisition date fair value	(5,267)	(5,267)
Expiration of state net operating losses	368	368
Valuation allowance at end of the year	**$ 368**	**$ 368**

There were no transfers between the levels of the fair value hierarchy for any of our financial instruments as of December 31, 2020 when compared to December 31, 2019.

Fair Value of Nonfinancial Instruments

Nonfinancial assets and liabilities include inventory which is measured at cost unless the carrying value is determined to be not recoverable in which case the affected instrument is written down to fair value. Per the fair value hierarchy, these items are level 3 nonfinancial instruments. For additional information on the Company's inventory, refer to Note 4.

16. RELATED PARTY TRANSACTIONS

During 2020, 2019 and 2018, the Company had the following related party transactions through the normal course of business.

Corporate Officers

Trevor Brickman, the son of Green Brick's Chief Executive Officer, is the President of Centre Living. Following a series of transactions described in Note 3, effective December 31, 2019, Green Brick's ownership interest in Centre Living is 90% and Trevor Brickman's ownership interest is 10%. Green Brick has 90% voting control over the operations of Centre Living. As such, 100% of Centre Living's operations are included within our consolidated financial statements. During the year ended December 31, 2020, Trevor Brickman made cash contributions to Centre Living of $0.4 million.

GRBK GHO

GRBK GHO leases office space from entities affiliated with the president of GRBK GHO. During the years ended December 31, 2020 and 2019, and during the period from April 26, 2018 through December 31, 2018, GRBK GHO incurred lease costs of $0.1 million in each period, under such lease agreements. As of December 31, 2020, there were no amounts due to the affiliated entities related to such lease agreements. GRBK GHO receives title closing services on the purchase of land and third-party lots from an entity affiliated with the president of GRBK GHO. During the years ended December 31, 2020 and 2019, and during the period from April 26, 2018 through December 2018, GRBK GHO incurred de minimis fees related to such title closing services. As of December 31, 2020, no amounts were due to the title company affiliate.

17. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Performance Bonds

During the ordinary course of business, certain regulatory agencies and municipalities require the Company to post letters of credit or performance bonds related to development projects. As of December 31, 2020 and 2019, letters of credit and performance bonds outstanding were $9.8 million and $14.4 million, respectively. The Company does not believe that it is likely that any material claims will be made under a letter of credit or performance bond in the foreseeable future.

Warranties

Warranty activity, included in accrued expenses in our consolidated balance sheets, consists of the following (in thousands):

	DECEMBER 31, 2020	DECEMBER 31, 2019
Warranty accrual, beginning of period	$ 3,840	$ 2,980
Warranties issued	4,553	3,358
Changes in liability for existing warranties	(26)	37
Settlements	(1,960)	(2,535)
Warranty accrual, end of period	**$ 6,407**	**$ 3,840**

Operating Leases

The Company has leases associated with office and design center space in Georgia, Texas, and Florida that, at the commencement date, have a lease term of more than 12 months and are classified as operating leases. The exercise of any extension options available in such operating lease contracts is not reasonably certain.

Operating lease cost of $1.3 million and $1.3 million for these leases for the years ended December 31, 2020 and 2019, respectively, is included in selling, general and administrative expense in the consolidated statements of income. For the years ended December 31, 2020 and 2019, cash paid for amounts included in the measurement of operating lease liabilities was $1.3 million and $1.2 million, respectively.

Rental expense for these leases totaled $1.2 million for the year ended December 31, 2018 and was included in selling, general and administrative expense in the consolidated statements of income. As of December 31, 2020, the weighted-average remaining lease term and the weighted-average discount rate used in calculating our lease liabilities were 3.0 years and 4.85%, respectively.

The future annual undiscounted cash flows in relation to the operating leases and a reconciliation of such undiscounted cash flows to the operating lease liabilities recognized in the consolidated balance sheet as of December 31, 2020 are presented below (in thousands):

2021	$ 1,093
2022	816
2023	1,216
2024	86
2025	87
Thereafter	$ 66
Total future lease payments	$ 3,364
Less: Interest	$ 773
Present value of lease liabilities	**$ 2,591**

The Company elected the short-term lease recognition exemption for all leases that, at the commencement date, have a lease term of 12 months or less and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. For such leases, the Company does not recognize right-of-use assets or lease liabilities and instead recognizes lease payments in the consolidated income statements on a straight-line basis. Short-term lease costs of $0.4 million for each of the years ended December 31, 2020 and 2019, related to such lease contracts are included in selling, general and administrative expense in the consolidated statements of income.

