

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to
Commission file number: 001-33530

Green Brick Partners, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	20-5952523 (IRS Employer Identification Number)
2805 Dallas Pkwy , Ste 400 Plano , TX 75093	(469) 573-6755
(Address of principal executive offices, including Zip Code)	(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	GRBK	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☒
Emerging growth company ☐

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

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

The number of shares of the Registrant's common stock outstanding as of September 30, 2020 was 50,661,919.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	\$ 40,269	\$ 33,269
Restricted cash	10,580	4,416
Receivables	5,651	4,720
Inventory	779,360	753,567
Investments in unconsolidated entities	46,235	30,294
Right-of-use assets - operating leases	2,800	3,462
Property and equipment, net	3,620	4,309
Earnest money deposits	22,263	14,686
Deferred income tax assets, net	15,377	15,262
Intangible assets, net	643	707
Goodwill	680	680
Other assets	17,104	10,167
Total assets	\$ 944,582	\$ 875,539
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable	\$ 23,127	\$ 30,044
Accrued expenses	49,847	24,656
Customer and builder deposits	29,339	23,954
Lease liabilities - operating leases	2,888	3,564
Borrowings on lines of credit, net	93,489	164,642
Senior unsecured notes, net	111,028	73,406
Notes payable	2,131	—
Contingent consideration	210	5,267
Total liabilities	312,059	325,533
Commitments and contingencies		
Redeemable noncontrolling interest in equity of consolidated subsidiary	13,624	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 September 30, 2020 and December 31, 2019, respectively	511	509
Treasury stock, at cost, 391,939 and 391,939 shares as of September 30, 2020 and December 31, 2019, respectively	(3,167)	(3,167)
Additional paid-in capital	292,388	290,799
Retained earnings	320,347	235,027
Total Green Brick Partners, Inc. stockholders' equity	610,079	523,168
Noncontrolling interests	8,820	13,227
Total equity	618,899	536,395
Total liabilities and equity	\$ 944,582	\$ 875,539

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

GREEN BRICK PARTNERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Residential units revenue	\$ 263,885	\$ 199,918	\$ 683,739	\$ 536,560
Land and lots revenue	11,936	9,486	38,182	24,978
Total revenues	275,821	209,404	721,921	561,538
Cost of residential units	198,422	157,243	521,332	421,663
Cost of land and lots	9,513	7,436	29,839	19,503
Total cost of revenues	207,935	164,679	551,171	441,166
Total gross profit	67,886	44,725	170,750	120,372
Selling, general and administrative expenses	(29,177)	(25,061)	(81,718)	(70,584)
Change in fair value of contingent consideration	(210)	(1,492)	(210)	(1,749)
Equity in income of unconsolidated entities	5,299	3,022	13,038	7,565
Other income, net	2,125	3,778	3,004	6,143
Income before income taxes	45,923	24,972	104,864	61,747
Income tax expense	9,969	5,833	17,357	14,993
Net income	35,954	19,139	87,507	46,754
Less: Net income attributable to noncontrolling interests	1,135	3,468	3,124	4,018
Net income attributable to Green Brick Partners, Inc.	\$ 34,819	\$ 15,671	\$ 84,383	\$ 42,736
Net income attributable to Green Brick Partners, Inc. per common share:				
Basic	\$ 0.69	\$ 0.31	\$ 1.67	\$ 0.85
Diluted	\$ 0.68	\$ 0.31	\$ 1.66	\$ 0.84
Weighted average common shares used in the calculation of net income attributable to Green Brick Partners, Inc. per common share:				
Basic	50,617	50,475	50,552	50,564
Diluted	50,876	50,597	50,739	50,642

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

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

For the three months ended September 30, 2020 and 2019:

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Total Green Brick Partners, Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance at June 30, 2020	51,053,858	\$ 511	(391,939)	\$ (3,167)	\$ 292,887	\$ 285,528	\$ 575,759	\$ 8,186	\$ 583,945
Amortization of deferred share-based compensation	—	—	—	—	139	—	139	—	139
Change in fair value of redeemable noncontrolling interest	—	—	—	—	(638)	—	(638)	—	(638)
Net income	—	—	—	—	—	34,819	34,819	634	35,453
Balance at September 30, 2020	51,053,858	\$ 511	(391,939)	\$ (3,167)	\$ 292,388	\$ 320,347	\$ 610,079	\$ 8,820	\$ 618,899

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Total Green Brick Partners, Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance at June 30, 2019	50,879,949	\$ 509	(183,938)	\$ (1,369)	\$ 289,739	\$ 204,591	\$ 493,470	\$ 5,173	\$ 498,643
Share-based compensation	—	—	—	—	73	—	73	—	73
Amortization of deferred share-based compensation	—	—	—	—	136	—	136	—	136
Stock repurchases	—	—	(208,001)	(1,798)	—	—	(1,798)	—	(1,798)
Accretion of redeemable noncontrolling interest	—	—	—	—	1,163	—	1,163	—	1,163
Net income	—	—	—	—	—	15,671	15,671	2,605	18,276
Balance at September 30, 2019	50,879,949	\$ 509	(391,939)	\$ (3,167)	\$ 291,111	\$ 220,262	\$ 508,715	\$ 7,778	\$ 516,493

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

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

For the nine months ended September 30, 2020 and 2019:

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Total Green Brick Partners, Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
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	—	—	1,598	—	1,601	—	1,601
Withholdings from vesting of restricted stock awards	(75,708)	(1)	—	—	(591)	—	(592)	—	(592)
Amortization of deferred share-based compensation	—	—	—	—	357	—	357	—	357
Change in fair value of redeemable noncontrolling interest	—	—	—	—	225	—	225	—	225
Increase in ownership in CB JENI Homes	—	—	—	—	—	937	937	(937)	—
Contributions	—	—	—	—	—	—	—	400	400
Distributions	—	—	—	—	—	—	—	(5,251)	(5,251)
Net income	—	—	—	—	—	84,383	84,383	1,381	85,764
Balance at September 30, 2020	51,053,858	\$ 511	(391,939)	\$ (3,167)	\$ 292,388	\$ 320,347	\$ 610,079	\$ 8,820	\$ 618,899

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Total Green Brick Partners, Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
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	—	—	—	—	215	—	215	—	215
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	—	—	—	—	354	—	354	—	354
Stock repurchases	—	—	(255,183)	(2,186)	—	—	(2,186)	—	(2,186)
Accretion of redeemable noncontrolling interest	—	—	—	—	(1,677)	—	(1,677)	—	(1,677)
Distributions	—	—	—	—	—	—	—	(10,993)	(10,993)
Net income	—	—	—	—	—	42,736	42,736	1,490	44,226
Balance at September 30, 2019	50,879,949	\$ 509	(391,939)	\$ (3,167)	\$ 291,111	\$ 220,262	\$ 508,715	\$ 7,778	\$ 516,493

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

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

	Nine Months Ended September 30,	
	2020	2019
Cash flows from operating activities:		
Net income	\$ 87,507	\$ 46,754
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	2,461	2,443
Share-based compensation expense	1,958	2,035
Change in fair value of contingent consideration	210	1,749
Deferred income taxes, net	(115)	706
Equity in income of unconsolidated entities	(13,038)	(7,565)
Allowances for option deposits and pre-acquisition costs	1,490	520
Distributions of income from unconsolidated entities	7,444	3,390
Changes in operating assets and liabilities:		
Increase in receivables	(931)	(4,668)
Increase in inventory	(25,263)	(71,392)
(Increase) decrease in earnest money deposits	(9,067)	860
Increase in other assets	(6,951)	(623)
(Decrease) increase in accounts payable	(6,917)	8,599
Increase in accrued expenses	25,191	2,141
Payment of contingent consideration in excess of acquisition date fair value	(5,267)	(1,332)
Increase (decrease) in customer and builder deposits	5,385	(4,856)
Net cash provided by (used in) operating activities	64,097	(21,239)
Cash flows from investing activities:		
Investments in unconsolidated entities	(10,347)	—
Purchase of property and equipment	(1,707)	(1,838)
Net cash used in investing activities	(12,054)	(1,838)
Cash flows from financing activities:		
Borrowings from lines of credit	217,500	165,500
Borrowings from senior unsecured notes	37,500	75,000
Repayments of lines of credit	(289,000)	(201,500)
Proceeds from notes payable	10,715	—
Repayments of notes payable	(8,584)	—
Payments of debt issuance costs	(62)	(1,682)
Payment of contingent consideration	—	(514)
Payments of withholding tax on vesting of restricted stock awards	(592)	(544)
Stock repurchases	—	(2,186)
Contributions from noncontrolling interests	400	—
Distributions to redeemable noncontrolling interest	(1,505)	(527)
Distributions to noncontrolling interests	(5,251)	(10,993)
Net cash (used in) provided by financing activities	(38,879)	22,554
Net increase (decrease) in cash and cash equivalents and restricted cash	13,164	(523)
Cash and cash equivalents, beginning of period	33,269	38,315
Restricted cash, beginning of period	4,416	3,440
Cash and cash equivalents and restricted cash, beginning of period	37,685	41,755
Cash and cash equivalents, end of period	40,269	35,123
Restricted cash, end of period	10,580	6,109
Cash and cash equivalents and restricted cash, end of period	\$ 50,849	\$ 41,232

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

Supplemental disclosure of cash flow information:				
Cash paid for interest, net of capitalized interest	\$	—	\$	—
Cash paid for income taxes, net of refunds	\$	10,181	\$	14,313

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

GREEN BRICK PARTNERS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed 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”), but do not include all of the information and footnotes required for complete financial statements. The condensed consolidated balance sheet as of December 31, 2019 was derived from the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019. In the opinion of management, the accompanying unaudited condensed consolidated financial statements for the periods presented reflect all adjustments of a normal, recurring nature necessary to fairly state our financial position, results of operations and cash flows. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019.

Operating results for the three and nine months ended September 30, 2020 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2020 or subsequent periods due to seasonal variations and other factors, such as the effects of novel coronavirus (“COVID-19”) and its influence on our future results.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of Green Brick Partners, Inc., its controlled subsidiaries, and variable interest entities (“VIEs”) 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”).

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, if any, is included in the condensed consolidated statements of income.

Use of Estimates

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

Reclassifications

Beginning in the first quarter of 2020, the Company reclassified the allowances for option deposits and pre-acquisition costs related to option contracts from selling, general and administrative expenses to other (loss) income, net in the consolidated statements of income to conform to current year presentation. There was no impact on net income from the reclassification in any period.

For a complete set of the Company’s significant accounting policies, refer to Note 1 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2019. Newly identified significant accounting policies during the nine months ended September 30, 2020 are presented below.

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.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of*

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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 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. VARIABLE INTEREST ENTITIES

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.

3. INVENTORY

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

	September 30, 2020	December 31, 2019
Homes completed or under construction	\$ 302,070	\$ 314,966
Land and lots - developed and under development	470,791	437,553
Land held for sale	6,499	1,048
Total inventory	<u>\$ 779,360</u>	<u>\$ 753,567</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Interest capitalized at beginning of period	\$ 18,791	\$ 17,199	\$ 18,596	\$ 14,780
Interest incurred	2,010	3,052	7,677	9,066
Interest charged to cost of revenues	(2,999)	(2,324)	(8,471)	(5,919)
Interest capitalized at end of period	<u>\$ 17,802</u>	<u>\$ 17,927</u>	<u>\$ 17,802</u>	<u>\$ 17,927</u>
Capitalized interest as a percentage of inventory	2.3 %	2.5 %	2.3 %	2.5 %

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As of September 30, 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 September 30, 2020, the Company performed impairment analysis of the selling communities with indicators of impairment with a combined corresponding carrying value of approximately \$8.2 million. For the three and nine months ended September 30, 2020, the Company recorded \$0.0 million and a de minimis impairment adjustment, respectively, to reduce the carrying value of impaired communities to fair value.

There was no impairment adjustment related to inventory recorded during the three months ended September 30, 2019. An impairment adjustment of \$0.1 million to reduce the carrying value of impaired communities to fair value was recorded for the nine months ended September 30, 2019.

4. INVESTMENT IN UNCONSOLIDATED ENTITIES

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 August 2020, GRBK Edgewood established a joint venture, GBTM Sendera, LLC (“GBTM Sendera”), with TM Sendera to acquire and develop a tract of land in Fort Worth, Texas. Both parties hold a 50% ownership interest in GBTM Sendera.

On September 1, 2020, the Company increased its ownership interest in GRBK Mortgage, LLC from 49.00% to 49.99%.

A summary of the unaudited condensed financial information of the six unconsolidated entities that are accounted for by the equity method is as follows (in thousands):

	September 30, 2020	December 31, 2019
Assets:		
Cash	\$ 17,771	\$ 11,699
Accounts receivable	1,446	3,252
Bonds and notes receivable	7,342	5,864
Loans held for sale, at fair value	21,801	23,143
Inventory	108,006	73,704
Other assets	8,153	4,012
Total assets	<u>\$ 164,519</u>	<u>\$ 121,674</u>
Liabilities:		
Accounts payable	\$ 6,635	\$ 1,726
Accrued expenses and other liabilities	11,270	7,784
Notes payable	61,684	58,223
Total liabilities	<u>\$ 79,589</u>	<u>\$ 67,733</u>
Owners' equity:		
Green Brick	\$ 42,260	\$ 25,910
Others	42,670	28,031
Total owners' equity	<u>\$ 84,930</u>	<u>\$ 53,941</u>
Total liabilities and owners' equity	<u>\$ 164,519</u>	<u>\$ 121,674</u>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues	\$ 50,068	\$ 42,428	\$ 138,381	\$ 116,786
Costs and expenses	39,188	36,227	111,340	101,348
Net earnings of unconsolidated entities	<u>\$ 10,880</u>	<u>\$ 6,201</u>	<u>\$ 27,041</u>	<u>\$ 15,438</u>
Company's share in net earnings of unconsolidated entities	5,299	3,022	\$ 13,038	\$ 7,565

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
GB Challenger, LLC	\$ 3,825	\$ 2,572	\$ 9,391	\$ 6,574
Green Brick Mortgage, LLC	1,498	340	3,658	668
Providence Group Title, LLC	—	111	14	323
EJB River Holdings, LLC	—	—	(1)	—
GBTM Sendra, LLC	—	—	—	—
BHome Mortgage, LLC	(24)	—	(24)	—
Total net earnings from unconsolidated entities	\$ 5,299	\$ 3,022	\$ 13,038	\$ 7,565

GBTM Sendra, LLC

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

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

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

As of September 30, 2020, the carrying amount of GBTM Sendra assets was \$19.6 million, and GBTM Sendra had no liabilities. Assets were comprised of real estate inventory and cash. As of September 30, 2020, the Company's maximum exposure to loss as a result of its involvement with GBTM Sendra was \$9.8 million, represented by the sum of the Company's investment in GBTM Sendra of \$9.0 million and an additional \$0.8 million contribution made each by GRBK Edgewood and TM Sendra.

5. DEBT

Lines of Credit

Borrowings on lines of credit outstanding, net of debt issuance costs, as of September 30, 2020 and December 31, 2019 consisted of the following (in thousands):

	September 30, 2020	December 31, 2019
Secured Revolving Credit Facility	\$ 4,000	\$ 38,000
Unsecured Revolving Credit Facility	90,500	128,000
Debt issuance costs, net of amortization	(1,011)	(1,358)
Total borrowings on lines of credit, net	\$ 93,489	\$ 164,642

Secured Revolving Credit Facility

The Company is party to a revolving credit facility (the “Secured Revolving Credit Facility”) with Inwood National Bank, which provides for an aggregate commitment amount of \$35.0 million. On May 22, 2020, the Company amended the Secured Revolving 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 September 30, 2020, the maturity date of the Secured Revolving Credit Facility is May 1, 2022.

As of September 30, 2020, letters of credit outstanding totaling \$7.2 million reduced the aggregate maximum commitment amount to \$27.8 million.

As of September 30, 2020, the interest rate on outstanding borrowings under the Secured Revolving Credit Facility was 4.00% per annum.

Unsecured Revolving Credit Facility

The Company is party to a credit agreement, providing for a senior, unsecured revolving credit facility (the “Unsecured Revolving Credit Facility”). The Unsecured Revolving Credit Facility provides aggregate lending commitments of up to \$215.0 million. As of September 30, 2020, 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 and December 14, 2022 for \$185.0 million out of the aggregate lending commitment of \$215.0 million. As of September 30, 2020, the interest rates on outstanding borrowings under the Unsecured Revolving Credit Facility ranged from 2.64% to 2.66% per annum.

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.

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” penalty 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 condensed 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 commencing on November 26, 2020.

6. REDEEMABLE NONCONTROLLING INTEREST

The Company has a noncontrolling interest attributable to the 20% minority interest in GRBK GHO Homes, LLC (“GRBK GHO”) owned by our Florida-based partner that is included as redeemable noncontrolling interest in equity of consolidated subsidiary in the Company’s condensed consolidated financial statements.

In February 2020, the Company and the minority partner of GRBK GHO amended the operating agreement of GRBK GHO to change the initial date upon which the put and purchase options related to the redeemable noncontrolling interest can be exercised from April 2021 to April 2024.

The following tables show the changes in redeemable noncontrolling interest in equity of consolidated subsidiary during the three and nine months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30,	
	2020	2019
Redeemable noncontrolling interest, beginning of period	\$ 12,485	\$ 12,509
Net income attributable to redeemable noncontrolling interest partner	501	863
Distributions of income to redeemable noncontrolling interest partner	—	—
Change in fair value of redeemable noncontrolling interest	638	(1,163)
Redeemable noncontrolling interest, end of period	<u>\$ 13,624</u>	<u>\$ 12,209</u>

	Nine Months Ended September 30,	
	2020	2019
Redeemable noncontrolling interest, beginning of period	\$ 13,611	\$ 8,531
Net income attributable to redeemable noncontrolling interest partner	1,743	2,528
Distributions of income to redeemable noncontrolling interest partner	(1,505)	(527)
Change in fair value of redeemable noncontrolling interest	(225)	1,677
Redeemable noncontrolling interest, end of period	<u>\$ 13,624</u>	<u>\$ 12,209</u>

Under the terms of the purchase agreement, 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 January 1, 2019 through December 31, 2019, and contingent consideration of \$5.3 million was earned by the minority partner in 2019 and paid by the Company in April 2020 in addition to a \$1.5 million distribution of income. As of September 30, 2020, the estimate of the undiscounted contingent consideration payouts for the period from January 1, 2020 through April 26, 2021 was \$0.4 million.

7. SHARE-BASED COMPENSATION

Share-Based Award Activity

During the nine months ended September 30, 2020, the Company granted stock awards (“SAs”) under its 2014 Omnibus Equity Incentive Plan to executive officers (“EOs”) and restricted stock awards (“RSA”) to non-employee members of the Board of Directors (“BOD”). The SAs granted to the EOs were 100% vested and non-forfeitable on the grant date. Some members of the BOD elected to defer up to 100% of their annual retainer fee in the form of RSAs. The RSAs granted to the BOD 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 2021 Annual Meeting of Stockholders. The fair value of the SAs granted to EOs and RSAs granted to non-employee members of the BOD were recorded as share-based compensation expense on the grant date and over the vesting period, respectively. The Company withheld 75,708 shares of common stock from EOs, at a total cost of \$0.6 million, to satisfy statutory minimum tax requirements upon grant of the SAs.

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A summary of share-based awards activity during the nine months ended September 30, 2020 is as follows:

	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value per Share
Nonvested, December 31, 2019	59	\$ 9.05
Granted	250	\$ 8.63
Vested	(264)	\$ 8.10
Forfeited	—	\$ —
Nonvested, September 30, 2020	45	\$ 12.33

Stock Options

A summary of stock options activity during the nine months ended September 30, 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, September 30, 2020	500	\$ 7.49	4.08	\$ 4,305
Options exercisable, September 30, 2020	500	\$ 7.49	4.08	\$ 4,305

Share-Based Compensation Expense

Share-based compensation expense was \$0.1 million and \$0.2 million for the three months ended September 30, 2020 and 2019, respectively. Recognized tax benefit related to share-based compensation expense was de minimis for the three months ended September 30, 2020 and 2019.

Share-based compensation expense was \$2.0 million and \$2.0 million for the nine months ended September 30, 2020 and 2019, respectively. Recognized tax benefit related to share-based compensation expense was \$0.4 million and \$0.5 million for the nine months ended September 30, 2020 and 2019, respectively.

As of September 30, 2020, the estimated total remaining unamortized share-based compensation expense related to unvested RSAs, net of forfeitures, was \$0.4 million which is expected to be recognized over a weighted-average period of 0.7 years.

8. 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 for the three and nine months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30, 2020		Three Months Ended September 30, 2019	
	Residential units revenue	Land and lots revenue	Residential units revenue	Land and lots revenue
<i>Primary Geographical Market</i>				
Central	\$ 191,634	\$ 11,894	\$ 104,685	\$ 8,746
Southeast	72,251	42	95,233	740
Total revenues	<u>\$ 263,885</u>	<u>\$ 11,936</u>	<u>\$ 199,918</u>	<u>\$ 9,486</u>
<i>Type of Customer</i>				
Homebuyers	\$ 263,885	\$ —	\$ 199,918	\$ 185
Homebuilders	—	11,936	—	9,301
Total revenues	<u>\$ 263,885</u>	<u>\$ 11,936</u>	<u>\$ 199,918</u>	<u>\$ 9,486</u>
<i>Product Type</i>				
Residential units	\$ 263,885	\$ —	\$ 199,918	\$ —
Land and lots	—	11,936	—	9,486
Total revenues	<u>\$ 263,885</u>	<u>\$ 11,936</u>	<u>\$ 199,918</u>	<u>\$ 9,486</u>
<i>Timing of Revenue Recognition</i>				
Transferred at a point in time	\$ 262,319	\$ 11,936	\$ 197,280	\$ 9,486
Transferred over time	1,566	—	2,638	—
Total revenues	<u>\$ 263,885</u>	<u>\$ 11,936</u>	<u>\$ 199,918</u>	<u>\$ 9,486</u>

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	Nine Months Ended September 30, 2020		Nine Months Ended September 30, 2019	
	Residential units revenue	Land and lots revenue	Residential units revenue	Land and lots revenue
<i>Primary Geographical Market</i>				
Central	\$ 466,910	\$ 37,900	\$ 268,278	\$ 24,228
Southeast	216,829	282	268,282	750
Total revenues	<u>\$ 683,739</u>	<u>\$ 38,182</u>	<u>\$ 536,560</u>	<u>\$ 24,978</u>
<i>Type of Customer</i>				
Homebuyers	\$ 683,739	\$ —	\$ 536,560	\$ 185
Homebuilders	—	38,182	—	24,793
Total revenues	<u>\$ 683,739</u>	<u>\$ 38,182</u>	<u>\$ 536,560</u>	<u>\$ 24,978</u>
<i>Product Type</i>				
Residential units	\$ 683,739	\$ —	\$ 536,560	\$ —
Land and lots	—	38,182	—	24,978
Total revenues	<u>\$ 683,739</u>	<u>\$ 38,182</u>	<u>\$ 536,560</u>	<u>\$ 24,978</u>
<i>Timing of Revenue Recognition</i>				
Transferred at a point in time	\$ 678,352	\$ 38,182	\$ 529,003	\$ 24,978
Transferred over time	5,387	—	7,557	—
Total revenues	<u>\$ 683,739</u>	<u>\$ 38,182</u>	<u>\$ 536,560</u>	<u>\$ 24,978</u>

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 condensed consolidated balance sheets are as follows (in thousands):

	September 30, 2020	December 31, 2019
Customer and builder deposits	\$ 29,339	\$ 23,954

The difference between the opening and closing balances of customer and builder deposits results from the timing difference between the customers' payments of deposits 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 three and nine months ended September 30, 2020 and 2019 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<i>Type of Customer</i>				
Homebuyers	\$ 6,436	\$ 7,661	\$ 16,147	\$ 13,335
Homebuilders	1,135	981	5,415	2,663
Total deposits recognized as revenue	<u>\$ 7,571</u>	<u>\$ 8,642</u>	<u>\$ 21,562</u>	<u>\$ 15,998</u>

Performance Obligations

There was no revenue recognized during the nine months ended September 30, 2020 and 2019 from performance obligations satisfied in prior periods.

Transaction Price Allocated to the Remaining Performance Obligations

The aggregate amount of transaction price allocated to the remaining performance obligations on our land sale and lot option contracts is \$22.1 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):

	Total
Remainder of 2020	\$ 3,669
2021	15,510
2022	2,919
Total	\$ 22,098

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, *Revenue from Contracts with Customers*, and therefore has not disclosed the transaction price allocated to remaining performance obligations as of the end of the reporting period.

9. SEGMENT INFORMATION

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.

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<i>Revenues: ⁽¹⁾</i>				
Builder operations				
Central	\$ 191,749	\$ 104,685	\$ 467,409	\$ 268,278
Southeast	72,293	95,973	217,111	269,032
Total builder operations	264,042	200,658	684,520	537,310
Land development	11,779	8,746	37,401	24,228
Total revenues	\$ 275,821	\$ 209,404	\$ 721,921	\$ 561,538
<i>Gross profit:</i>				
Builder operations				
Central	\$ 52,616	\$ 24,237	\$ 122,561	\$ 60,257
Southeast	19,586	23,540	58,173	67,682
Total builder operations	72,202	47,777	180,734	127,939
Land development	2,661	2,300	9,436	6,202
Corporate, other and unallocated ⁽²⁾	(6,977)	(5,352)	(19,420)	(13,769)
Total gross profit	\$ 67,886	\$ 44,725	\$ 170,750	\$ 120,372

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(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<u>Income before income taxes:</u>				
Builder operations				
Central	\$ 32,621	\$ 9,960	\$ 69,626	\$ 22,345
Southeast	10,964	12,486	31,677	36,852
Total builder operations	43,585	22,446	101,303	59,197
Land development	2,540	4,784	8,627	10,300
Corporate, other and unallocated ⁽³⁾	(202)	(2,258)	(5,066)	(7,750)
Income before income taxes	\$ 45,923	\$ 24,972	\$ 104,864	\$ 61,747
			September 30, 2020	December 31, 2019
<u>Inventory:</u>				
Builder operations				
Central			\$ 384,496	\$ 251,677
Southeast			167,988	168,140
Total builder operations			552,484	419,817
Land development			201,181	308,071
Corporate, other and unallocated ⁽⁴⁾			25,695	25,679
Total inventory			\$ 779,360	\$ 753,567
<u>Goodwill:</u>				
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 condensed consolidated statements of income in periods when our builders have revenues from land or lot closings, which for the three and nine months ended September 30, 2020 were \$0.2 million and \$0.8 million, respectively, compared to \$0.7 million and 0.8 million for the three and nine months ended September 30, 2019.
- (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) Corporate, other and unallocated loss before income taxes includes results from Green Brick Title, LLC and investments in unconsolidated subsidiaries.
- (4) Corporate, other and unallocated inventory consists of capitalized overhead and interest related to work in process and land under development.

10. INCOME TAXES

The Company's income tax expense for the three and nine months ended September 30, 2020 was \$10.0 million and \$17.4 million, respectively, compared to \$5.8 million and \$15.0 million in the prior year periods. The effective tax rate was 21.7% and 16.6% for the three and nine months ended September 30, 2020, respectively, compared to 23.4% and 24.3% in the comparable prior year periods. The change in the effective tax rate for the three and nine months ended September 30, 2020 relates primarily to the tax benefit of \$7.4 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.

11. EARNINGS PER SHARE

The Company's RSAs 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 nonvested shares of RSAs 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 RSAs.

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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income attributable to Green Brick Partners, Inc.	\$ 34,819	\$ 15,671	\$ 84,383	\$ 42,736
Weighted-average number of shares outstanding - basic	50,617	50,475	50,552	50,564
Basic net income attributable to Green Brick Partners, Inc. per share	\$ 0.69	\$ 0.31	\$ 1.67	\$ 0.85
Weighted-average number of shares outstanding - basic	50,617	50,475	50,552	50,564
Dilutive effect of stock options and restricted stock awards	259	122	187	78
Weighted-average number of shares outstanding - diluted	50,876	50,597	50,739	50,642
Diluted net income attributable to Green Brick Partners, Inc. per share	\$ 0.68	\$ 0.31	\$ 1.66	\$ 0.84

The following shares which 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Antidilutive options to purchase common stock and restricted stock awards	—	—	4	19

12. FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

The Company's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, 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 and cash equivalents, 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 condensed consolidated financial statements as of September 30, 2020 and December 31, 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 September 30, 2020 was \$120.1 million.

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The fair value of the contingent consideration liability related to the GRBK GHO business combination was estimated using the 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):

	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
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)
Change in fair value of contingent consideration	(210)	(210)
Contingent consideration liability, balance as of September 30, 2020	<u>\$ (210)</u>	<u>\$ (210)</u>

There were no transfers between the levels of the fair value hierarchy for any of our financial instruments during the three and nine months ended September 30, 2020.

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. The fair value of inventory is primarily determined by discounting the estimated future cash flow of each community using various unobservable inputs in our impairment analysis. Per the fair value hierarchy, these items are level 3 nonfinancial instruments. For additional information on the Company's inventory, refer to Note 3.

13. RELATED PARTY TRANSACTIONS

During the three and nine months ended September 30, 2020 and 2019, the Company had the following related party transactions in the normal course of business.

Corporate Officers

Trevor Brickman, the son of Green Brick's Chief Executive Officer, is the President of CLH20, LLC ("Centre Living"). 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 condensed consolidated financial statements. During the three and nine months ended September 30, 2020, Trevor Brickman made cash contributions to Centre Living of \$0.0 million and \$0.4 million respectively.

GRBK GHO

GRBK GHO leases office space from entities affiliated with the president of GRBK GHO. During the three and nine months ended September 30, 2020, GRBK GHO incurred de minimis rent expense under such lease agreements. As of September 30, 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 nine months ended September 30, 2020, GRBK GHO incurred de minimis fees related to such title closing services. As of September 30, 2020, no amounts were due to the title company affiliate.

14. 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 September 30, 2020 and December 31, 2019, letters of credit outstanding were \$7.2 million and \$9.0 million, and performance bonds outstanding totaled \$10.4 million and \$5.4

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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 accruals are included within accrued expenses on the condensed consolidated balance sheets. Warranty activity during the three and nine months ended September 30, 2020 and 2019 consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Warranty accrual, beginning of period	\$ 4,851	\$ 2,898	\$ 3,840	\$ 2,980
Warranties issued	1,137	930	2,992	2,351
Changes in liability for existing warranties	51	169	(88)	72
Settlements	(638)	(639)	(1,343)	(2,045)
Warranty accrual, end of period	\$ 5,401	\$ 3,358	\$ 5,401	\$ 3,358

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 \$0.3 million and \$0.9 million for the three and nine months ended September 30, 2020, respectively, and \$0.3 million and \$0.9 million in the prior year periods, is included in selling, general and administrative expenses in the condensed consolidated statements of income. Cash paid for amounts included in the measurement of operating lease liabilities was \$0.3 million and \$0.9 million, respectively, for the three and nine months ended September 30, 2020 and 2019.

As of September 30, 2020, the weighted-average remaining lease term and the weighted-average discount rate used in calculating our lease liabilities were 2.6 years and 5.3%, 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 condensed consolidated balance sheet as of September 30, 2020 are presented below (in thousands):

Remainder of 2020	\$ 334
2021	1,092
2022	817
2023	1,216
2024	86
Thereafter	153
Total future lease payments	\$ 3,698
Less: Interest	810
Present value of lease liabilities	\$ 2,888

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 ROU assets or lease liabilities and instead recognizes lease payments in the condensed consolidated income statements on a straight-line basis. Short-term lease cost of \$0.1 million and \$0.3 million for the three and nine months ended September 30, 2020, respectively, and \$0.1 million and \$0.3 million for the comparable prior year periods, is included in selling, general and administrative expenses in the condensed 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.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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. These forward-looking statements typically include the words "anticipate," "believe," "consider," "estimate," "expect," "forecast," "intend," "objective," "plan," "predict," "projection," "seek," "strategy," "target," "will" or other words of similar meaning. Some of them are opinions formed based upon general observations, anecdotal evidence and industry experience, but that are not supported by specific investigation or analysis. Forward-looking statements in this Quarterly Report include statements concerning (1) our balance sheet strategy and belief that we have ample liquidity; (2) our goals and strategies and their anticipated benefits; (3) the effects of COVID-19 pandemic on the homebuilding industry and our results of operations, business and liquidity, including the impact on demand for new home sales, closings and cancellations; (4) our intentions and the expected benefits and advantages of our product and land positioning strategies; (5) our beliefs regarding average industry cancellation rates; (6) expectations regarding our industry and our business in the remainder of 2020 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 statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any future results, performance or achievements described in or implied by such statements. Actual results may differ materially from expected results described in our forward-looking statements, including with respect to correct measurement and identification of factors affecting our business or the extent of their likely impact, the accuracy and completeness of the publicly available information with respect to the factors upon which our business strategy is based or the success of our business. In addition, even if results are consistent with the forward-looking statements contained in this Quarterly Report on Form 10-Q, those results may not be indicative of results or developments in subsequent periods. Furthermore, industry forecasts are likely to be inaccurate, especially over long periods of time and in industries particularly sensitive to market conditions such as land development, homebuilding and builder financing.

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 for at anticipated prices or difficulty in obtaining land-use entitlements; (7) our inability to successfully execute our strategies; (8) a failure to recruit, retain or develop highly skilled and competent employees; (9) government regulation risks; (10) a lack of availability or

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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; and (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 our Annual Report on Form 10-K for the year ended December 31, 2019 and in Part II, Item 1A of this Quarterly Report on Form 10-Q 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 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission ("SEC") on March 6, 2020. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

Overview and Outlook

For the quarter ended September 30, 2020, we delivered record results in three of our four key financial and operating metrics. 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 same period in 2019, are provided below:

	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Home deliveries	Increased by 40.4%	Increased by 34.7%
Home closings revenue	Increased by 33.0%	Increased by 28.2%
Average sales price of homes delivered	Decreased by 5.3%	Decreased by 4.8%
Net new home orders	Increased by 88.8%	Increased by 52.7%

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 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. Although 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 quarter with an increase in net sales by 29.2%, 134.8% and 124.2% during July, August, and September 2020 over the prior monthly periods. The initial recovery and overwhelming 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.

Three Months Ended September 30, 2020 Compared to the Three Months Ended September 30, 2019

Residential Units Revenue and New Homes Delivered

The table below represents residential units revenue and new homes delivered for the three months ended September 30, 2020 and 2019 (dollars in thousands):

	Three Months Ended September 30,			
	2020	2019	Change	%
Home closings revenue	\$ 262,319	\$ 197,280	\$ 65,039	33.0%
Mechanic's lien contracts revenue	1,566	2,638	(1,072)	(40.6)%
Residential units revenue	\$ 263,885	\$ 199,918	\$ 63,967	32.0%
New homes delivered	622	443	179	40.4%
Average sales price of homes delivered	\$ 421.7	\$ 445.3	\$ (23.6)	(5.3)%

The \$64.0 million increase in residential units revenue was primarily driven by the 40.4% increase in new homes delivered, which was primarily due to a large backlog of homes entering the quarter, an increased number of units under construction entering the quarter, a 58.2% increase in our absorption rate for net new home orders per average active selling community, and an organic increase in the number of active selling communities. The 5.3% decrease in the average sales price of homes delivered for the three months ended September 30, 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 lien contracts (dollars in thousands):

	Three Months Ended September 30,		Change	%
	2020	2019		
Net new home orders	823	436	387	88.8 %
Cancellation rate	11.7 %	12.6 %	(0.9)%	(7.1)%
Absorption rate per average active selling community per quarter	8.7	5.5	3.2	58.2 %
Average active selling communities	95	80	15	18.8 %
Active selling communities at end of period	100	85	15	17.6 %
Backlog	\$ 553,058	\$ 319,739	\$ 233,319	73.0 %
Backlog (units)	1,200	710	490	69.0 %
Average sales price of backlog	\$ 460.9	\$ 450.3	\$ 10.6	2.4 %

Net new home orders increased 88.8% over the prior year period. The increase reflects the strong performance of our new Trophy brand division, an 18.8% 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 58.2% year over year. Although uncertainty caused by COVID-19 dramatically slowed net new home order volume in late March and April 2020, since then we have experienced significant increases in sales order activity. Our rate of sales accelerated in the third quarter with an increase in net sales of 29.2%, 134.8% and 124.2% during July, August, and September 2020 over the prior monthly periods.

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 11.7% for the three months ended September 30, 2020, compared to 12.6% for the three months ended September 30, 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.

The \$233.3 million increase in value of backlog was due to the 69.0% increase in the number of homes in backlog and the 2.4% increase in the average sales price of backlog. The 69.0% increase in the number of homes in backlog was due to a 58.2% increase in the absorption rate per average active selling community and a 18.8% increase in the number of average active selling communities, as well as the record level of backlog entering the quarter. The increase of the average sales price of homes in backlog was the result of change in product mix.

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Residential Units Gross Margin

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

	Three Months Ended September 30,			
	2020		2019	
Home closings revenue	\$	262,319	100.0 %	\$ 197,280 100.0 %
Cost of homebuilding units		197,135	75.2 %	155,576 78.9 %
Homebuilding gross margin	\$	65,184	24.8 %	\$ 41,704 21.1 %
Mechanic's lien contracts revenue	\$	1,566	100.0	\$ 2,638 100.0 %
Cost of mechanic's lien contracts		1,287	82.2	1,667 63.2 %
Mechanic's lien contracts gross margin	\$	279	17.8	\$ 971 36.8 %
Residential units revenue	\$	263,885	100.0 %	\$ 199,918 100.0 %
Cost of residential units		198,422	75.2 %	157,243 78.7 %
Residential units gross margin	\$	65,463	24.8 %	\$ 42,675 21.3 %

Cost of residential units for the three months ended September 30, 2020 increased by \$41.2 million, or 26.2%, compared to the three months ended September 30, 2019, primarily due to the 40.4% increase in the number of new homes delivered.

Residential units gross margin for the three months ended September 30, 2020 increased to 24.8%, compared to 21.3% for the three months ended September 30, 2019, primarily because of a decrease in sales incentives offered to customers, price increases to homes sold in certain communities, and 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):

	Three Months Ended September 30,		Change	%
	2020	2019		
Lots revenue	\$ 11,936	\$ 9,486	\$ 2,450	25.8 %
Land revenue	—	—	—	—
Land and lots revenue	\$ 11,936	\$ 9,486	\$ 2,450	25.8 %
Lots closed	138	61	77	126.2 %
Average sales price of lots closed	\$ 86.5	\$ 155.5	\$ (69.0)	(44.4)%

Lots revenue increased by 25.8%, primarily driven by a 126.2% increase in the number of lots closed. The average lot price decreased by 44.4% 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 expenses (dollars in thousands):

	Three Months Ended September 30,		As Percentage of Segment Revenue	
	2020	2019	2020	2019
Builder operations	\$ 29,030	\$ 24,112	11.0 %	12.0 %
Land development	161	485	1.4 %	5.5 %
Corporate, other and unallocated	(14)	464	—	—
Total selling, general and administrative expenses	\$ 29,177	\$ 25,061	10.6 %	12.0 %

The 1.4% decrease of total selling, general and administrative expenses as a percentage of revenue was primarily driven by headcount reductions and higher revenues partially offset by an increase in commission expenses.