Legal Matters

Lawsuits, claims and proceedings may be instituted or asserted against us in the normal course of business. The Company is also subject to local, state and federal laws and regulations related to land development activities, house construction standards, sales practices, title company regulations, employment practices and environmental protection. As a result, the Company may be subject to periodic examinations or inquiry by agencies administering these laws and regulations.

The Company records an accrual for legal claims and regulatory matters when they are probable of occurring and a potential loss is reasonably estimable. The Company accrues for these matters based on facts and circumstances specific to each matter and revises these estimates when necessary.

In view of the inherent difficulty of predicting outcomes of legal claims and related contingencies, the Company generally cannot predict their ultimate resolution, related timing or eventual loss. If evaluations indicate loss contingencies that could be material are not probable, but are reasonably possible, the Company will disclose their nature with an estimate of the possible range of losses or a statement that such loss is not reasonably estimable. We believe that the disposition of legal claims and related contingencies will not have a material adverse effect on our results of operations and liquidity or on our financial condition.

18. SUBSEQUENT EVENTS

Note Purchase Agreement

On February 25, 2021, the Company entered into a Note Purchase Agreement with the several purchasers pursuant to which the Company issued $125 million aggregate principal amount of senior unsecured notes (the "2028 Notes") due on February 25, 2028 at a fixed rate of 3.25% per annum. The Company expects to use the proceeds from the issuance of the 2028 Notes to repay borrowings under the Company's existing revolving credit facilities, to pay fees and expenses incurred in connection with the transaction and for general corporate purposes. Interest will be payable quarterly in arrears commencing on May 25, 2021.

Share Repurchase Program

On March 1, 2021, the Company's Board of Directors authorized a new $50 million stock repurchase program. This plan authorizes the Company to purchase, from time to time, until March 1, 2023, up to $50 million of our outstanding common stock through open market repurchases in compliance with Rule 10b-18 under the Exchange Act and/or in privately negotiated transactions at management's discretion based on market and business conditions, applicable legal requirements and other factors. Shares repurchased will be retired. The plan may be modified or terminated by the Company's Board of Directors at any time in its sole discretion.

SOUTHGATE HOMES - WINDSONG RANCH, PROSPER, TX

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company has established disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and, as such, is accumulated and communicated to the Company's management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure. Management, together with our CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of December 31, 2020. Based on our evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2020.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Under the supervision and with the participation of our management, including the CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2020 based upon Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2020. RSM US LLP, the Company's independent registered public accounting firm, has audited our consolidated financial statements included in this report and has issued an attestation report on the Company's internal control over financial reporting, which is included herein.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2020, there were no changes in our internal controls that have materially affected or are reasonably likely to have a material effect on our internal control over financial reporting.

GHO HOMES - STONEY BROOK FARM, VERO BEACH, FL

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Green Brick Partners, Inc.

Opinion on the Internal Control Over Financial Reporting

We have audited Green Brick Partners, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements of the Company and our report dated March 8, 2021 expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Dallas, Texas
March 8, 2021

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by Part III, Item 10, is incorporated herein by reference to the Company's proxy statement for its 2021 annual meeting of shareholders ("Proxy Statement") to be filed with the SEC no later than 120 days after the end of the Company's fiscal year.

ITEM 11. EXECUTIVE COMPENSATION

Information required by Part III, Item 11, is incorporated herein by reference to the Company's Proxy Statement to be filed with the SEC no later than 120 days after the end of the Company's fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by Part III, Item 12, is incorporated herein by reference to the Company's Proxy Statement to be filed with the SEC no later than 120 days after the end of the Company's fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by Part III, Item 13, is incorporated herein by reference to the Company's Proxy Statement to be filed with the SEC no later than 120 days after the end of the Company's fiscal year.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by Part III, Item 14, is incorporated herein by reference to the Company's Proxy Statement to be filed with the SEC no later than 120 days after the end of the Company's fiscal year.