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Builder Operations

The 1.0% decrease in selling, general and administrative expenses as a percentage of revenue for builder operations was primarily attributable to an increase in builder operations revenues. 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 4.1% decrease in selling, general and administrative expenses 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 expenses for the corporate, other and unallocated non-operating segment for the three months ended September 30, 2020 was \$0.0 million, compared to \$0.5 million for the three months ended September 30, 2019, the decrease driven primarily by an increase in capitalized overhead adjustments that are not allocated to builder operations and land development segments.

Equity in Income of Unconsolidated Entities

Equity in income of unconsolidated entities increased to \$5.3 million, or 75.3%, for the three months ended September 30, 2020, compared to \$3.0 million for the three months ended September 30, 2019, primarily due to an increase in earnings from GB Challenger, LLC and Green Brick Mortgage, LLC.

Other (Loss) Income, Net

Other income, net, decreased to \$2.1 million for the three months ended September 30, 2020, compared to income of \$3.8 million for the three months ended September 30, 2019, the decrease is primarily attributable to the impact of customer earnest money deposits of \$2.6 million on the sale of finished lots forfeited during the three months ended September 30, 2019, and partially offset by an increase of title closing and settlement services of \$0.8 million arising from a higher volume of closings during the period.

Income Tax Expense

Income tax expense was \$10.0 million for the three months ended September 30, 2020 compared to a \$5.8 million for the three months ended September 30, 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.

Nine Months Ended September 30, 2020 Compared to the Nine Months Ended September 30, 2019

Residential Units Revenue and New Homes Delivered

The table below represents residential units revenue and new homes delivered for the nine months ended September 30, 2020 and 2019 (dollars in thousands):

	Nine Months Ended September 30,		Change	%
	2020	2019		
Home closings revenue	\$ 678,352	\$ 529,003	\$ 149,349	28.2%
Mechanic's lien contracts revenue	5,387	7,557	(2,170)	(28.7)%
Residential units revenue	<u>\$ 683,739</u>	<u>\$ 536,560</u>	<u>\$ 147,179</u>	<u>27.4%</u>
New homes delivered	1,623	1,205	418	34.7%
Average sales price of homes delivered	\$ 418.0	\$ 439.0	\$ (21.0)	(4.8)%

The \$149.3 million increase in residential units revenue was driven by the 34.7% increase in new homes delivered, which was due to a 25.5% increase in our absorption rate for net new home orders per average active selling community, as well as an organic increase in the number of active selling communities. The 4.8% decrease in the average sales price of homes delivered for the nine months ended September 30, 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 lien contracts (dollars in thousands):

	Nine Months Ended September 30,		Change	%
	2020	2019		
Net new home orders	2,037	1,334	703	52.7 %
Cancellation rate	14.7 %	13.7 %	1.0 %	7.3 %
Absorption rate per average active selling community per quarter	6.9	5.5	1.4	25.5 %
Average active selling communities	98	81	17	21.0 %
Active selling communities at end of period	100	85	15	17.6 %

Net new home orders increased 52.7% over the prior year period. The increase reflects the strong performance of our new Trophy brand division, a 21.0% 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 25.5% year over year. Although uncertainty caused by COVID-19 dramatically slowed net new home order volume in late March and April 2020, since then we have experienced significant increases in sales order activity. Our rate of sales accelerated in the third quarter with an increase in net sales of 29.2%, 134.8% and 124.2% during July, August, and September 2020 over the prior monthly periods.

Our cancellation rate, which refers to sales contracts canceled divided by sales contracts executed during the relevant period, was 14.7% for the nine months ended September 30, 2020, compared to 13.7% for the nine months ended September 30, 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.

Residential Units Gross Margin

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

	Nine Months Ended September 30,			
	2020		2019	
Home closings revenue	\$ 678,352	100.0 %	\$ 529,003	100.0 %
Cost of homebuilding units	516,902	76.2 %	416,300	78.7 %
Homebuilding gross margin	\$ 161,450	23.8 %	\$ 112,703	21.3 %
Mechanic's lien contracts revenue	\$ 5,387	100.0	\$ 7,557	100.0 %
Cost of mechanic's lien contracts	4,430	82.2	5,363	71.0 %
Mechanic's lien contracts gross margin	\$ 957	17.8	\$ 2,194	29.0 %
Residential units revenue	\$ 683,739	100.0 %	\$ 536,560	100.0 %
Cost of residential units	521,332	76.2 %	421,663	78.6 %
Residential units gross margin	\$ 162,407	23.8 %	\$ 114,897	21.4 %

Cost of residential units for the nine months ended September 30, 2020 increased by \$99.7 million, or 23.6%, compared to the nine months ended September 30, 2019, primarily due to the 34.7% increase in the number of new homes delivered.

Residential units gross margin for the nine months ended September 30, 2020 increased to 23.8%, compared to 21.4% for the nine months ended September 30, 2019, primarily because of a decrease in sales incentives offered to customers, price increases to homes sold in certain communities, and 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):

	Nine Months Ended September 30,		Change	%
	2020	2019		
Lots revenue	\$ 37,798	\$ 24,968	\$ 12,830	51.4 %
Land revenue	384	10	374	3,740.0 %
Land and lots revenue	<u>\$ 38,182</u>	<u>\$ 24,978</u>	<u>\$ 13,204</u>	<u>52.9 %</u>
Lots closed	302	166	136	81.9 %
Average sales price of lots closed	\$ 125.2	\$ 150.4	\$ (25.2)	(16.8)%

Lots revenue increased by 51.4%, driven by a 81.9% increase in the number of lots closed. The average lot price decreased by 16.8% 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 expenses (dollars in thousands):

	Nine Months Ended September 30,		As Percentage of Segment Revenue	
	2020	2019	2020	2019
Builder operations	\$ 79,075	\$ 66,550	11.6 %	12.4 %
Land development	772	1,219	2.1 %	5.0 %
Corporate, other and unallocated	1,871	2,815	—	—
Total selling, general and administrative expenses	<u>\$ 81,718</u>	<u>\$ 70,584</u>	<u>11.3 %</u>	<u>12.6 %</u>

The 1.3% decrease of total selling, general and administrative expenses as a percentage of revenue was primarily driven by headcount reductions and an increase in revenues.

Builder Operations

The 0.8% decrease in selling, general and administrative expenses as a percentage of revenue for builder operations was primarily attributable to increases in builder operations revenues and the payroll deductions noted above. 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 2.9% decrease in selling, general and administrative expenses as a percentage of revenue for land development was primarily attributable to internal cost efficiencies, as some of our selling, general and administrative expenses did not increase with the increase of land development segment revenues.

Corporate, Other and Unallocated

Selling, general and administrative expenses for the corporate, other and unallocated non-operating segment for the nine months ended September 30, 2020 was \$1.9 million, compared to \$2.8 million for the nine months ended September 30, 2019, the decrease driven primarily by an increase in capitalized overhead adjustments that are not allocated to builder operations and land development segments.

Equity in Income of Unconsolidated Entities

Equity in income of unconsolidated entities increased to \$13.0 million, or 72.3%, for the nine months ended September 30, 2020, compared to \$7.6 million for the nine months ended September 30, 2019, primarily due to an increase in earnings from GB Challenger, LLC and Green Brick Mortgage, LLC.

Other (Loss) Income, Net

Other income, net, of \$3.0 million for the nine months ended September 30, 2020, compared to income of \$6.1 for the nine months ended September 30, 2019, decreased primarily due to \$1.5 million of allowances for option deposits and pre-

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acquisition costs caused by COVID-19 pandemic considerations, and the impact of customer earnest money deposit of \$4.0 million on the sale of finished lots forfeited during the nine months ended September 30, 2019, which were partially offset by an increase in title closing and settlement services of \$2.1 million arising from higher volume of closings during the period.

Income Tax Expense

Income tax expense was \$17.4 million for the nine months ended September 30, 2020 compared to \$15.0 million for the nine months ended September 30, 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.

Lots Owned and Controlled

The following table presents the lots we owned or controlled, including lot option contracts, as of September 30, 2020 and December 31, 2019. Owned lots are those for which we hold title, while controlled lots are those for which we have the contractual right to acquire title but we do not currently own.

	September 30, 2020	December 31, 2019
Lots owned		
Central	4,564	4,223
Southeast	2,067	2,196
Total lots owned	6,631	6,419
Lots controlled		
Central	4,381	1,410
Southeast	1,054	1,147
Total lots controlled	5,435	2,557
Total lots owned and controlled ⁽¹⁾	12,066	8,976
Percentage of lots owned	55.0 %	71.5 %

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

The following table presents additional information on the lots we controlled as of September 30, 2020 and December 31, 2019.

	September 30, 2020	December 31, 2019
Lots under third party option contracts	2,728	1,574
Land under option for future acquisition and development	869	431
Lots under option through unconsolidated development joint ventures	1,838	552
Total lots controlled	5,435	2,557

Liquidity and Capital Resources Overview

As of September 30, 2020 and December 31, 2019, we had \$40.3 million and \$33.3 million of unrestricted cash and cash equivalents, 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 second 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 nine months ended September 30, 2020 were home construction, land purchases, land development, repayments of lines of credit, operating expenses, and payment of routine liabilities. We used funds generated by

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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 ("total debt"), divided by the total capitalization, which equals the sum of Green Brick Partners, Inc. stockholders' equity and total debt, was approximately 25.3% as of September 30, 2020. In addition, as of September 30, 2020, our net debt to total capitalization ratio, which is a non-GAAP financial measure, remained low at 21.4%. 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 Quarterly Report on Form 10-Q, 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 September 30, 2020:

	Gross	Cash and cash equivalents	Net
Total debt, net of debt issuance costs	\$ 206,648	\$ (40,269)	\$ 166,379
Total Green Brick Partners, Inc. stockholders' equity	610,079	—	610,079
Total capitalization	\$ 816,727	\$ (40,269)	\$ 776,458
Debt to total capitalization ratio	25.3 %		
Net debt to total capitalization ratio	21.4 %		

Key Sources of Liquidity

The Company's key sources of liquidity were funds generated by operations and borrowings during the nine months ended September 30, 2020.

As of September 30, 2020, we had \$4.0 million outstanding under our Secured Revolving Credit facility, down from \$38.0 million as of December 31, 2019. Borrowings on 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 September 30, 2020, the interest rate on outstanding borrowings under the Secured Revolving Credit Facility was 4.00% per annum.

As of September 30, 2020, we had \$90.5 million outstanding under our Unsecured Revolving Credit Facility, down from \$128.0 million as of December 31, 2019. 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 \$12.6 million and December 14, 2022 for \$77.9 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 September 30, 2020, the interest rates on outstanding borrowings under the Unsecured Revolving Credit Facility ranged from 2.64% to 2.66% per annum.

During the quarter, 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 condensed 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 of \$112.5 million and \$75.0 million in senior unsecured notes as of September 30, 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 September 30, 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 September 30, 2020, our interest coverage on a last 12 months' basis was 12.71 to 1.0, (2) a Consolidated Tangible Net Worth of no less than approximately \$398.5 million and, as of September 30, 2020, we had \$609.4 million and (3) maximum debt to total capitalization rolling average ratio of no more than 40.0% and, as of September 30, 2020, we had a rolling average ratio of 29.3%.

As of September 30, 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 additional information on the Company's lines of credit and senior unsecured notes, refer to Note 5 to the condensed consolidated financial statements located in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Cash Flows

The following summarizes our primary sources and uses of cash for the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019:

- *Operating activities.* Net cash provided by operating activities for the nine months ended September 30, 2020 was \$64.1 million, compared to \$21.2 million used in operating activities during the nine months ended September 30, 2019. The net cash inflows for the nine months ended September 30, 2020 were primarily driven by \$87.9 million of cash generated from business operations and the deferral of expense payments through a \$25.2 million increase in accrued expenses, partially offset by an increase in earnest money deposits of \$9.1 million, an increase in inventory of \$25.3 million, and an increase in other assets of \$7.0 million.
- *Investing activities.* Net cash used in investing activities for the nine months ended September 30, 2020 increased to \$12.1 million, compared to \$1.8 million for the nine months ended September 30, 2019, primarily driven by a \$9.0 million investment in joint venture GBTM Sendera and a \$0.5 million investment into a newly formed equity investee BHome Mortgage LLC.
- *Financing activities.* Net cash used in financing activities for the nine months ended September 30, 2020 was \$38.9 million, compared to \$22.6 million provided by financing activities during the nine months ended September 30, 2019. The cash outflows for the nine months ended September 30, 2020 were primarily due to \$289.0 million of repayments of lines of credit and \$6.8 million of distributions to noncontrolling interests partners, partially offset by borrowings on lines of credit of \$217.5 million and senior unsecured notes of \$37.5 million.

Off-Balance Sheet Arrangements and Contractual Obligations

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 de minimis impact for the three months ended September 30, 2020 and a net loss of \$1.5 million for the nine months ended September 30, 2020.

As of September 30, 2020, the Company had earnest money deposits of \$24.6 million at risk associated with contracts to purchase 4,156 lots past feasibility studies with an aggregate purchase price of approximately \$273.9 million.

Letters of Credit and Performance Bonds

Refer to Note 14 in the accompanying Notes to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for details of letters of credit and performance bonds outstanding.

Guarantee

Refer to Note 3 in the Notes to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for details of our guarantee in relation to EJB River Holdings, LLC joint venture.

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 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 normally 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 second half of the year. However, the impact of COVID-19, including the temporary halt of speculative home construction and lot development, as well as significant demand in the third quarter, may mitigate this benefit in the fourth quarter.

Critical Accounting Policies

Our critical accounting policies are described in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2019.

Recent Accounting Pronouncements

See Note 1 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for recent accounting pronouncements.

Related Party Transactions

See Note 13 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for a description of our transactions with related parties.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer (“CEO”) and principal financial officer (“CFO”), we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2020 in providing reasonable assurance that information required to be disclosed in the reports we file, furnish, submit or otherwise provide to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that information required to be disclosed in reports filed by us under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, in such a manner as to allow timely decisions regarding the required disclosures.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 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.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

Item 1A. “Risk Factors” of our Form 10-K for the year ended December 31, 2019 includes a discussion of our risk factors. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our Form 10-K. In addition to those risks set forth below, many of the risk factors contained in our Form 10-K are, and will be, exacerbated by the COVID-19 pandemic and any worsening of the global business and economic environment as a result.

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 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 quarter. 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 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 pandemic and related government restrictions, the impact of unemployment rates, and other 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.

ITEM 5. OTHER INFORMATION

Item 5.02(e)

As previously announced, in response to the extreme uncertainty facing the Company and the homebuilding industry in late March as a result of the COVID-19 pandemic, effective as of April 1, 2020 each of the named executive officers, including the Chief Executive Officer, had voluntarily agreed to reduce their base salaries for the remainder of the calendar year. However, based on the strong sales and financial results generated by the Company during the second quarter of 2020 and the continued

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strength of sales and revenue anticipated through the end of the year, on July 29, 2020, the Board of Directors of the Company approved reinstating the base salary reductions for each of the named executive officers to the amounts set forth in their respective employment agreements retroactive to April 1, 2020. The complete terms of the employment arrangements with each of the Company's named executive officers is set forth in their respective employment agreements previously filed with the Securities and Exchange Commission.

ITEM 6. EXHIBITS

Number	Description
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.
10.42*	Guaranty Agreement, dated as of August 26, 2020, by and among certain subsidiaries of Green Brick Partners, Inc.
10.8(a)*	Employment agreement, dated as of September 10, 2020, between the Company and Jed Dolson.
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).
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. The Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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 Form 10-Q.

** Submitted electronically herewith.

SIGNATURES

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

GREEN BRICK PARTNERS, INC.

/s/ James R. Brickman

By: James R. Brickman

Its: Chief Executive Officer

/s/ Richard A. Costello

By: Richard A. Costello

Its: Chief Financial Officer

Date: October 29, 2020

This **EMPLOYMENT AGREEMENT** by and between Green Brick Partners, Inc., a Delaware corporation (the “Company”), and Jed Dolson (“Executive”) (each a “Party” and collectively the “Parties”) (this “Agreement”) is entered into on September 10, 2020, and effective as of October 27, 2020 (the “Effective Date”).

WHEREAS, the Executive is presently employed by the Company as President of Texas Region, subject to the terms and conditions of an employment agreement dated October 27, 2017 which shall expire on October 27, 2020; and

WHEREAS, the Company desires to retain and promote Executive to the position of Executive Vice President and Chief Operating Officer, and Executive desires to accept such employment, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, understandings, representations, warranties, undertakings and promises hereinafter set forth, intending to be legally bound thereby, the Parties agree as follows:

1. Employment Period.

Subject to earlier termination in accordance with Section 3 of this Agreement, Executive shall be employed by the Company for a period commencing on the Effective Date and ending on the third anniversary of the Effective Date (the “Employment Period”) unless the Parties mutually agree to extend the term at least ninety (90) days prior to the end of the Employment Period. Upon Executive’s termination of employment with the Company for any reason, at the Company’s request, Executive shall immediately resign all positions with the Company and all of its subsidiaries and any entity in which the Company is a member, partner or stockholder (collectively, the “Company Group”).

2. Terms of Employment.

(a) Position. Commencing on the date this Agreement is entered into, and during the Employment Period, Executive shall serve as Executive Vice President and Chief Operating Officer of the Company and will perform such duties and exercise such supervision with regard to the business of the Company as are associated with such position, including such duties as may be prescribed from time to time by the Chief Executive Officer of the Company (the “CEO”) and the Company’s Board of Directors (the “Board”). Executive shall report directly to the CEO, and if reasonably requested by the Board, Executive hereby agrees to serve (without additional compensation) as an officer and director of other members of the Company Group.

(b) Duties. Commencing on the date this Agreement is entered into, and during the Employment Period, Executive shall have such responsibilities, duties, and authority that are customary for Executive’s position, subject at all times to the control of the CEO and the Board, and shall perform such services as customarily are provided by an executive of a corporation with Executive’s position and such other services consistent with Executive’s position, as shall be assigned to Executive from time to time by the CEO and the Board. During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote all of Executive’s business time to the business and affairs of the Company Group and to use Executive’s commercially reasonable efforts to perform faithfully, effectively and efficiently Executive’s responsibilities and obligations hereunder. Executive shall be entitled to engage in charitable and educational activities and to manage Executive’s personal and family investments, to the extent such activities are not competitive with the business of the Company Group, do not interfere with the performance of Executive’s duties for the Company Group and are otherwise consistent with the Company Group’s governance policies.

(c) Compensation.

(i) Base Salary. Effective October 27, 2020 and during the remainder Employment Period, Executive shall receive an annual base salary in an amount equal to six hundred thousand dollars (\$600,000) (the “Annual Base Salary”), which shall be paid in accordance with the customary payroll practices of the Company and prorated for partial calendar years of employment. The Annual Base Salary shall be subject to review every three

years by the Board, in its sole discretion, for possible increase (but not decrease) and any such increased Annual Base Salary shall constitute "Annual Base Salary" for purposes of this Agreement.