CENTRE LIVING HOMES - RESERVE AT BLUFFVIEW, DALLAS, TX

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements

See Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules

Financial statements schedules are omitted because they are not required or applicable or the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits

The following exhibits are filed with this Annual Report on Form 10-K or are incorporated herein by reference:

NUMBER	EXHIBIT DESCRIPTION
3.1	Amended and Restated Certificate of Incorporation, (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed October 31, 2014).
3.2	Amended and Restated Bylaws of BioFuel Energy Corp, dated as of March 20, 2009, (incorporated by reference to Exhibit 3.2 to the Company's Form 8-K filed March 23, 2009).
4.1	Specimen Common Stock Certificate, (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed October 31, 2014).
4.2	Description of Capital Stock, (incorporated by reference to Exhibit 4.2 to the Company's Form 10-K filed March 6, 2020).
10.1	Amended and Restated Limited Liability Company Operating Agreement of The Providence Group of Georgia, L.L.C., dated as of July 1, 2011 (incorporated by reference to Exhibit 10.20 to the Company's Registration Statement on Form S-1 (File No. 333-197446) filed on July 16, 2014).
10.2	Second Amended and Restated Company Agreement of CB JENI Homes DFW LLC, dated as of January 1, 2018, (incorporated by reference to Exhibit 10.2 to the Company's Form 10-K filed March 6, 2020).
10.3	Amended and Restated Limited Liability Company Operating Agreement of JBGL A&A, LLC, dated November 15, 2011 (incorporated by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-1 (File No. 333-197446) filed on July 16, 2014).
10.4†	Green Brick Partners, Inc. 2014 Omnibus Equity Incentive Plan (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K filed March 31, 2015).
10.5†	Employment Agreement, dated as of July 22, 2019, between the Company and James R. Brickman (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 26, 2019).

NUMBER	EXHIBIT DESCRIPTION
10.6†	Green Brick Partners, Inc. Stock Option Agreement, dated as of October 27, 2014, between the Company and James R. Brickman (incorporated by reference to Exhibit 10.16 to the Company's Current Report on Form 8-K filed October 31, 2014).
10.7†	Employment Agreement, dated as of October 26, 2020, between the Company and Richard A. Costello (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed January 22, 2021).
10.8†	Employment Agreement, dated as of September 10, 2020, between the Company and Jed Dolson (incorporated by reference to Exhibit 10.8(a) to the Company's Quarterly Report on Form 10-Q filed October 29, 2020).
10.9	Promissory Note, dated as of October 13, 2011, by JBGL Builder Finance LLC for the benefit of Inwood National Bank (incorporated by reference to Exhibit 10.25 to the Company's Registration Statement on Form S-1 (File No. 333-197446) filed on July 16, 2014).
10.10	Promissory Note, dated October 13, 2012, by JBGL Builder Finance LLC for the benefit of Inwood National Bank (incorporated by reference to Exhibit 10.26 to the Company's Registration Statement on Form S-1 (File No. 333-197446) filed on July 16, 2014).
10.11	Second Renewal, Extension and Modification of Promissory Note and Second Amendment to Business Loan Agreement, dated as of October 13, 2013, by and between JBGL Builder Finance LLC and Inwood National Bank (incorporated by reference to Exhibit 10.27 to the Company's Registration Statement on Form S-1 (File No. 333-197446) filed on July 16, 2014).
10.12	Commercial Security Agreement, dated as of October 13, 2011, by and between JBGL Builder Finance LLC and Inwood National Bank (incorporated by reference to Exhibit 10.28 to the Company's Registration Statement on Form S-1 (File No. 333-197446) filed on July 16, 2014).
10.32	Amendment No. 2 to the Credit Agreement, dated as of December 1, 2016, by and among Green Brick Partners, Inc., the lenders named therein, and Citibank, N.A., as agent (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed December 1, 2016).
10.33	Third Amendment to the Credit Agreement, dated as of September 1, 2017, by and among Green Brick Partners, Inc., the lenders named therein, Flagstar Bank, FSB, as successor administrative agent, and Citibank, N.A., as existing administrative agent (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed September 6, 2017).
10.34	Amendment No. 4 to the Credit Agreement, dated as of December 1, 2017, by and among Green Brick Partners, Inc., the lenders named therein, and Flagstar Bank, FSB, as agent (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed December 4, 2017).
10.35	Fifth Amendment to the Credit Agreement, dated as of November 2, 2018, by and among Green Brick Partners, Inc., the lenders named therein, Flagstar Bank, FSB, as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed November 5, 2018).
10.36	Third Modification of Promissory Note, dated as of October 26, 2018 (incorporated by reference to Exhibit 10.52 to the Company's Annual Report on Form 10-K filed March 8, 2019).