(ii) Annual Bonus. During the Employment Period, with respect to each completed fiscal year of the Company commencing with the 2021 fiscal year, Executive shall be eligible to receive a bonus (the "Bonus") under the Company's 2014 Omnibus Equity Incentive Plan, as it may be amended from time to time (the "Plan"), with a target amount equal to \$1,506,000 in 2021, \$1,700,000 in 2022, and \$1,800,000 in 2023 (the "Target Bonus"), where the Target Bonus is contingent upon the achievement of qualitative and quantitative performance goals established by the Board and assessed solely at the discretion of the Board. The Bonus shall be paid in accordance with the terms of the Company's bonus plan as in effect from time to time. The Bonus may be paid partially in cash and partially in equity, as determined by the Board in its sole discretion. For 2023 and, notwithstanding the foregoing, for any year in which the Employment Period expires due to non-extension thereof (provided that Executive is employed on the last day of such Employment Period), Executive shall be entitled to a prorated Bonus based on the actual performance results for such year, prorated based on the number of days elapsed in such year and payable when the Bonus would ordinarily be payable.

(iii) Benefits. During the Employment Period, Executive shall be eligible to participate in all retirement, compensation and employee benefit plans, practices, policies and programs provided by the Company to the extent applicable generally to senior executives of the Company (except severance plans, policies, practices, or programs) subject to the eligibility criteria set forth therein, as such may be amended or terminated from time to time. During the Employment Period, the Company will provide Executive with indemnification to the fullest extent permitted by applicable law and directors' and officers' insurance coverage. In addition, Executive shall be eligible to receive a car, cell phone, and toll road allowance.

(iv) Expenses. During the Employment Period, Executive shall be entitled to receive reimbursement for all reasonable business expenses incurred by Executive in performance of Executive's duties hereunder provided that Executive provides all necessary documentation in accordance with the Company's policies.

(d) Indemnification. The Company shall maintain an adequate level of directors' and officers' liability insurance to protect Executive from liability related to his employment with the Company on a basis no less favorable than that provided to any director or officer of the Company. To the extent Executive is not indemnified by such insurance, the Company agrees to indemnify Executive for liability related to his employment with the Company, other than any liability related to Executive's gross negligence, willful misconduct, fraud or material breach of this Agreement or any of the Company's policies, to the maximum extent permitted by applicable law and to promptly advance to Executive or Executive's heirs or representatives related expenses upon written request with appropriate documentation of such expense upon receipt of an undertaking by Executive or on Executive's behalf to repay such amount if it shall ultimately be determined that Executive is not entitled to be indemnified by the Company. The Company further agrees that such indemnification and agreement to advance expenses shall survive Executive's resignation, termination or expiration of this Agreement, with respect to actions taken by him during his employment with the Company, unless such actions could have been grounds for termination by the Company for Cause.

(e) Claw-Back. The Company may claw back from Executive any Bonus and equity-based compensation received in the prior year if the Company is required to restate financial results due to material non-compliance with any financial reporting requirements; provided, however, that notwithstanding the foregoing, the Company shall be entitled to claw back any Bonus or equity-based compensation received by Executive, irrespective of when received, that is required to be recovered pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act once the rules thereunder have been implemented.

3. Termination of Employment.

(a) Death or Disability. Executive's employment shall terminate automatically upon Executive's death. If Executive becomes subject to a "Disability" (as defined below) during the Employment Period, the Company may give Executive written notice in accordance with Sections 3(g) and 9(g) hereof of its intention to terminate Executive's employment. For purposes of this Agreement, "Disability" means Executive's inability to perform Executive's duties hereunder by reason of any medically determinable physical or mental impairment for a period of ninety (90) consecutive days or one hundred eighty (180) days or more in any twelve (12) month period.

(b) Cause. Executive's employment may be terminated at any time by the Company for "Cause" (as defined below). For purposes of this Agreement, "Cause" shall mean Executive's (i) commission of a felony or a crime of moral turpitude, (ii) engaging in conduct that constitutes fraud or embezzlement, (iii) engaging in conduct that constitutes gross negligence or willful misconduct that results or could reasonably be expected to result in harm to the Company Group's business or reputation, (iv) breach of any material terms of Executive's employment, including this Agreement or (v) continued willful failure to substantially perform Executive's duties. Executive's employment shall not be terminated for "Cause" within the meaning of clauses (iv) and (v) above unless Executive has been given written notice by the Company stating the basis for such intended termination and Executive is given fifteen (15) days to cure, to the extent curable, the neglect or conduct that is the basis of any such claim.

(c) Termination Without Cause. The Company may terminate Executive's employment hereunder without Cause at any time for any reason or no reason upon thirty (30) days' prior written notice.

(d) Good Reason. Executive's employment may be terminated by Executive for Good Reason upon the occurrence of any event or condition constituting Good Reason. For purposes of this Agreement, "Good Reason" means any of the following actions taken by the Company without Executive's written consent: (i) any material failure of the Company to fulfill its obligations under this Agreement, (ii) a material and adverse change to, or a material reduction of, Executive's duties and responsibilities to the Company, (iii) a material reduction in Executive's then current Annual Base Salary (not including any diminution related to a broader compensation reduction that is not limited to Executive specifically and that is not more than 10% in the aggregate), or (iv) the relocation of Executive's primary office to a location more than fifty (50) miles from the prior location, which materially increases Executive's commute to work; provided, that any such event shall not constitute Good Reason unless and until Executive shall have provided the Company with notice thereof no later than thirty (30) days following the initial occurrence of such event and the Company shall have failed to remedy such event within thirty (30) days following receipt of such notice (such 30-day period, the "Good Reason Cure Period"). If, at the end of the Good Reason Cure Period, the event or condition that constitutes Good Reason has not been remedied, Executive will be entitled to terminate employment for Good Reason during the 30-day period that follows the end of the Good Reason Cure Period. If Executive does not terminate employment during such 30-day period, Executive shall not be permitted to terminate employment for Good Reason as a result of such event or condition.

(e) Voluntary Termination. Executive's employment may be terminated at any time by Executive without Good Reason upon thirty (30) days' prior written notice.

(f) Termination as a Result of Expiration of the Employment Period. Unless otherwise agreed between the Parties pursuant to Section 1 hereof or otherwise, Executive's employment shall automatically terminate upon the expiration of the Employment Period.

(g) Notice of Termination. Any termination by the Company for Cause or without Cause or by reason of Disability, or by Executive for Good Reason or without Good Reason, shall be communicated by Notice of Termination to the other Party hereto given in accordance with Section 9(g). For purposes of this Agreement, a "Notice of Termination" means a written notice that (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) if

the "Date of Termination" (as defined below) is other than the date of receipt of such notice, specifies the termination date. The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company hereunder or preclude Executive or the Company from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(h) Date of Termination. "Date of Termination" means (i) if Executive's employment is terminated by the Company for Cause, without Cause or by reason of Disability, or by Executive for Good Reason or without Good Reason, the date specified in the Notice of Termination (in the case of a termination with or without Good Reason, provided such Date of Termination is in accordance with Section 3(d) or Section 3(e) hereof), (ii) if Executive's employment is terminated by reason of death, the date of death, and (iii) the expiration of the Employment Period, and the termination of Executive's employment upon the date of such expiration.

4. Obligations of the Company upon Termination.

(a) For Good Reason; Without Cause. If during the Employment Period, the Company shall terminate Executive's employment without Cause or Executive shall terminate Executive's employment for Good Reason, then the Company will provide Executive with the following payments and/or benefits:

(i) The Company shall pay to Executive (A) any vested payments or benefits to which Executive or Executive's estate may be entitled to receive under any of the Company's benefit plans or applicable law, in accordance with the terms of such plans or law (B) any Bonus earned but not yet paid for any fiscal year ended prior to the year in which the Date of Termination occurs, at such time as such Bonus is otherwise payable and as determined in the sole discretion of the Board; and (C) as soon as reasonably practicable but no later than 60 days following the Date of Termination in a lump sum to the extent not previously paid, (1) the Annual Base Salary through the Date of Termination, and (2) the amount of any unpaid expense reimbursements to which Executive may be entitled pursuant to Section 2(c)(iv) hereof (clauses (A), (B) and (C), the "Accrued Obligations"); and

(ii) Subject to Sections 4(e) and 5(i) below, after the Date of Termination, the Company will pay Executive severance in an amount equal to one and one-half times (1.5x) the sum of (x) Executive's Annual Base Salary plus (y) the amount of Executive's Bonus in respect of the year immediately prior to the year in which the Date of Termination occurs (the "Severance Payment"). The Severance Payment shall, subject to Section 4(e) below, be paid in a lump sum on the first payroll date following the Release Deadline Date (as defined in Section 4(e)), subject to the terms and conditions in Section 4(e) and 5(i) below.

(b) Death or Disability. If Executive's employment shall be terminated by reason of Executive's death or Disability, then the Company will provide Executive with the Accrued Obligations. Thereafter, the Company Group shall have no further obligation to Executive or Executive's legal representatives.

(c) Cause; Other than for Good Reason. If Executive's employment shall be terminated by the Company for Cause or by Executive without Good Reason, then the Company will provide Executive with the Accrued Obligations. Thereafter, the Company Group shall have no further obligation to Executive or Executive's legal representatives.

(d) Expiration of the Employment Period. If Executive's employment terminates by reason of the expiration of the Employment Period pursuant to Section 1 as a result of the Company's or Executive's non-extension, then the Company will provide Executive with the Accrued Obligations. Thereafter, the Company Group shall have no further obligation to Executive or Executive's legal representatives.

(e) Separation Agreement and General Release. The Company's obligation to pay the Severance Payment pursuant to Section 4(a) is conditioned on Executive's or Executive's legal representative's executing a

separation agreement and general release of claims related to or arising from Executive's employment with the Company or the termination of employment, against the Company Group (and their respective officers and directors) in a form reasonably determined by the Company, which shall be provided by the Company to Executive within five (5) days following the Date of Termination; provided, that if such release does not become effective and irrevocable in accordance with its terms within fifty-five (55) days following the Date of Termination (the "Release Deadline Date"), the Company shall not have any obligation to provide the Severance Payment.

5. Restrictive Covenants.

(a) Non-Solicitation. In consideration of Executive's employment and receipt of payments hereunder, during the period commencing on the Effective Date and ending twelve (12) months after the Date of Termination (the "Restricted Period"), Executive shall not directly, or indirectly through another person or entity, (x) induce or attempt to induce any employee, representative, agent or consultant of any member of the Company Group to leave the employ or services of the Company Group, or in any way interfere with the relationship between any member of the Company Group and any employee, representative, agent or consultant thereof, (y) hire any person who was an employee, representative, agent or consultant of any member of the Company Group at any time during the twelve (12) month period immediately prior to the date on which such hiring would take place or (z) directly or indirectly call on, solicit or service any customer, supplier, licensee, licensor, representative, agent or other business relation of any member of the Company Group in order to induce or attempt to induce such person or entity to cease doing business with, or reduce the amount of business conducted with, any member of the Company Group, or in any way interfere with the relationship between any such customer, supplier, licensee, licensor, representative, agent or business relation of any member of the Company Group. No action by another person or entity shall be deemed to be a breach of this provision unless Executive directly or indirectly assisted, encouraged or otherwise counseled such person or entity to engage in such activity.

(b) Non-Competition. Executive acknowledges and agrees that the Company Group would be irreparably damaged if Executive were to provide services to any person or entity competing with any member of the Company Group or engaged in a similar business and that such competition by Executive would result in a significant loss of goodwill by the Company Group. Therefore, in consideration of the payments and benefits provided to Executive and other obligations of the Company to Executive pursuant to this Agreement, including, without limitation, the Company's promise and obligation to provide Executive with Confidential Information (as defined below), Executive agrees that during the Restricted Period, Executive shall not (and shall cause each of Executive's affiliates not to) directly or indirectly own any interest in, manage, control, participate in (whether as an officer, director, manager, employee, partner, equity holder, member, agent, representative or otherwise), consult with, render services for, or in any other manner engage in any business engaged directly or indirectly, in the Geographic Area (as defined below), in the business of the Company Group as currently conducted or proposed to be conducted as of the Date of Termination; provided, that nothing herein shall prohibit Executive from being a passive owner of not more than 5% of the outstanding stock of any class of a corporation which is publicly traded so long as Executive does not actively participate in the business of such corporation. For purposes of this Agreement, the "Geographic Area" shall mean the United States of America and any other country or territory in which the Company Group has material business operations.

(c) Non-Disclosure; Non-Use of Confidential Information. Executive acknowledges that the Company Group has a legitimate and continuing proprietary interest in the protection of its Confidential Information and that it has invested substantial sums and will continue to invest substantial sums to develop, maintain and protect such Confidential Information. Executive shall not disclose or use at any time, either during Executive's employment with the Company or at any time thereafter, any Confidential Information of which Executive is or becomes aware, whether or not such information is developed by Executive, except to the extent that such disclosure or use is directly related to and required by Executive's performance in good faith of duties assigned to Executive by the Company. Executive will take all appropriate steps to safeguard Confidential Information in Executive's possession and to protect it against disclosure, misuse, espionage, loss and theft. Executive shall deliver to the Company at the termination of Executive's employment with the Company, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information or the "Work Product" (as defined in Section 5(e)(ii))

of the business of the Company Group that Executive may then possess or have under Executive's control. In accordance with the Defend Trade Secrets Act, 18 U.S.C. § 1833(b), and other applicable law, nothing in this Agreement or any other agreement or policy shall prevent Executive from, or expose Executive to criminal or civil liability under federal or state trade secret law for, (A) directly or indirectly sharing any Company Group trade secrets or other confidential information (except information protected by the Company's attorney-client or work product privilege) with an attorney or with any federal, state, or local government agencies, regulators, or officials, for the purpose of investigating or reporting a suspected violation of law, whether in response to a subpoena or otherwise, without notice to the Company, or (B) disclosing trade secrets in a complaint or other document filed in connection with a legal claim, provided that the filing is made under seal.

Notwithstanding anything herein to the contrary, nothing in this Agreement shall (A) prohibit the Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (B) require notification or prior approval by the Company of any reporting described in clause (A).

(d) Proprietary Rights. Executive recognizes that the Company Group possesses a legitimate and continuing proprietary interest in all Confidential Information and Work Product and has the exclusive right and privilege to use, protect by copyright, patent or trademark, or otherwise exploit the processes, ideas and concepts described therein to the exclusion of Executive, except as otherwise agreed between the Company Group and Executive in writing. Executive expressly agrees that any Work Product made or developed by Executive or Executive's agents during the course of Executive's employment, including any Work Product which is based on or arises out of Work Product, shall be the property of and inure to the exclusive benefit of the Company Group. Executive further agrees that all Work Product developed by Executive (whether or not able to be protected by copyright, patent or trademark) during the course of Executive's employment with the Company, or involving the use of the time, materials or other resources of the Company Group, shall be promptly disclosed to the Company Group and shall become the exclusive property of the Company Group, and Executive shall execute and deliver any and all documents necessary or appropriate to implement the foregoing.

(e) Certain Definitions.

(i) As used herein, the term "Confidential Information" means information that is not generally known to the public (but for purposes of clarity, Confidential Information shall never exclude any such information that becomes known to the public because of Executive's unauthorized disclosure) and that is used, developed or obtained by the Company Group in connection with its business, including, but not limited to, information, observations and data obtained by Executive while employed by the Company Group concerning (A) the business or affairs of the Company Group, (B) products or services, (C) fees, costs and pricing structures, (D) designs, (E) analyses, (F) drawings, photographs and reports, (G) computer software, including operating systems, applications and program listings, (H) flow charts, manuals and documentation, (I) databases, (J) accounting and business methods, (K) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (L) customers and clients and customer or client lists, (M) other copyrightable works, (N) all production methods, processes, strategies, plans, technology and trade secrets, (O) personnel information, and (P) all similar and related information in whatever form. Confidential Information will not include any information that has been published in a form generally available to the public (except as a result of Executive's unauthorized disclosure) prior to the date Executive proposes to disclose or use such information. Confidential Information will not be deemed to have been published or otherwise disclosed merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

(ii) As used herein, the term "Work Product" means all inventions, innovations, improvements, technical information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos and all similar or related information (whether patentable or unpatentable) that relates to the Company Group's actual or anticipated business, research and development or

existing or future products or services and that are conceived, developed or made by Executive (whether or not during usual business hours and whether or not alone or in conjunction with any other person) while employed by the Company together with all patent applications, letters patent, trademark, trade name and service mark applications or registrations, copyrights and reissues thereof that may be granted for or upon any of the foregoing.

(f) Enforcement. If Executive commits a breach of any of the provisions of this Section 5 or Section 6 below, the Company shall have the right and remedy to have the provisions specifically enforced by any court having jurisdiction, it being acknowledged and agreed by Executive that the services being rendered hereunder to the Company Group are of a special, unique and extraordinary character and that any such breach will cause irreparable injury to the Company Group and that money damages will not provide an adequate remedy to the Company Group. Such right and remedy shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. Accordingly, Executive consents to the issuance of an injunction, whether preliminary or permanent, consistent with the terms of this Agreement (without posting a bond or other security) if the Company establishes a violation of Section 5 or 6 of this Agreement.

(g) Blue Pencil. If, at any time, the provisions of this Section 5 shall be determined to be invalid or unenforceable under any applicable law, by reason of being vague or unreasonable as to area, duration or scope of activity, this Agreement shall be considered divisible and shall become and be immediately amended to only such area, duration and scope of activity as shall be determined to be reasonable and enforceable by the court or other body having jurisdiction over the matter and Executive and the Company agree that this Agreement as so amended shall be valid and binding as though any invalid or unenforceable provision had not been included herein.

(h) EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE HAS CAREFULLY READ THIS SECTION 5 AND HAS HAD THE OPPORTUNITY TO REVIEW ITS PROVISIONS WITH ANY ADVISORS AS EXECUTIVE CONSIDERED NECESSARY AND THAT EXECUTIVE UNDERSTANDS THIS AGREEMENT'S CONTENTS AND SIGNIFIES SUCH UNDERSTANDING AND AGREEMENT BY SIGNING BELOW.

(i) Severance Payments. In addition to the rights and remedies available to the Company under this Agreement, and not in any way in limitation of any right or remedy otherwise available to the Company Group, in the event that Executive violates any material term of this Agreement or any other agreement between the Company and Executive, (i) the Company's obligation to pay the Severance Payment and Executive's right to receive such Severance Payment shall terminate and be of no further force or effect and (ii) Executive shall promptly repay to the Company an amount equal to the portion of the Severance Payment previously paid to Executive.

6. Non-Disparagement

(a) During the Employment Period and at all times thereafter, neither Executive nor Executive's agents shall directly or indirectly, whether in public or private, make, publish, encourage, ratify, or authorize; or assist or enable any other person or entity in making, authorizing, ratifying, or publishing; any statements that in any way defame, criticize, malign, impugn, reflect negatively on, or disparage any of the Company Parties (as defined below), or cast any of the Company Parties (as defined below) in a negative light in any manner whatsoever. Executive also agrees that Executive will not publicly comment upon or discuss, or assist or permit any other person or entity to publicly comment upon or discuss, any of the Company Parties with any media source or outlet (whether negatively or otherwise), including but not limited to or with any reporters, bloggers, weblogs, websites, newspapers, magazines, television stations or productions, radio stations, news organizations, news outlets, or publications, or in any movie, book, or theatrical production. The foregoing shall not be violated by truthful responses to (i) legal process or governmental inquiry or (ii) by private statements to the Company's officers, directors or employees; provided, that in the case of Executive, with respect to clause (ii), such statements are made in the course of carrying out Executive's duties pursuant to this Agreement. For purposes of this Agreement, "Company Parties" shall include the Company Group and all of its members; and all of the past, present, and future stockholders, members, partners, principals, investors, directors, officers, managers, benefit plans, fiduciaries,

employees, agents, attorneys, heirs, representatives, administrators, successors, and assigns of any of the foregoing entities. Each of the Company Parties shall be a third-party beneficiary of this Agreement and shall be authorized to enforce this Agreement in accordance with its terms.

(b) During the Employment Period and at all times thereafter, the Company shall take all reasonable steps to ensure that no member of the Board nor any senior executive of the Company (the “Key Persons”) shall directly or indirectly, whether in public or private, make, publish, encourage, ratify, or authorize; or assist or enable any other person or entity in making, authorizing, ratifying, or publishing; any statements that in any way defame, criticize, malign, impugn, reflect negatively on, or disparage Executive, or cast Executive in a negative light in any manner whatsoever. The foregoing shall not be violated by truthful responses to (i) legal process or governmental inquiry or (ii) by private statements to the Company’s officers, directors or employees by Key Persons; provided, that with respect to clause (ii), such statements are made in the course of carrying out the Key Person’s duties pursuant to the Company.

7. Confidentiality of Agreement.

The Parties acknowledge and agree that this Agreement shall be filed with the Securities and Exchange Commission. Notwithstanding the foregoing, the Parties agree that the discussions and correspondence that led to this Agreement are private and confidential. Except as may be required by applicable law, regulation, or stock exchange requirement, neither Party may disclose the above information to any other person or entity without the prior written approval of the other Party.

8. Executive’s Representations, Warranties and Covenants.

(a) Executive hereby represents and warrants to the Company that:

(i) Executive has all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, and this Agreement has been duly executed by Executive;

(ii) the execution, delivery and performance of this Agreement by Executive does not and will not, with or without notice or the passage of time, conflict with, breach, violate or cause a default under any agreement, contract or instrument to which Executive is a party or any judgment, order or decree to which Executive is subject;

(iii) Executive is not a party to or bound by any employment agreement, consulting agreement, non-compete agreement, fee for services agreement, confidentiality agreement or similar agreement with any other person;

(iv) upon the execution and delivery of this Agreement by the Company and Executive, this Agreement will be a legal, valid and binding obligation of Executive, enforceable in accordance with its terms;

(v) Executive understands that the Company will rely upon the accuracy and truth of the representations and warranties of Executive set forth herein and Executive consents to such reliance; and

(vi) as of the date of execution of this Agreement, Executive is not in breach of any of its terms, including having committed any acts that would form the basis for a Cause termination if such act had occurred after the Effective Date.

(b) The Company hereby represents and warrants to Executive that:

(i) the Company has all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, and this Agreement has been duly executed by the Company;

(ii) the execution, delivery and performance of this Agreement by the Company does not and will not, with or without notice or the passage of time, conflict with, breach, violate or cause a default under any agreement, contract or instrument to which the Company is a party or any judgment, order or decree to which the Company is subject;

(iii) upon the execution and delivery of this Agreement by the Company and Executive, this Agreement will be a legal, valid and binding obligation of the Company, enforceable in accordance with its terms; and

(iv) the Company understands that Executive will rely upon the accuracy and truth of the representations and warranties of the Company set forth herein and the Company consents to such reliance.

9. General Provisions.

(a) Severability. It is the desire and intent of the Parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable under any present or future law, and if the rights and obligations of any Party under this Agreement will not be materially and adversely affected thereby, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction; furthermore, in lieu of such invalid or unenforceable provision there will be added automatically as a part of this Agreement, a legal, valid and enforceable provision as similar in terms to such invalid or unenforceable provision as may be possible. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Entire Agreement and Effectiveness. Effective as of the Effective Date, this Agreement embodies the complete agreement and understanding among the Parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the Parties, written or oral, which may have related to the subject matter hereof in any way, including, without limitation, the employment agreement by and between the Company and Executive, dated October 27, 2017.

(c) Successors and Assigns.

(i) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(ii) This Agreement shall inure to the benefit of and be binding upon the Company Group and their successors and assigns.

(d) Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE TO BE APPLIED. IN FURTHERANCE OF THE

FOREGOING, THE INTERNAL LAW OF THE STATE OF DELAWARE WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT, EVEN IF UNDER SUCH JURISDICTION'S CHOICE OF LAW OR CONFLICT OF LAW ANALYSIS, THE SUBSTANTIVE LAW OF SOME OTHER JURISDICTION WOULD ORDINARILY APPLY.

(e) Enforcement.

(i) Arbitration. Except as specifically set forth in Section 5(f) of this Agreement, in consideration of Executive's employment with the Company and Executive's receipt of compensation and other benefits under this Agreement, EXECUTIVE AGREES THAT ANY AND ALL CONTROVERSIES, CLAIMS, OR DISPUTES WITH ANYONE (INCLUDING THE COMPANY GROUP AND ANY EMPLOYEE, OFFICER, DIRECTOR, STOCKHOLDER OR BENEFIT PLAN OF THE COMPANY GROUP, IN THEIR CAPACITY AS SUCH OR OTHERWISE) ARISING OUT OF, RELATING TO, OR RESULTING FROM EXECUTIVE'S EMPLOYMENT WITH THE COMPANY OR THE TERMINATION OF EXECUTIVE'S EMPLOYMENT WITH THE COMPANY, INCLUDING ANY BREACH OF THIS AGREEMENT, SHALL BE SUBJECT TO BINDING ARBITRATION. Such arbitration shall take place in Dallas, Texas (unless the Parties agree in writing to a different location), before a single arbitrator, who shall be an attorney, in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association then in effect. Executive agrees that the arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication and motions to dismiss and demurrers, prior to any arbitration hearing. Executive also agrees that the arbitrator shall have the power to award any remedies, including attorneys' fees and costs, available under applicable law. The decision and award made by the arbitrator shall be final, binding and conclusive on all Parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof. The Company will bear the totality of the arbitrator's and administrative fees and costs. Each Party shall otherwise bear its own litigation costs and expenses; provided, however, that the arbitrator shall have the discretion to award the prevailing Party reimbursement of its reasonable attorney's fees and costs. The arbitration shall be conducted on a strictly confidential basis, and Executive shall not disclose the existence of a claim, the nature of a claim, any documents, exhibits, or information exchanged or presented in connection with such a claim, or the result of any claim (collectively, "Arbitration Materials") to any third party, with the sole exception of Executive's legal counsel, who Executive shall ensure also fully complies with the confidentiality provisions of this Agreement. In the event of any court proceeding to challenge or enforce an arbitrator's award, the Parties hereby consent to the exclusive jurisdiction of the state and federal courts in Dallas, Texas and agree to exclusive venue in Dallas, Texas. The Parties hereby agree to take all steps necessary to protect the confidentiality of the Arbitration Materials in connection with any court proceeding, agree to take all appropriate steps to file all Confidential Information (and documents containing Confidential Information) under seal in any such proceeding where possible, and agree to the entry of an appropriate protective order encompassing the confidentiality provisions of this Agreement.

(ii) Remedies. All remedies hereunder are cumulative, are in addition to any other remedies provided for by law and may, to the extent permitted by law, be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed to be an election of such remedy or to preclude the exercise of any other remedy.

(iii) Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(f) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Company and Executive and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall be construed as a waiver of such provisions or affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

(g) Notices. Any notice provided for in this Agreement must be in writing and must be either personally delivered, transmitted via telecopier, mailed by first class mail (postage prepaid and return receipt

requested) or sent by reputable overnight courier service (charges prepaid) to the recipient at the address below indicated or at such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder and received when delivered personally, when received if transmitted via telecopier, five (5) days after deposit in the U.S. mail and one day after deposit for overnight delivery with a reputable overnight courier service.

If to the Company, to:

Green Brick Partners, Inc.
2805 North Dallas Parkway Suite 400
Plano, TX 75093
Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

Kara MacCullough
Greenberg Traurig, P.A.
401 East Las Olas Blvd., Suite 2000
Fort Lauderdale, FL 33301

If to Executive, to:

Executive's home address most recently on file with the Company.

(h) Withholdings Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(i) Survival of Representations, Warranties and Agreements. All representations, warranties and agreements contained herein shall survive any termination of Executive's employment under this Agreement.

(j) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. All references to a "Section" in this Agreement are to a section of this Agreement unless otherwise noted.

(k) Construction. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(l) Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

(m) Section 409A.

(i) Compliance. Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and applied so that the payments and benefits set forth herein either shall either be exempt from the

requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), or shall comply with the requirements of Code Section 409A, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be exempt from or in compliance with Code Section 409A. To the extent that the Company determines that any provision of this Agreement would cause the Executive to incur any additional tax or interest under Code Section 409A, the Company shall be entitled to reform such provision to attempt to comply with or be exempt from Code Section 409A through good faith modifications. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company without violating the provisions of Code Section 409A. Notwithstanding anything herein to the contrary, in no event does the Company, the Company Group, its officers, equity holders, employees, agents, members, directors, or representatives guarantee the exemption from or compliance with Code Section 409A and no such party shall have any liability for failure of this Agreement to be exempt from or comply with such Code section.

(ii) Separate Payments. Notwithstanding anything in this Agreement to the contrary, each payment payable hereunder shall be deemed to be a payment in a series of separate payments for purposes of Code Section 409A.

(iii) Specified Employee. Notwithstanding any provision in this Agreement or elsewhere to the contrary, if on the date of Executive’s termination from employment with the Company, Executive is deemed to be a “specified employee” within the meaning of Code Section 409A and the Final Treasury Regulations using the identification methodology selected by the Company from time to time, or if none, the default methodology under Code Section 409A, any payments or benefits that constitute non-exempt deferred compensation under Code Section 409A and that are due upon a termination of Executive’s employment shall be delayed and paid or provided (or commence, in the case of installments) on the first payroll date on or following the earlier of (i) the date which is six (6) months and one (1) day after Executive’s termination of employment for any reason other than death, and (ii) the date of Executive’s death, and any remaining payments and benefits shall be paid or provided in accordance with the normal payment dates specified for such payment or benefit.

(iv) Separation from Service. Notwithstanding anything in this Agreement or elsewhere to the contrary, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that constitute “non-qualified deferred compensation” within the meaning of Code Section 409A upon or following a termination of Executive’s employment unless such termination is also a “separation from service” within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment” or like terms shall mean “separation from service” and the date of such separation from service shall be the date of termination of Executive’s employment by the Company for purposes of any such payment or benefits.

(v) No Designation. In no event may Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement or otherwise which constitutes a “deferral of compensation” within the meaning of Code Section 409A.

(vi) Expense Reimbursement. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Code Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, and (iii) such payments shall be made on or before the last day of Executive’s taxable year following the taxable year in which the expense was incurred.

(n) Excess Parachute Payments. Notwithstanding anything in this Agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or any member of the Company Group to Executive or for Executive’s benefit pursuant to the terms of this Agreement or otherwise (“Covered Payments”) are

determined to constitute “excess parachute payments” within the meaning of Section 280G of the Code and would, but for this Section 9(n) be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the “Excise Tax”), then the Covered Payments shall be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax. All determinations required to be made under this Section 9(n), including whether a payment would result in an “excess parachute payment” and the assumptions utilized in arriving at such determination, shall be made by an accounting firm selected by the Company.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

GREEN BRICK PARTNERS, INC.

By: /s/ James R. Brickman
Name: James R. Brickman
Title: Chief Executive Officer

EXECUTIVE

By: /s/ Jed Dolson
Name: Jed Dolson
Title: Executive Vice President &
Chief Operating Officer

GREEN BRICK PARTNERS, INC.

\$37,500,000

3.35% Senior Notes due August 26, 2027

NOTE PURCHASE AGREEMENT

Dated August 26, 2020

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PURCHASER SCHEDULE	—	Information Relating to Purchasers

GREEN BRICK PARTNERS, INC.
2805 Dallas Parkway, Suite 400
Plano, TX 75093

3.35% Senior Notes due August 26, 2027

August 26, 2020

TO EACH OF THE PURCHASERS LISTED IN
THE PURCHASER SCHEDULE HERETO:

Ladies and Gentlemen:

Green Brick Partners, Inc., a Delaware corporation (the "Company"), agrees with each of the Purchasers as follows:

SECTION 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of \$37,500,000 aggregate principal amount of its 3.35% Senior Notes due August 26, 2027 (the "Notes"). The Notes shall be substantially in the form set out in Schedule 1. Certain capitalized and other terms used in this Agreement are defined in Schedule A and, for purposes of this Agreement, the rules of construction set forth in Section 22.4 shall govern.

SECTION 2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount specified opposite such Purchaser's name in the Purchaser Schedule at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

SECTION 3. CLOSING.

The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Baker Botts L.L.P., 2001 Ross Avenue, Dallas, Texas 75201, at 10:00 a.m., Dallas, Texas time, at a closing (the "Closing") on August 26, 2020 or on such other Business Day thereafter on or prior to August 28, 2020 as may be agreed upon by the Company and the Purchasers. At the Closing, the Company will deliver to each Purchaser the Notes to be purchased by such Purchaser in the form of a single Note (or such greater number of Notes in denominations of at least \$100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the

purchase price therefor by wire transfer of immediately available funds for the account of the Company to the following account:

Account Name: Inwood National Bank

ABA/Routing Number: 111001040

Account Number: 3302661

Account Name: Green Brick Partners, Inc - Master

If at the Closing, the Company shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure by the Company to tender such Notes or any of the conditions specified in Section 4 not having been fulfilled to such Purchaser's satisfaction.

SECTION 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement and of each Note Party in each other Note Document to which it is a party shall be correct when made and at the Closing.

Section 4.2. Performance; No Default. Each Note Party shall have performed and complied with all agreements and conditions contained in each Note Document to which it is a party required to be performed or complied with by it prior to or at the Closing. Before and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14), no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since December 31, 2019 that would have been prohibited by Sections 10.2 through 10.12 had such Sections applied since such date. Since December 31, 2019, there has been no change in the financial condition, operations, business or properties of the Company or any of its Subsidiaries, except changes that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

Section 4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) Secretary's Certificate. Each Note Party shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary or other applicable Responsible Officer, dated the date of the Closing, (x) certifying as to (i) the resolutions attached thereto and other corporate

proceedings relating to the authorization, execution and delivery of the Notes (with respect to the Company), this Agreement (with respect to the Company) and each other Note Document to which it is a party, (ii) its organizational documents as then in effect, certified (with respect to the incorporation or formation document) as of a recent date by the applicable Governmental Authority in its jurisdiction of organization, (iii) the names and true signatures of the officers or managers, as applicable, of such Note Party authorized to sign each Note Document to which it is or is to be a party and the other documents to be delivered hereunder, and (y) attaching a recent good standing certificate (or equivalent) for such Note Party from the applicable Governmental Authority in its jurisdiction of organization.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from Greenberg Traurig, LLP, counsel for the Note Parties, covering the matters set forth in Schedule 4.4(a) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers), and (b) from Baker Botts L.L.P., the Purchasers' special counsel in connection with such transactions, covering such matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc. On the date of the Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes. Contemporaneously with the Closing, the Company shall sell to each other Purchaser and each other Purchaser shall purchase the Notes to be purchased by it at the Closing as specified in the Purchaser Schedule.

Section 4.7. Payment of Special Counsel Fees. Without limiting Section 15.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for the Notes.

Section 4.9. Changes in Corporate Structure. No Note Party shall have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or

consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.10. Funding Instructions. At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

Section 4.11. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

Section 4.12. Certain Documents. Such Purchaser shall have received the following:

- (a) this Agreement, duly executed and delivered by each Purchaser and the Company;
- (b) the original Note(s) to be purchased by such Purchaser at the Closing, duly executed and delivered by the Company;
- (c) a Subsidiary Guaranty, duly executed and delivered by each Subsidiary required to be a Subsidiary Guarantor pursuant to Section 9.7;
- (d) all subordination agreements with respect to any Indebtedness (i) subordinated to the Senior Unsecured Credit Facility or (ii) required to become Subordinated Debt pursuant to Section 10.3(c), in each case duly executed and delivered by the parties thereto and causing such Indebtedness to become Subordinated Debt;
- (e) certificates of insurance satisfactory to such Purchaser in all respects evidencing the existence of all insurance required to be maintained by the Note Parties and all other terms of the Note Documents;
- (f) a certificate of a Senior Financial Officer of the Company certifying on behalf of the Note Parties that the Company, individually, is Solvent and the Company and its Subsidiaries, on a Consolidated basis, are Solvent; and
- (g) a fully executed copy of each Principal Credit Facility, all documents executed and delivered in connection therewith that evidence or create a guarantee or Lien and the most recent borrowing base certificate delivered thereunder.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. Each Note Party is a corporation, limited liability company or limited partnership, as applicable, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation, limited liability company or limited partnership, as applicable, and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Note Party has the organizational power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver each Note Document to which it is a party, and to perform the provisions of such Note Documents.

Section 5.2. Authorization, Etc. Each Note Document has been duly authorized by all necessary organizational action on the part of each Note Party party thereto, and this Agreement (with respect to the Company) constitutes, and upon execution and delivery thereof each other Note Document to which such Note Party is a party will constitute, a legal, valid and binding obligation of such Note Party enforceable against such Note Party in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Company's Form 10-K for the fiscal year ended December 31, 2019, the Company's Forms 10-Q for the fiscal quarters ended March 31, 2020 and June 30, 2020 and the Company's Current Reports on Form 8-K filed since January 1, 2020 in each case filed with the SEC (collectively, the "Recent Filings"), fairly describe, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. This Agreement, the Recent Filings, the financial statements listed in Schedule 5.5 and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company prior to August 11, 2020 in connection with the transactions contemplated hereby and identified in Schedule 5.3 (this Agreement, the Recent Filings and such documents, certificates or other writings and such financial statements delivered to each Purchaser being referred to, collectively, as the "Disclosure Documents"), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2019, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents.

Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates. (a) Schedule 5.4 contains (except as noted therein) complete and correct lists of (i) the Company's Subsidiaries (including any joint venture that is a Subsidiary of the Company), showing, as to each Subsidiary, the name thereof, the jurisdiction of its organization, the percentage of shares of each class of its Capital Stock outstanding owned by the Company and each other Subsidiary, whether such Subsidiary is a Significant Subsidiary and whether such Subsidiary is a Subsidiary Guarantor; (ii) the Company's joint ventures and Affiliates, other than Subsidiaries, and (iii) the Company's directors and senior officers.

(b) All of the outstanding shares of Capital Stock of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are owned by the Company or another Subsidiary free and clear of any Lien that is prohibited by this Agreement and, to the extent that such Subsidiary is a corporation, are fully paid and non-assessable.

(c) Each Subsidiary is a corporation or other legal entity duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and, where applicable, is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is subject to any legal, regulatory, contractual or other restriction (other than the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law or similar statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of Capital Stock of such Subsidiary.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of such financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company and its Subsidiaries do not have any Material liabilities that are not disclosed in the Disclosure Documents.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by each Note Party of each Note Document to which it is a party will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture,

mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter, regulations or by-laws, shareholders agreement or any other Material agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective Material properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

Section 5.7. Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by any Note Party of any Note Document to which it is a party, except for the filing of a Current Report on Form 8-K with the SEC.

Section 5.8. Litigation; Observance of Agreements, Statutes and Orders. (a) There are no actions, suits, investigations or proceedings pending or, to the best knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is (i) in default under any agreement or instrument to which it is a party or by which it is bound, (ii) in violation of any order, judgment, decree or ruling of any court, any arbitrator of any kind or any Governmental Authority or (iii) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in Section 5.16), in each case which default or violation could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which, individually or in the aggregate, is not Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established appropriate reserves with respect thereto in accordance with GAAP on the books of the Company or applicable Subsidiary. The Company knows of no basis for any other tax or assessment that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of U.S. federal, state or other taxes for all fiscal periods are adequate. The U.S. federal income tax liabilities of the Company and its Subsidiaries have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended 2011.

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after such date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. (a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others.

(b) To the best knowledge of the Company, no product or service of the Company or any of its Subsidiaries infringes in any material respect any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person.