NUMBER	EXHIBIT DESCRIPTION
10.37†	Form of Other Stock-Based Award Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 3, 2018).
10.38†	Form of Performance Compensation Award Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed April 3, 2018).
10.39	Note Purchase Agreement, dated as of August 8, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 9, 2019).
10.40	Subsidiary Guaranty Agreement, dated as of August 8, 2019 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed August 9, 2019).
10.41	Note Purchase Agreement, dated as of August 26, 2020, by and among Green Brick Partners, Inc., Prudential Universal Reinsurance Company and The Prudential Insurance Company of America (incorporated by reference to Exhibit 10.41 to the Company's Quarterly Report on Form 10-Q filed October 29, 2020).
10.42	Guaranty Agreement, dated as of August 26, 2020, by and among certain subsidiaries of Green Brick Partners, Inc. (incorporated by reference to Exhibit 10.42 to the Company's Quarterly Report on Form 10-Q filed October 29, 2020).
10.43	Seventh Amendment to the Credit Agreement, dated December 22, 2020, by and among Green Brick Partners, Inc., the lenders named therein, and Flagstar Bank, FSB, as administrative agent (incorporated by reference to Exhibit 10.43 to the Company's Current Report on Form 8-K filed December 30, 2020).
10.44	Registration Rights Agreement, dated as October 27, 2014, by and among the Company and JBGL Exchange (Offshore), LLC, JBGL Willow Crest (Offshore), LLC, JBGL Hawthorne (Offshore), LLC, JBGL Inwood (Offshore), LLC, JBGL Chateau (Offshore), LLC, JBGL Castle Pines (Offshore), LLC, JBGL Lakeside (Offshore), LLC, JBGL Mustang (Offshore), LLC, JBGL Kittyhawk (Offshore), LLC, JBGL Builder Finance (Offshore), LLC, Greenlight Capital Qualified, LP, Greenlight Capital, LP, Greenlight Capital Offshore Partners, Greenlight Reinsurance, Ltd., Greenlight Capital (Gold), LP, Greenlight Capital Offshore Master (Gold), Ltd., Scott L. Roberts, L. Loraine Brickman Revocable Trust, Roger E. Brickman GST Marital Trust, James R. Brickman, Blake Brickman, Jennifer Brickman Roberts, Trevor Brickman and Natalie Brickman, (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed October 31, 2014).
10.45	Note Purchase Agreement, dated February 25, 2021, by and among Green Brick Partners, Inc. and the several purchasers named therein (incorporated by reference to Exhibit 10.45 to the Company's Current Report on Form 8-K filed March 3, 2021).
10.46	Guaranty Agreement, dated as of February 25, 2021, by and among certain subsidiaries of Green Brick Partners, Inc. (incorporated by reference to Exhibit 10.46 to the Company's Current Report on Form 8-K filed March 3, 2021).
21*	List of Subsidiaries of the Company.
23*	Consent of RSM US LLP, Independent Registered Public Accounting Firm to the Company.
31.1*	Certification of the Company's Chief Executive Officer Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).

NUMBER	EXHIBIT DESCRIPTION
31.2*	Certification of the Company's Chief Financial Officer Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).
32.1*	Certification of the Company's Chief Executive Officer Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
32.2*	Certification of the Company's Chief Financial Officer Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document.
104**	Cover Page Interactive Data File (embedded within the Inline XBRL document contained in Exhibit 101).

* Filed with this Annual Report on Form 10-K.

** Submitted electronically herewith.

† Management Contract or Compensatory Plan.

The Company hereby undertakes to furnish a copy of any omitted schedule or exhibit to such agreement to the SEC upon request.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on March 8, 2021.

Green Brick Partners, Inc.
/s/ James R. Brickman
By: James R. Brickman
ts: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated below.

SIGNATURE	TITLE	DATE
/s/ James R. Brickman James R. Brickman	Chief Executive Officer and Director (Principal Executive Officer)	March 8, 2021
/s/ Richard A. Costello Richard A. Costello	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 8, 2021
/s/ Elizabeth K. Blake Elizabeth K. Blake	Director	March 8, 2021
/s/ Harry Brandler Harry Brandler	Director	March 8, 2021
/s/ David Einhorn David Einhorn	Chairman of the Board	March 8, 2021
/s/ John R. Farris John R. Farris	Director	March 8, 2021
/s/ Kathleen Olsen Kathleen Olsen	Director	March 8, 2021
/s/ Richard S. Press Richard S. Press	Director	March 8, 2021

TROPHY SIGNATURE HOMES - PRAIRIE RIDGE, MIDLOTHIAN, TX

Green Brick Partners
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Website: www.greenbrickpartners.com