(c) To the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company or any Subsidiary.

Section 5.12. Compliance with Employee Benefit Plans. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could, individually or in the aggregate, reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or federal law or section 4068 of ERISA or by the granting of a security interest in connection with the amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities by more than \$0 in the case of any single Plan and by more than \$0 in the aggregate for all Plans. The term "benefit liabilities" has the meaning specified in section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of the Note Documents and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company to each Purchaser in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of such Purchaser's representation in Section 6.2 as to the sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Purchaser.

(f) The Company and its Subsidiaries do not have any Non-U.S. Plans.

Section 5.13. Private Offering by the Company. Other than the offering of the Existing Notes pursuant to the Existing Note Purchase Agreement in accordance with Section 5.13 of the Existing Note Purchase Agreement, neither the Company nor anyone acting on its behalf has offered the Notes or any similar Securities for sale to, or solicited any offer to buy the Notes or any similar Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Notes to repay a portion of the amounts outstanding under the Senior Secured Credit Facility and the Senior Unsecured Credit Facility, to pay fees and expenses in connection with this Agreement and for general corporate purposes. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any Securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). No value of the consolidated assets of the Company and its Subsidiaries is attributed to margin stock and the Company does not have any present intention to acquire margin stock. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Indebtedness; Future Liens. (a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries, other than intercompany Indebtedness, as of June 30, 2020 (including descriptions of the obligors and obligees, principal amounts outstanding, any collateral therefor and any Guaranty thereof), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Subsidiary has agreed or consented to cause or permit any of its property, whether now owned or hereafter acquired, to be subject to a Lien that secures Indebtedness or to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien that secures Indebtedness.

(c) Neither the Company nor any Subsidiary is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other agreement (including its charter or any other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company, except as disclosed in Schedule 5.15.

Section 5.16. Foreign Assets Control Regulations, Etc. (a) Neither the Company nor any Controlled Entity (i) is a Blocked Person, (ii) has been notified that its name appears or may in the future appear on a State Sanctions List or (iii) is a target of sanctions that have been imposed by the United Nations or the European Union.

(b) Neither the Company nor any Controlled Entity (i) has violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (ii) to the Company's knowledge, is under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) No part of the proceeds from the sale of the Notes hereunder:

(i) constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (A) in connection with any investment in, or any transactions or dealings with, any Blocked Person, (B) for any purpose that would cause any Purchaser to be in violation of any U.S. Economic Sanctions Laws or (C) otherwise in violation of any U.S. Economic Sanctions Laws;

(ii) will be used, directly or indirectly, in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or

(iii) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Corruption Laws.

(d) The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws and Anti-Corruption Laws.

Section 5.17. Status under Certain Statutes. Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, the Public Utility Holding Company Act of 2005, the ICC Termination Act of 1995, or the Federal Power Act.

Section 5.18. Environmental Matters. (a) Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim and no proceeding has been instituted asserting any claim against the Company or any of its Subsidiaries or any of their respective real properties or other assets now or formerly owned, leased or operated by any of them, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(c) Neither the Company nor any Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them in a manner which is contrary to any Environmental Law that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(d) Neither the Company nor any Subsidiary has disposed of any Hazardous Materials in a manner which is contrary to any Environmental Law that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(e) All buildings on all real properties now owned, leased or operated by the Company or any Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

Section 5.19. Insurance. The Company and its Subsidiaries maintain with insurers with an AM Best rating of not less than A XIII, (a) insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated, (b) adequate public liability insurance against tort claims that may be incurred by any Note Party, and (c) such other insurance as may be required by law, except, in the case of clauses (b) and (c), where the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control. Each Purchaser understands that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("PTE") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the "NAIC Annual Statement")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the "QPAM Exemption")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the "INHAM Exemption")) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "employee benefit plan," "governmental plan," and "separate account" shall have the respective meanings assigned to such terms in section 3 of ERISA.

SECTION 7. INFORMATION AS TO COMPANY

Section 7.1. Financial and Business Information. The Company shall deliver to each Purchaser and each holder of a Note that is an Institutional Investor:

(a) Quarterly Statements — within 45 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of the Company's Quarterly Report on Form 10-Q (the "Form 10-Q") with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Material Credit Facility or the date on which such corresponding financial statements are delivered under any Material Credit Facility if such delivery occurs earlier than such required delivery date) after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter; and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year; all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments;

(b) Annual Statements — within 90 days (or such shorter period as is the earlier of (x) 15 days greater than the period applicable to the filing of the Company's Annual Report on Form 10-K (the "Form 10-K") with the SEC regardless of whether the Company is subject to the filing requirements thereof and (y) the date by which such financial statements are required to be delivered under any Material Credit Facility or the date on which such corresponding financial statements are delivered under any Material Credit Facility if such delivery occurs earlier than such required delivery date) after the end of each fiscal year of the Company, duplicate copies of

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year;

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for such year; and

(iii) a consolidating schedule of the balance sheets of the Company and its Subsidiaries as at the end of such year;

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by (A) with respect to such consolidated financial statements (clause (i) and (ii) above), an opinion thereon (without a "going concern" or similar explanatory paragraph, qualification or exception and without any qualification or exception as to the scope of the audit on which such opinion is based) of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and (B) a letter signed by that firm of independent public accountants to the effect that, during the course of their examination, nothing came to their attention that caused them to believe that the Company was in default of its covenants set forth in Section 10.1 hereof;

(c) SEC and Other Reports — promptly upon their becoming available, one copy of (i) each financial statement, report, notice, proxy statement or similar document sent by the Company or any Subsidiary (x) to its creditors under any Material Credit Facility (excluding information sent to such creditors in the ordinary course of administration of a credit facility, such as information relating to pricing and borrowing availability, but including, without limitation, borrowing base certificates) or (y) to its public Securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such Purchaser or holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) Notice of Default or Event of Default — promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) Employee Benefits Matters — promptly, and in any event within ten days after a Responsible Officer becoming aware of any of the following, a written notice

setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof;

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan;

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect; or

(iv) receipt of notice of the imposition of a Material financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans;

(f) Notices from Governmental Authority — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;

(g) Resignation or Replacement of Auditors — within 10 days following the date on which the Company's auditors resign or the Company elects to change auditors, as the case may be, notification thereof, together with such further information as the Required Holders may request; and

(h) Material Adverse Effect — promptly upon the occurrence of any event that could reasonably be expected to lead to or result in a Material Adverse Effect (as defined in the Senior Unsecured Credit Facility) or an Event of Default, a written notice describing such event.

(i) Projections — within 90 days after the beginning of each fiscal year of the Company, projections, in reasonable detail and in form and substance satisfactory to the Required Holders, on a quarterly basis, of the earnings, cash flow and covenant

calculations (with assumptions for all of the foregoing) of the Company and its Subsidiaries for that fiscal year;

(j) Requested Information — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries (including actual copies of the Company's Form 10-Q and Form 10-K) or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such Purchaser or holder of a Note.

Section 7.2. Officer's Certificate. Each set of financial statements delivered to a Purchaser or holder of a Note pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer in form and substance reasonably satisfactory to the Purchasers or holders:

(a) Covenant Compliance — setting forth the information from such financial statements and all other information, in each case that is required in order to establish whether the Company was in compliance with the requirements of Section 10 during the quarterly or annual period covered by the financial statements then being furnished (including with respect to each such provision that involves mathematical calculations, the information from such financial statements that is required to perform such calculations) and detailed calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Section, and the calculation of the amount, ratio or percentage then in existence. In the event that the Company or any Subsidiary has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with this Agreement pursuant to Section 22.2) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election;

(b) Event of Default — certifying that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto; and

(c) Subsidiaries- (x) setting forth (i) a list of all Subsidiaries that are required to be Subsidiary Guarantors, (ii) a list of all Subsidiaries that are Significant Subsidiaries, (iii) a list of all Subsidiaries that are Side-by-Side Subsidiaries and (iv) a list of all Subsidiaries that are Carried Interest Subsidiaries, including the percentage of Capital

Stock of each Carried Interest Subsidiary owned by the Note Parties and the Wholly-Owned Subsidiaries of the Note Parties, and (y) certifying that each Subsidiary that is required to be a Subsidiary Guarantor pursuant to Section 9.7 is a Subsidiary Guarantor, in each case, as of the date of such certificate of Senior Financial Officer.

Section 7.3. Visitation. The Company shall permit the representatives of each Purchaser and each holder of a Note that is an Institutional Investor:

(a) No Default — if no Default or Event of Default then exists, at the expense of such Purchaser or such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) Default — if a Default or Event of Default then exists, at the expense of the Company to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 7.4. Electronic Delivery. Financial statements, opinions and certifications of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to Sections 7.1(a), (b) or (c) and Section 7.2 shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto:

(a) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related Officer's Certificate satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c) are delivered to each Purchaser or holder of a Note by e-mail at the e-mail address set forth in such Purchaser's or holder's Purchaser Schedule or as communicated from time to time in a separate writing delivered to the Company;

(b) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or Section 7.1(b), as the case may be, with the SEC on EDGAR and shall have made such form and the related Officer's Certificate satisfying the requirements of Section 7.2 available on its home page on the internet, which is located at <https://greenbrickpartners.com> as of the date of this Agreement;

(c) such financial statements satisfying the requirements of Section 7.1(a) or Section 7.1(b) and related Officer's Certificate(s) satisfying the requirements of Section 7.2 and any other information required under Section 7.1(c) are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each holder of Notes has free access; or

(d) the Company shall have timely filed any of the items referred to in Section 7.1(c) with the SEC on EDGAR and shall have made such items available on its home page on the internet or on IntraLinks or on any other similar website to which each holder of Notes has free access;

provided however, that in no case shall access to such financial statements, other information and Officer's Certificates be conditioned upon any waiver or other agreement or consent (other than confidentiality provisions consistent with Section 20 of this Agreement); provided further, that in the case of any of clauses (b), (c) or (d), the Company shall have given each holder of a Note prior written notice, which may be by e-mail or in accordance with Section 18, of such posting or filing in connection with each delivery, provided further, that upon request of any holder to receive paper copies of such forms, financial statements, other information and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such holder.

SECTION 8. PAYMENT AND PREPAYMENT OF THE NOTES.

Section 8.1. Maturity. As provided therein, the entire unpaid principal balance of each Note shall be due and payable on the Maturity Date thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than \$1,000,000 (or an integral multiple of \$100,000 in excess thereof) of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 10 days and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to Section 17. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.3. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

Section 8.4. Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and the applicable Make-Whole Amount, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.5. Purchase of Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment or prepayment of Notes pursuant to this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.6. Make-Whole Amount.

The term "Make-Whole Amount" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings: "Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, the sum of (a) 0.50% plus (b) the yield to maturity implied by the "Ask Yield(s)" reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities ("Reported") having a maturity equal to the

Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (i) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (ii) interpolating linearly between the "Ask Yields" Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then "Reinvestment Yield" means, with respect to the Called Principal of any Note, the sum of (x) 0.50% plus (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

"Remaining Average Life" means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 8.7. **Payments Due on Non-Business Days.** Anything in this Agreement or the Notes to the contrary notwithstanding, (x) except as set forth in clause (y), any payment of interest on any Note that is due on a date that is not a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; and (y) any payment of principal of or Make-Whole Amount on any Note (including principal due on the Maturity Date of such Note) that is due on a date that is not a Business Day shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 8.8. **Change of Control Prepayment Offer.**

(a) **Notice of Change of Control or Control Event.** The Company will, within 10 Business Days after any Responsible Officer has knowledge of the occurrence of any Change of Control or Control Event, give written notice of such Change of Control or Control Event to each holder of Notes. In the case that a Change of Control has occurred, such notice shall contain and constitute an offer to prepay Notes as described in subparagraph (b) of this Section 8.8 and shall be accompanied by the certificate described in subparagraph (e) of this Section 8.8.

(b) **Offer to Prepay Notes.** The offer to prepay Notes contemplated by subparagraph (a) of this Section 8.8 shall be an offer to prepay, in accordance with and subject to this Section 8.8, all, but not less than all, the Notes held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "Proposed Prepayment Date") that is not less than 10 Business Days and not more than 30 days after the date of such offer (if the Proposed Prepayment Date shall not be specified in such offer, the Proposed Prepayment Date shall be the 30th day after the date of such offer).

(c) **Acceptance; Rejection.** A holder of Notes may accept the offer to prepay made pursuant to this Section 8.8 by causing a notice of such acceptance to be delivered to the Company at least five Business Days prior to the Proposed Prepayment Date. If the offer is so accepted by any holder of Notes, the Company at least three Business Days prior to the Proposed Prepayment Date shall give written notice to each holder of Notes that has not so accepted the offer, in which notice the Company shall (i) state the aggregate outstanding principal amount of Notes in respect of which the offer has been accepted and (ii) renew the offer and extend the time for acceptance by stating that any holder of Notes may yet accept the offer, whether theretofore rejected or not, by causing a notice of such acceptance to be delivered to the Company at least five Business Days prior to the Proposed Prepayment Date, in which case the Proposed Prepayment Date shall be extended to the extent necessary to account for the renewed offer. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.8 shall be deemed to constitute a rejection of such offer by such holder.

(d) **Prepayment.** Prepayment of the Notes to be prepaid pursuant to this Section 8.8 shall be at 100% of the principal amount of such Notes at par (without any Make-Whole Amount) together with interest accrued thereon to the prepayment date selected by the Company. The prepayment shall be made on the Proposed Prepayment Date.

(e) Officer's Certificate. Each offer to prepay the Notes pursuant to this Section 8.8 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 8.8; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; and (v) in reasonable detail, the nature and date of the Change of Control or Control Event.

Section 9. Affirmative Covenants.

From the date of this Agreement until the Closing and thereafter, so long as any of the Notes are outstanding, the Company covenants that:

Section 9.1. Compliance with Laws. Without limiting Section 10.11, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject (including ERISA, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in Section 5.16) and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Company will, and will cause each of its Subsidiaries to, maintain, with insurers with an AM Best rating of not less than A XIII, (a) insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated, (b) adequate public liability insurance against tort claims that may be incurred by any Note Party, and (c) such other insurance as may be required by law, except, in the case of clauses (b) and (c), where the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

Section 9.3. Maintenance of Properties. The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section 9.3 shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent the same have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary, provided that neither the Company nor any Subsidiary need pay any such tax, assessment, charge, levy or claim if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or Subsidiary has established appropriate reserves with respect thereto in accordance with GAAP on the books of the Company or applicable Subsidiary or (ii) the nonpayment of all such taxes, assessments, charges, levies and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.5. Corporate Existence, Etc. Subject to Section 10.4, the Company will at all times preserve and keep its corporate existence in full force and effect. Subject to Section 10.4, the Company will at all times preserve and keep in full force and effect the organizational existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Books and Records. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be. The Company will, and will cause each of its Subsidiaries to, keep books, records and accounts which, in reasonable detail, accurately reflect all transactions and dispositions of assets. The Company and its Subsidiaries have devised a system of internal accounting controls sufficient to provide reasonable assurances that their respective books, records, and accounts accurately reflect all transactions and dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

Section 9.7. Subsidiary Guarantors. (a) The Company will cause (x) each Significant Subsidiary (unless federal or state regulatory requirements prohibit such Significant Subsidiary from becoming a Subsidiary Guarantor), concurrently with or prior to the delivery of the financial statements set forth in Section 7.1(a) or (b) under which such Subsidiary is identified pursuant to Section 7.2(c) as a Significant Subsidiary, and (y) each other Subsidiary that guarantees or otherwise becomes liable at any time, whether as a borrower or an additional or co-borrower or otherwise, for or in respect of any Indebtedness under any Material Credit Facility to concurrently therewith:

(i) enter into an agreement in form and substance satisfactory to the Required Holders providing for the guaranty by such Subsidiary, on a joint and several basis with all other such

Subsidiaries, of (x) the prompt payment in full when due of all amounts payable by the Company pursuant to the Notes (whether for principal, interest, Make-Whole Amount or otherwise) and this Agreement, including all indemnities, fees and expenses payable by the Company thereunder and (y) the prompt, full and faithful performance, observance and discharge by the Company of each and every covenant, agreement, undertaking and provision required pursuant to the Notes or this Agreement to be performed, observed or discharged by it (a "Subsidiary Guaranty"); and

(ii) deliver the following to each holder of a Note:

(A) an executed counterpart of such Subsidiary Guaranty;

(B) a certificate signed by an authorized responsible officer of such Subsidiary containing representations and warranties on behalf of such Subsidiary to the same effect, *mutatis mutandis*, as those contained in Sections 5.1, 5.2, 5.6, 5.7, 5.16, 5.17 and 5.18 of this Agreement (but with respect to such Subsidiary and such Subsidiary Guaranty rather than the Company);

(C) all documents as may be reasonably requested by the Required Holders to evidence the due organization, continuing existence and, where applicable, good standing of such Subsidiary and the due authorization by all requisite action on the part of such Subsidiary of the execution and delivery of such Subsidiary Guaranty and the performance by such Subsidiary of its obligations thereunder; and

(D) an opinion of counsel reasonably satisfactory to the Required Holders covering such matters relating to such Subsidiary and such Subsidiary Guaranty as the Required Holders may reasonably request.

(b) At the election of the Company and by written notice to each holder of Notes, any Subsidiary Guarantor that has provided a Subsidiary Guaranty under clause (x) of subparagraph (a) of this Section 9.7 may be discharged from all of its obligations and liabilities under its Subsidiary Guaranty and shall be automatically released from its obligations thereunder without the need for the execution or delivery of any other document by the holders; provided, that (i) such Subsidiary Guarantor is not an Unencumbered Assets Subsidiary and the Company provides each holder a certificate of a Senior Financial Officer certifying compliance with Section 10.1(e) and (f) on a pro forma basis after giving effect to such release and all other releases of Subsidiary Guarantors pursuant to this clause (b) and Section 9.7(c) since the delivery of the most recent financial statements pursuant to Section 7.1(a) or (b), (ii) such Subsidiary Guarantor has ceased to be a Subsidiary pursuant to a transaction permitted pursuant to this Agreement, (iii) at the time of, and after giving effect to, such release and discharge, no Default or Event of Default shall be existing, (iv) no amount is then due and payable under such Subsidiary Guaranty, and (v) each holder shall have received a certificate of a Responsible Officer certifying as to the matters set forth in clauses (i) through (iv).

(c) At the election of the Company and by written notice to each holder of Notes, any Subsidiary Guarantor that has provided a Subsidiary Guaranty under clause (y) of subparagraph (a) of this Section 9.7 may be discharged from all of its obligations and liabilities under its

Subsidiary Guaranty and shall be automatically released from its obligations thereunder without the need for the execution or delivery of any other document by the holders, provided that (i) such Subsidiary Guarantor is not an Unencumbered Assets Subsidiary and the Company provides each holder a certificate of a Senior Financial Officer certifying compliance with Section 10.1(e) and (f) on a pro forma basis after giving effect to such release and all other releases of Subsidiary Guarantors pursuant to this clause (c) and Section 9.7(b) since the delivery of the most recent financial statements pursuant to Section 7.1(a) or (b), (ii) if such Subsidiary Guarantor is a guarantor or is otherwise liable for or in respect of any Material Credit Facility, then such Subsidiary Guarantor has been released and discharged (or will be released and discharged concurrently with the release of such Subsidiary Guarantor under its Subsidiary Guaranty) under such Material Credit Facility, (iii) at the time of, and after giving effect to, such release and discharge, no Default or Event of Default shall be existing, (iv) no amount is then due and payable under such Subsidiary Guaranty, (v) if in connection with such Subsidiary Guarantor being released and discharged under any Material Credit Facility, any fee or other form of consideration is given to any holder of Indebtedness under such Material Credit Facility for such release, the holders of the Notes shall receive equivalent consideration substantially concurrently therewith and (vi) each holder shall have received a certificate of a Responsible Officer certifying as to the matters set forth in clauses (i) through (v). In the event of any such release, for purposes of Section 10.3, all Indebtedness of such Subsidiary shall be deemed to have been incurred concurrently with such release.

Section 9.8. Use of Proceeds. The Company will use the proceeds of the Notes for the purposes described in the first sentence of Section 5.14.

Section 9.9. Information Required by Rule 144A. The Company will, upon the request of any holder, provide such holder, and any Qualified Institutional Buyer designated by such holder, such financial and other information as such holder may reasonably determine to be necessary in order to permit compliance with the information requirements of Rule 144A under the Securities Act in connection with the resale of Notes, except at such times as the Company is subject to the reporting requirements of section 13 or 15(d) of the Exchange Act.

Section 9.10. Covenant to Secure Notes Equally. The Company will, if it or any Subsidiary shall create or assume any Lien upon any of its property or assets to secure any Material Credit Facility (other than the Senior Secured Credit Facility), whether now owned or hereafter acquired, make or cause to be made effective provision whereby the Notes and each Subsidiary Guaranty will be secured by such Lien equally and ratably with any and all other Indebtedness thereby secured so long as any such other Indebtedness is so secured. Notwithstanding the foregoing, neither the Company nor any Subsidiary may grant, suffer to exist or permit any Lien on any of its rights, properties or assets unless such Lien is permitted pursuant to Section 10.2.

Section 9.11. Notes and Subsidiary Guaranties to Rank Pari Passu. The Notes and the Subsidiary Guaranties and all other obligations hereunder or thereunder are and will be maintained at all times as direct obligations of the Company and the Subsidiary Guarantors, ranking at least pari passu in right of payment with each Material Credit Facility and at least pari passu in right of security (other than with respect to the Senior Secured Credit Facility) to the

extent the Liens securing the Senior Secured Credit Facility constitute Permitted Liens) with each Material Credit Facility.

If the Company fails to comply with any provision of this Section 9 on or after the date of this Agreement and prior to the Closing, then, among other things, any of the Purchasers may elect not to purchase the Notes on the date of the Closing.

SECTION 10. NEGATIVE COVENANTS.

From the date of this Agreement until the Closing and thereafter, so long as any of the Notes are outstanding, the Company covenants that:

Section 10.1. Financial Covenants.

(a) Maximum Debt to Net Worth Ratio. The Company shall not permit, as of the last day of each fiscal quarter of the Company, commencing with the fiscal quarter ending September 30, 2020, the Debt to Net Worth Ratio to exceed 1.00:1.00.

(b) Minimum Interest Coverage Ratio. The Company shall maintain, as of the last day of each fiscal quarter of the Company, commencing with the fiscal quarter ending September 30, 2020, an Interest Coverage Ratio greater than 2.00:1.00. The Company shall not, and shall not permit, the financial covenant contained in Section 6.01(b) (or any successor Section) of the Senior Unsecured Credit Facility and/or the defined terms referenced therein to be amended or otherwise modified in any manner that is different than the financial covenant contained in this Section 10.1(b) and the defined terms referenced herein without providing the holders with at least 20 Business Days prior written notice of the Company's proposed amendments or modifications to such financial covenant and/or definitions. Unless otherwise notified in writing by the Required Holders, upon the effectiveness of any such amendment or modification, this Section 10.1(b) and the related definitions shall be deemed automatically amended to include such amendment or modification without any further action on the part of the Company or any of the holders; provided, that in no event shall such an amendment be deemed automatically incorporated into this Agreement if the effect (including pursuant to changes to defined terms) is to permit the Company to maintain an Interest Coverage Ratio of less than 1.50:1.00.

(c) Minimum Consolidated Tangible Net Worth. The Company shall maintain, as of the last day of each fiscal quarter of the Company, commencing with the fiscal quarter ending September 30, 2020, Consolidated Tangible Net Worth of at least (i) \$320,000,000 plus (ii) the sum of (A) 50% of the cumulative Consolidated Net Income, if positive, of the Company and its Subsidiaries from and after October 1, 2018, plus (B) 50% of the net cash proceeds received by the Company from any equity offerings of the Company completed after October 1, 2018.

(d) Maximum Debt to Capital Percentage. The Company shall not permit the incurrence of any Indebtedness constituting Consolidated Debt of the Company or any

Subsidiary if, at the time of such incurrence, after giving pro forma effect to such Indebtedness, the Debt to Capital Percentage would exceed 40%.

(e) Minimum Unencumbered Assets Ratio. The Company shall not permit at any time the Unencumbered Assets Ratio to be less than 1.50:1.00.

(f) Minimum Note Party Unencumbered Assets Ratio. The Company shall not permit at any time the Note Party Unencumbered Assets Ratio to be less than 1.10:1.00.

Section 10.2. Liens. The Company will not, nor will it permit any of its Subsidiaries to, grant or suffer or permit to exist any Liens, other than Permitted Liens, on any of its rights, properties or assets.

Section 10.3. Subsidiary Indebtedness. The Company will not permit any Subsidiary (other than a Subsidiary that is a Note Party) to create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness under the Senior Secured Credit Facility in an aggregate principal amount not to exceed \$75,000,000;

(b) Indebtedness existing on the date hereof and set forth on Schedule 10.3, and any extensions, renewals and refinancings of any such Indebtedness that do not increase the outstanding principal amount thereof except by an amount no greater than accrued and unpaid interest with respect to such Indebtedness and any reasonable fees, premium and expenses relating to such extension, renewal or refinancing;

(c) Indebtedness owed to the Company or any Subsidiary; provided that (i) such Indebtedness shall not have been transferred or assigned to any Person other than the Company or any Subsidiary and (ii) if such Indebtedness is owed from a Note Party to a Subsidiary that is not a Note Party, such Indebtedness shall be Subordinated Debt;

(d) guarantees by any Subsidiary of Indebtedness of the Company or any other Subsidiary; provided, that in the case of any such guarantee of Indebtedness of the Company or any Note Party, such Subsidiary shall have become a Note Party hereunder;

(e) Indebtedness of any Person existing at the time such Person becomes a Note Party or Subsidiary or is merged with or into the Company or any of its Subsidiaries, provided that such Indebtedness was in existence prior to the date of such acquisition, merger or consolidation, and was not incurred in anticipation thereof, and any extensions, renewals and refinancings thereof that do not increase the outstanding principal amount thereof except by an amount no greater than accrued and unpaid interest with respect to such obligations and any reasonable fees, premium and expenses relating to such extension, renewal or refinancing; provided, that the aggregate principal amount of outstanding Indebtedness incurred pursuant to this Section 10.3(e), together with the aggregate principal amount of outstanding Indebtedness incurred pursuant to Section 10.3(i), shall not at any time exceed \$35,000,000.

(f) Non-Recourse Indebtedness which does not exceed fifty percent (50%) of the fair market value of the Real Estate Inventory which secures such Indebtedness; provided, that the aggregate principal amount of outstanding Non-Recourse Indebtedness incurred pursuant to this Section 10.3(f), shall not at any time exceed fifteen percent (15%) of Stockholders Equity (as set forth on the financial statements most recently delivered pursuant to Section 7.1(a) or (b));

(g) Swap Obligations arising in the ordinary course of business and not for speculative purposes;

(h) Capitalized Lease Obligations incurred in the ordinary course of business;
and

(i) Indebtedness of a Subsidiary, if (i) the Subsidiary (x) was acquired or became a Subsidiary after December 15, 2015 or (y) was formed December 15, 2015 for the purpose of acquiring assets and (ii) the proceeds of such Indebtedness are used by such Subsidiary to finance the construction of Real Estate Inventory; provided, that (A) the aggregate principal amount of Indebtedness incurred by any such Subsidiary pursuant to this Section 10.3(i) shall not exceed the Consolidated Tangible Net Worth of such Subsidiary at the time of incurrence of such Indebtedness and (B) the aggregate principal amount of outstanding Indebtedness incurred pursuant to this Section 10.3(i), together with the aggregate principal amount of outstanding Indebtedness incurred pursuant to Section 10.3(e), shall not at any time exceed \$35,000,000.

Section 10.4. Limitation on Fundamental Changes; Asset Sales. (a) The Company will not, nor will it permit any of its Subsidiaries to, do any of the following:

(i) sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or any portion of the assets (whether now owned or hereafter acquired) of the Company and the Subsidiaries except for (A) the sale of inventory in the ordinary course of business and (B) any other disposition, sale, or assignment of property; provided, that (I) no Default or Event of Default exists at the time of such disposition, sale or assignment, (II) the Company or the applicable Subsidiary receives fair market value for such disposition, sale or assignment and (III) the fair market value of all such dispositions, sales or transfers pursuant to this clause (B) in any fiscal quarter does not exceed 15% of Consolidated Tangible Net Worth (determined as of the last day of the most recent fiscal quarter for which financial statements are available);

(ii) merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it, except, to the extent no Default or Event of Default then exists, (A) any Person may merge with the Company; provided, that the Company shall be the continuing or surviving person and (B) any Person (other than the Company) may merge with a Subsidiary; provided, that such Subsidiary shall be the continuing or surviving Person, and if a Note Party is involved in the transaction, a Note Party is the continuing or surviving Person, or the continuing or surviving Person becomes a Subsidiary and, if a Note Party is involved in the transaction, a Note Party, upon such merger hereunder; and, in each case, the transaction represents an acquisition permitted under Section 10.4(b);

- (iii) dissolve, liquidate or wind up its business by operation of law or otherwise;
- (iv) distribute to the stockholders of the Company any Capital Stock of any Subsidiary that is a Subsidiary Guarantor; or
- (v) consummate a Division as the Dividing Person;

provided, however, that, to the extent no Default or Event of Default then exists, any Subsidiary or any other Person may merge into or consolidate with, may consummate a Division as the Dividing Person or may dissolve and liquidate into a Note Party and any Subsidiary that is not a Note Party may merge into or consolidate with, may consummate a Division as the Dividing Person or may dissolve and liquidate into another Subsidiary that is not a Note Party, if (and only if), (1) in the case of a merger or consolidation involving a Note Party other than the Company, the surviving Person is, or upon such merger or consolidation becomes, a Note Party, (2) in the case of a merger or consolidation involving the Company, the Company is the surviving Person, (3) if any Subsidiary that is an LLC consummates a Division as the Dividing Person, immediately upon the consummation of the Division, the assets of the applicable Dividing Person are held by one or more Subsidiaries at such time or, with respect to assets not so held by one or more Subsidiaries, such Division, in the aggregate, would otherwise result in a disposition permitted by Section 10.4(a)(i); provided, that notwithstanding anything to the contrary in this Agreement, any Subsidiary which is a Division Successor resulting from a Division of assets of a Significant Subsidiary may not be deemed to cease to be a Significant Subsidiary at the time of or in connection with the applicable Division, (4) the character of the business of the Company and the Subsidiaries on a consolidated basis will not be materially changed by such occurrence, and (5) such occurrence shall not constitute or give rise to (a) an Event of Default or (b) default (beyond all applicable grace and cure periods) in respect of any of the covenants contained in any agreement to which the Company or any such Subsidiary is a party or by which its property may be bound if such default would have a Material Adverse Effect.

(b) The Company will not, nor will it permit any of its Subsidiaries to, acquire another Person unless (i) the primary business of such Person is engaging in homebuilding, multi-family, land acquisition or land development businesses and businesses that are reasonably related thereto or reasonable extensions thereof, (ii) the majority of shareholders (or other equity interest holders), the board of directors or other governing body of such Person approves such acquisition and (iii) no Default or Event of Default exists or would result from such acquisition.

Section 10.5. Permitted Investments. The Company will not, nor will it permit any Subsidiary to, make any Investment or otherwise acquire any interest in any Person, except:

(a) Investments in or loans or advances to (i) the Company, (ii) in any wholly owned Subsidiary Guarantor, and (iii) so long as no Default or Event of Default exists or would result therefrom, any Subsidiary (or, unless prohibited by Section 10.4(b), an entity that will become a Subsidiary as a result of such Investment);

(b) Investments in Cash Equivalents and Permitted Investments;

(c) receivables owing to the Company or any Subsidiary if created or acquired in the ordinary course of business;

(d) lease, utility and other similar deposits in the ordinary course of business;

(e) Investments made by the Company for consideration consisting only of Capital Stock of the Company;

(f) guarantees of performance obligations in the ordinary course of business;

(g) Investments outstanding on the date of Closing, as set forth on Schedule 10.5;

(h) Investments permitted by Section 10.4(b);

(i) Investments in mortgages, receivables, other securities or ownership interests, loans or advances made in connection with a strategy to acquire land or other homebuilding assets through foreclosure or other exercise of remedies;

(j) Investments in securities of trade creditors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers;

(k) Investments or securities received in settlement of debts owing to the Company or any Subsidiary in the ordinary course of business;

(l) loans to employees, agents, customers or suppliers in the ordinary course of business not to exceed \$5,000,000 in the aggregate at any time outstanding;

(m) so long as no Default or Event of Default exists or would result therefrom, Investments, other than those permitted by subsections (a) through (l) above, in Persons that are in the business of homebuilding, multi-family, land acquisition, land development, mortgage origination, mortgage banking, loan servicing, providing title, or in businesses that are reasonably related thereto or reasonable extensions thereof not to exceed in the aggregate amount outstanding 15% of Consolidated Tangible Net Worth at any time; and

(n) so long as no Default or Event of Default exists or would result therefrom, other Investments in the aggregate amount not to exceed \$20,000,000 at any time outstanding.

Section 10.6. Burdensome Agreements. The Company will not enter into any Contractual Obligation that limits the ability (a) of any Subsidiary to make Restricted Payments to the Company or any Subsidiary Guarantor or to otherwise transfer property to the Company or any Subsidiary Guarantor, (b) of any Subsidiary to guarantee the Indebtedness of the Company or (c) of the Company or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person to secure its obligations under the Note Documents to which it is a party; provided, however, that the foregoing shall not apply to (i) restrictions imposed by law or this

Agreement, (ii) customary restrictions and conditions contained in agreements relating to a sale of a Subsidiary or all or substantially all of its assets pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is sold and such sale is permitted hereunder; (iii) customary provisions in leases, partnership agreements, limited liability company organizational governance documents, joint venture agreements and other similar agreements entered into in the ordinary course of business that restrict the transfer or encumbrance of leasehold interests or ownership interests in such partnership, limited liability company, joint venture or similar Person, (iv) with respect to clause (c), customary provisions in leases restricting the assignment thereof, (v) customary restrictions contained in the definitive documents for secured Indebtedness permitted pursuant to this Agreement so long as such restrictions apply only to the Subsidiaries that are party to such agreement and the assets that are collateral for such Indebtedness and (vi) customary restrictions contained in the definitive documents for Indebtedness permitted pursuant to this Agreement so long as such restrictions are not more restrictive than those contained in the Note Documents.

Section 10.7. Prepayment of Indebtedness. If a Default has occurred and is continuing or an acceleration of the indebtedness under this Agreement has occurred, the Company will not voluntarily prepay, or permit any Subsidiary Guarantor voluntarily to prepay, the principal amount, in whole or in part, of any Indebtedness other than (a) indebtedness owed to each holder hereunder; (b) Indebtedness that ranks *pari passu* with the indebtedness incurred under this Agreement which is or becomes due and owing whether by reason of acceleration or otherwise and (c) Indebtedness that is exchanged for, or converted into, Capital Stock (or securities to acquire Capital Stock) of any Note Party.

Section 10.8. Transactions with Affiliates. The Company will not enter into any transaction (including, without limitation, the purchase or sale of any property or service) with, or make any payment or transfer to, any Affiliate (or permit any Subsidiary to do any of the foregoing), except (a) in the ordinary course of business and upon fair and reasonable terms which in the aggregate, are no less favorable to the Company, such Note Party or such Subsidiary than the Company, such Note Party or such Subsidiary would obtain in a comparable arms'-length transaction, (b) transactions between or among the Note Parties or between or among the Note Parties and Wholly-Owned Subsidiaries of such Note Parties, (c) salary, bonuses, equity compensation and other compensation arrangements and indemnification arrangements with directors or executive officers consistent with past practices or as approved by the Company's Compensation Committee or Board of Directors, (d) Investments permitted under Section 10.5, and (e) Restricted Payments permitted under Section 10.9.

Section 10.9. Restricted Payments. The Company will not, nor will it permit any Subsidiary to, declare or make, or agree to declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so; provided, that (a) any Subsidiary may declare and make Restricted Payments ratably to its equity holders, (b) the Company or any Subsidiary may make Restricted Payments to any holder of its Capital Stock in the form of additional shares of Capital Stock of the same class and (c) the Company or any Subsidiary may make other Restricted Payments so long as (i) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (ii) the Debt to Net Worth

Ratio, both before and after giving effect to such Restricted Payment, would not exceed 0.75:1.00.

Section 10.10. Line of Business. The Company will not and will not permit any Subsidiary to engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company and its Subsidiaries, taken as a whole, are engaged on the date of this Agreement as described in the Recent Filings.

Section 10.11. Economic Sanctions, Etc. The Company will not, and will not permit any Controlled Entity to (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or (b) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (i) would cause any holder or any affiliate of such holder to be in violation of, or subject to sanctions under, any law or regulation applicable to such Purchaser or holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions Laws.

Section 10.12. Most Favored Lender. The Company will not, and will not permit any Subsidiary to, enter into, assume or otherwise be bound or obligated (including, without limitation, by amendment or modification) under any Material Credit Facility, or under any agreement creating or evidencing Indebtedness in excess of \$15,000,000 (the Material Credit Facilities and any such other agreement each being an "MFL Agreement"), in either case containing one or more Additional Covenants (other than those in the Principal Credit Facilities on the date hereof) or Additional Defaults (other than those in the Principal Credit Facilities on the date hereof), unless prior written consent to such MFL Agreement shall have been obtained pursuant to Section 17.1; provided, that in the event the Company or any Subsidiary shall enter into, assume or otherwise become bound by or obligated under any such MFL Agreement without the prior written consent of the Required Holders, the terms of this Agreement shall, without any further action on the part of the Company or any of the holders of Notes, be deemed to be amended automatically to include each Additional Covenant and each Additional Default contained in such MFL Agreement. The Company further covenants to promptly execute and deliver at its expense (including the fees and expenses of counsel for the holders of Notes) an amendment to this Agreement in form and substance satisfactory to the Required Holders evidencing the amendment of this Agreement to include such Additional Covenants and Additional Defaults, provided that the execution and delivery of such amendment shall not be a precondition to the effectiveness of such amendment as provided for in this Section 10.12, but shall merely be for the convenience of the parties hereto.

Section 10.13. Amendments to Organizational Documents. The Company will not, and will not permit any Subsidiary to, (x) amend, modify or otherwise change any of its Organizational Documents, except (a) if the Organizational Documents, as so amended, modified or otherwise changed, are consistent in form and substance with past practices of the Company and its Subsidiaries and with Organizational Documents of other Subsidiaries as of the date of this Agreement, (b) in connection with a transaction permitted under Section 10.4 or (c) if such

amendment, modification or other change is not Materially adverse to the interests of the Purchasers and holders, or (y) change the general nature of the secured intercompany loans used on the date of this Agreement to fund Carried Interest Subsidiaries (it being understood that this clause shall not prohibit the conversion of Carried Interest Subsidiaries to Side-by-Side Subsidiaries).

If the Company fails to comply with any provisions of this Section 10 before or after giving effect to the issuance of the Notes on a pro forma basis, then, among other things, any of the Purchasers may elect not to purchase the Notes on the date of the Closing.

SECTION 11. EVENTS OF DEFAULT.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or the applicable Make-Whole Amount on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) any Note Party defaults in the payment of any interest or other amount due under any Note Document for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Sections 7.1(d), 7.1(h), 7.3(b), 9.5, 9.6, 9.8, 9.10, 9.11 or Section 10; or

(d) any Note Party defaults in the performance of or compliance with any term contained in any Note Document (other than those referred to in Sections 11(a), (b) and (c)) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this Section 11(d)); or

(e) any representation or warranty made in writing by or on behalf of any Note Party or by any officer of any Note Party in any Note Document or any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company, any other Note Party, any other Significant Subsidiary or any other Unencumbered Assets Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness (other than Non-Recourse Indebtedness) that is outstanding in an aggregate principal amount of at least \$15,000,000 (or its equivalent in the relevant currency of payment) beyond any period of grace provided with respect thereto, or (ii) the Company, any other Note Party, any other Significant Subsidiary or any other

Unencumbered Assets Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$15,000,000 (or its equivalent in the relevant currency of payment) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more Persons are entitled to declare such Indebtedness to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Indebtedness to convert such Indebtedness into equity interests), (x) the Company, any other Note Party, any other Significant Subsidiary or any other Unencumbered Assets Subsidiary has become obligated to purchase or repay Indebtedness before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least \$15,000,000 (or its equivalent in the relevant currency of payment), or (y) one or more Persons have the right to require the Company, any other Note Party, any other Significant Subsidiary or any other Unencumbered Assets Subsidiary so to purchase or repay such Indebtedness; or

(g) the Company, any other Note Party, any other Significant Subsidiary or any other Unencumbered Assets Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or other Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company, any other Note Party, any other Significant Subsidiary or any other Unencumbered Assets Subsidiary, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company, any other Note Party, any other Significant Subsidiary or any other Unencumbered Assets Subsidiary, or any such petition shall be filed against the Company, any other Note Party, any other Significant Subsidiary or any other Unencumbered Assets Subsidiary and such petition shall not be dismissed within 60 days; or

(i) any event occurs with respect to the Company, any other Note Party, any other Significant Subsidiary or any other Unencumbered Assets Subsidiary which under the laws of any jurisdiction is analogous to any of the events described in Section 11(g)

or Section 11(h), provided that the applicable grace period, if any, which shall apply shall be the one applicable to the relevant proceeding which most closely corresponds to the proceeding described in Section 11(g) or Section 11(h); or

(j) one or more final judgments or orders for the payment of money aggregating in excess of \$15,000,000 (or its equivalent in the relevant currency of payment), including any such final order enforcing a binding arbitration decision, are rendered against one or more of the Company, any other Note Party, any other Significant Subsidiary and any other Unencumbered Assets Subsidiary and which judgments are not, within 30 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 30 days after the expiration of such stay; or

(k) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) there is any "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under one or more Plans, determined in accordance with Title IV of ERISA, (iv) the aggregate present value of accrued benefit liabilities under all funded Non-U.S. Plans exceeds the aggregate current value of the assets of such Non-U.S. Plans allocable to such liabilities, (v) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (vi) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, (vii) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder, (viii) the Company or any Subsidiary fails to administer or maintain a Non-U.S. Plan in compliance with the requirements of any and all applicable laws, statutes, rules, regulations or court orders or any Non-U.S. Plan is involuntarily terminated or wound up, or (ix) the Company or any Subsidiary becomes subject to the imposition of a financial penalty (which for this purpose shall mean any tax, penalty or other liability, whether by way of indemnity or otherwise) with respect to one or more Non-U.S. Plans; and any such event or events described in clauses (i) through (ix) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect. As used in this Section 11(k), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in section 3 of ERISA; or

(l) any Note Document shall cease to be in full force and effect, any Note Party or any Person acting on behalf of any Note Party shall contest in any manner the validity, binding nature or enforceability of any Note Document, or the obligations of any

Note Party under any Note Document are not or cease to be legal, valid, binding and enforceable in accordance with the terms of such Note Document.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in Section 11(g), (h) or (i) (other than an Event of Default described in clause (i) of Section 11(g) or described in clause (vi) of Section 11(g) by virtue of the fact that such clause encompasses clause (i) of Section 11(g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in Section 11(a) or (b) has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon (including interest accrued thereon at the Default Rate) and (y) the Make-Whole Amount determined in respect of such principal amount, shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note or Subsidiary Guaranty, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes have been declared due and payable pursuant to Section 12.1(b) or (c), the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and the applicable Make-Whole Amount on any Notes that are due and payable and are unpaid other than by reason of such

declaration, and all interest on such overdue principal and the applicable Make-Whole Amount and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement, any Subsidiary Guaranty or any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including reasonable attorneys' fees, expenses and disbursements.

SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. If any holder of one or more Notes is a nominee, then (a) the name and address of the beneficial owner of such Note or Notes shall also be registered in such register as an owner and holder thereof and (b) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to this Agreement. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)), for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within 10 Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to

the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Schedule 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than \$100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

Section 13.3. Replacement of Notes. Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in Section 18(iii)) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$25,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within 10 Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment. Subject to Section 14.2, payments of principal, the applicable Make-Whole Amount and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of U.S. Bank in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Payment by Wire Transfer. So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, the applicable Make-Whole Amount, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in the Purchaser Schedule, or by such other method or at such other address as such Purchaser shall

have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this Section 14.2.

Section 14.3. FATCA Information. By acceptance of any Note, the holder of such Note agrees that such holder will with reasonable promptness duly complete and deliver to the Company, or to such other Person as may be reasonably requested by the Company, from time to time (a) in the case of any such holder that is a United States Person, such holder's United States tax identification number or other forms reasonably requested by the Company necessary to establish such holder's status as a United States Person under FATCA and as may otherwise be necessary for the Company to comply with its obligations under FATCA and (b) in the case of any such holder that is not a United States Person, such documentation prescribed by applicable law (including as prescribed by section 1471(b)(3)(C)(i) of the Code) and such additional documentation as may be necessary for the Company to comply with its obligations under FATCA and to determine that such holder has complied with such holder's obligations under FATCA or to determine the amount (if any) to deduct and withhold from any such payment made to such holder. Nothing in this Section 14.3 shall require any holder to provide information that is confidential or proprietary to such holder unless the Company is required to obtain such information under FATCA and, in such event, the Company shall treat any such information it receives as confidential.

SECTION 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, each Note Party will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of any Note Document (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under any Note Document or in responding to any subpoena or other legal process or informal investigative demand issued in connection with any Note Document, or by reason of being a holder of any Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated the Note Documents and (c) the costs and

expenses incurred in connection with the initial filing of this Agreement and all related documents and financial information with the SVO provided, that such costs and expenses under this clause (c) shall not exceed \$5,000. If required by the NAIC, the Company shall obtain and maintain at its own cost and expense a Legal Entity Identifier (LEI).

Each Note Party will pay, and will save each Purchaser and each other holder of a Note harmless from, (i) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes), (ii) any and all wire transfer fees that any bank or other financial institution deducts from any payment under such Note to such holder or otherwise charges to a holder of a Note with respect to a payment under such Note and (iii) any judgment, liability, claim, order, decree, fine, penalty, cost, fee, expense (including reasonable attorneys' fees and expenses) or obligation resulting from the consummation of the transactions contemplated the Note Documents, including the use of the proceeds of the Notes by the Company.

Section 15.2. Certain Taxes. The Company agrees to pay all stamp, documentary or similar taxes or fees which may be payable in respect of the execution and delivery or the enforcement of each Note Document (other than the Notes) or the execution and delivery (but not the transfer) or the enforcement of any of the Notes in the United States or any other jurisdiction where the Company or any other Note Party has assets or of any amendment of, or waiver or consent under or with respect to, any Note Document, and to pay any value added tax due and payable in respect of reimbursement of costs and expenses by the Company pursuant to this Section 15, and will save each holder of a Note to the extent permitted by applicable law harmless against any loss or liability resulting from nonpayment or delay in payment of any such tax or fee required to be paid by Note Parties.

Section 15.3. Survival. The obligations of the Note Parties under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of any Note Document, and the termination of this Agreement or any other Note Document.

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement, the Notes and the other Note Documents, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement or any other Note Document shall be deemed representations and warranties of the Note Parties under the Note Documents. Subject to the preceding sentence, the Note Documents embody the entire agreement and understanding between each Purchaser and the Note Parties and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. This Agreement, the Notes and the other Note Documents may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), only with the written consent of the Note Parties party thereto and the Required Holders, except that:

(a) no amendment or waiver of any of Sections 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing;

(b) no amendment or waiver may, without the written consent of each Purchaser and the holder of each Note at the time outstanding, (i) subject to Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of (x) interest on the Notes or (y) the Make-Whole Amount, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any amendment or waiver, or (iii) amend any of Sections 8 (except as set forth in the second sentence of Section 8.2 and Section 17.1(c)), 11(a), 11(b), 12, 17 or 20; and

(c) Section 8.5 may be amended or waived to permit offers to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions only with the written consent of the Company and the Super-Majority Holders.

Section 17.2. Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each Purchaser and each holder of a Note with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Purchaser and such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or any other Note Document. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to this Section 17 or any other Note Document to each Purchaser and each holder of a Note promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite Purchasers or holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any Purchaser or holder of a Note as consideration for or as an inducement to the entering into by such Purchaser or holder of any waiver or amendment of any of the terms and provisions hereof or of any other Note Document unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each Purchaser and each holder of a Note even if such Purchaser or holder did not consent to such waiver or amendment.

(c) Consent in Contemplation of Transfer. Any consent given pursuant to this Section 17 or any other Note Document by a holder of a Note that has transferred or has agreed to transfer its Note to (i) the Company, (ii) any Subsidiary or any other Affiliate or (iii) any other Person in connection with, or in anticipation of, such other Person acquiring, making a tender offer for or merging with the Company and/or any of its Affiliates (either pursuant to a waiver under Section 17.1(c) or subsequent to Section 8.5 having been amended pursuant to Section 17.1(c)), in each case in connection with such consent, shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

Section 17.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this Section 17 or any other Note Document applies equally to all Purchasers and holders of Notes and is binding upon them and upon each future holder of any Note and upon the Note Parties without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between any Note Party and any Purchaser or holder of a Note and no delay in exercising any rights hereunder or under any other Note Document shall operate as a waiver of any rights of any Purchaser or holder of such Note.

Section 17.4. Notes Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under any Note Document, or have directed the taking of any action provided under any Note Document to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

SECTION 18. NOTICES.

Except to the extent otherwise provided in Section 7.4, all notices and communications provided for hereunder shall be in writing and sent (a) by email if the sender on the same day sends a confirming copy of such notice by an internationally recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by an internationally recognized overnight delivery service (charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in the Purchaser Schedule, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to any Note Party, to the Company at its address set forth at the beginning hereof to the attention of Rick Costello, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

SECTION 19. REPRODUCTION OF DOCUMENTS.

This Agreement, all other Note Documents and all documents relating thereto, including (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital, or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company, the Purchaser or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary, provided, however, that Purchaser acknowledges that any financial or other information regarding current or future business, results of operations or financial condition that has not been publicly released shall be deemed to be Confidential Information and material non-public information, provided, further, that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser; provided that such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its auditors, financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with this

Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (v) any Person from which it offers to purchase any Security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes, this Agreement, any Subsidiary Guaranty or any other Note Document. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying this Section 20.

Notwithstanding the foregoing, each Purchaser acknowledges that the Company currently has a class of securities registered under Section 12 of the Exchange Act or is required to file reports under Section 15(d) of the Exchange Act and as such, is the subject of restrictions generally imposed by the United States securities laws, including those imposed by Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, on the purchase or sale of securities by any person who has received material, non-public information from the issuer of such securities and on the communication of such information to any other person when it is reasonably foreseeable that such other person is likely to purchase or sell such securities in reliance upon such information. Each Purchaser acknowledges that any Controlled Affiliate with access to Confidential Information is subject to applicable securities laws that could restrict trading in any securities of the Company (whether on their own behalf or by, through or in concert with any other person) on the basis of, or while in possession of, any material non-public information about the Company.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Note is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this Section 20, this Section 20 shall not be amended thereby and, as between such Purchaser or such holder and the Company, this Section 20 shall supersede any such other confidentiality undertaking.

Notwithstanding the foregoing, the Company agrees that PGIM, Inc. or any Affiliate thereof may (i) refer to its role in originating the purchase of the Notes from the Company, as

well as the identity of the Note Parties and the aggregate principal amount and issue date of the Notes, on its internet site or in marketing materials, press releases, published "tombstone" announcements or any other print or electronic medium and (ii) display the corporate logo of the Company in conjunction with any such reference.

SECTION 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates or another Purchaser or any one of such other Purchaser's Affiliates (a "Substitute Purchaser") as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Substitute Purchaser, shall contain such Substitute Purchaser's agreement to be bound by this Agreement and shall contain a confirmation by such Substitute Purchaser of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this Section 21), shall be deemed to refer to such Substitute Purchaser in lieu of such original Purchaser. In the event that such Substitute Purchaser is so substituted as a Purchaser hereunder and such Substitute Purchaser thereafter transfers to such original Purchaser all of the Notes then held by such Substitute Purchaser, upon receipt by the Company of notice of such transfer, any reference to such Substitute Purchaser as a "Purchaser" in this Agreement (other than in this Section 21), shall no longer be deemed to refer to such Substitute Purchaser, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

SECTION 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement and all other Note Documents by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including any subsequent holder of a Note) whether so expressed or not, except that, subject to Section 10.4, no Note Party may assign or otherwise transfer any of its rights or obligations under any Note Document without the prior written consent of each holder. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Section 22.2. Accounting Terms. All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with this Agreement (including Section 9, Section 10 and the definition of "Indebtedness"), any election by the Company to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 - Fair Value Option, International Accounting Standard 39 - Financial Instruments: Recognition and Measurement or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

Section 22.3. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4. Construction, Etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Defined terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein) and, for purposes of the Notes, shall also include any such notes issued in substitution therefor pursuant to Section 13, (b) subject to Section 22.1, any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections and Schedules shall be construed to refer to Sections of, and Schedules to, this Agreement, and (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

Section 22.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Delivery of this Agreement may be made by telecopy or electronic transmission of a duly executed counterpart copy hereof; provided, that any such delivery by electronic transmission shall be effective only if transmitted in .pdf format, .tif format or other format in which the text is not readily modifiable by any recipient thereof. The words "execution," "signed," "signature," and words of like import shall be deemed to include electronic signatures, which shall be of the same legal effect, validity and enforceability as a manually executed signature to the extent and as provided for in any applicable law; provided, that the Company shall endeavor to deliver to the Purchasers manually executed original signature pages to this Agreement and each Note as soon as practicable on or after the date hereof.

Section 22.6. **Governing Law.** This Agreement and each other Note Document shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.7. **Jurisdiction and Process; Waiver of Jury Trial.** (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement, the Notes or any other Note Document. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company agrees, to the fullest extent permitted by applicable law, that a final judgment in any suit, action or proceeding of the nature referred to in Section 22.7(a) brought in any such court shall be conclusive and binding upon it subject to rights of appeal, as the case may be, and may be enforced in the courts of the United States of America or the State of New York (or any other courts to the jurisdiction of which it or any of its assets is or may be subject) by a suit upon such judgment.

(c) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in Section 22.7(a) by mailing a copy thereof by registered, certified, priority or express mail (or any substantially similar form of mail), postage prepaid, return receipt or delivery confirmation requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(d) Nothing in this Section 22.7 shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(e) THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE NOTES, ANY OTHER NOTE DOCUMENT OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HERewith OR THEREWITH.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

GREEN BRICK PARTNERS, INC.

By



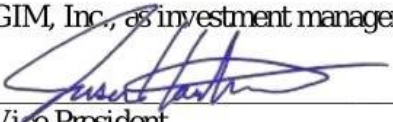
Name: Richard A. Costello

Title: Chief Financial Officer

This Agreement is hereby
accepted and agreed to as
of the date hereof.

PRUDENTIAL UNIVERSAL REINSURANCE COMPANY

By: PGIM, Inc., as investment manager

By: 
Vice President 

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: 
Second Vice President 

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

“Additional Covenants” means any affirmative or negative covenant (including any financial covenant) or similar restriction applicable to the Company or any Subsidiary (regardless of whether such provision is labeled or otherwise characterized as a covenant) the subject matter of which either (a) is similar to that of any covenant in Section 9 or 10 of this Agreement, or related definitions in Schedule A of this Agreement, but contains one or more percentages, amounts or formulas that is more restrictive than those set forth herein or more beneficial to the holder or holders of the Indebtedness created or evidenced by the document in which such covenant or similar restriction is contained (and such covenant or similar restriction shall be deemed an Additional Covenant only to the extent that it is more restrictive or more beneficial) or (b) is different from the subject matter of any covenant in Section 9 or 10 of this Agreement, or related definitions in Schedule A of this Agreement.

“Additional Defaults” means any provision contained in any document or instrument creating or evidencing Indebtedness of the Company or any Subsidiary which permits the holder or holders of Indebtedness to accelerate (with the passage of time or giving of notice or both) the maturity thereof or otherwise requires the Company or any Subsidiary to purchase such Indebtedness prior to the stated maturity thereof and which either (a) is similar to any Default or Event of Default contained in Section 11 of this Agreement, or related definitions in Schedule A of this Agreement, but contains one or more percentages, amounts or formulas that is more restrictive or has a shorter grace period than those set forth herein or is more beneficial to the holders of such other Indebtedness (and such provision shall be deemed an Additional Default only to the extent that it is more restrictive, has a shorter grace period or is more beneficial) or (b) is different from the subject matter of any Default or Event of Default contained in Section 11 of this Agreement, or related definitions in Schedule A of this Agreement.

“Affiliate” means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and, with respect to the Company, shall include any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any Person of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests (a “Ten Percent Holder”), but shall not include any Person whose Affiliate status arises solely from the fact that such Person is Controlled by a Ten Percent Holder of the Company. Unless the context otherwise clearly requires, any reference to an “Affiliate” is a reference to an Affiliate of the Company.

“Agreement” means this Note Purchase Agreement, including all Schedules attached to this Agreement.

“Anti-Corruption Laws” means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010.

“Anti-Money Laundering Laws” means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act) and the USA PATRIOT Act.

“Blocked Person” means (a) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (b) a Person, entity, organization, country or regime that is blocked or a target of sanctions that have been imposed under U.S. Economic Sanctions Laws or (c) a Person that is an agent, department or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, any Person, entity, organization, country or regime described in clause (a) or (b).

“Book Value” means, with respect to any asset, the net book value thereof as included in the Company’s most recent Consolidated financial statements delivered pursuant to Section 7.1(a) or (b).

“Business Day” means (a) for the purposes of Section 8.6 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Dallas, Texas are required or authorized to be closed.

“Called Principal” is defined in Section 8.6.

“Capital Lease” means, at any time, a lease of property with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

“Capital Stock” means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of any Person, including any preferred stock, but excluding any debt securities convertible into such equity.

“Capitalized Lease Obligations” means any obligations under a Capital Lease.

“Carried Interest Subsidiary” means any Subsidiary (a) that is not a Wholly-Owned Subsidiary, (b) that has outstanding loans owed to one or more Note Parties, (c) that has pledged substantially all of its assets to one or more Note Parties to secure the loans set forth in clause (b) above and (d) in which the equity holders (other than the Company or a Wholly-Owned Subsidiary) do not have a capital account, excluding undistributed earnings, commensurate with their equity interests.

"Cash Equivalents" means (a) short-term obligations of, or fully guaranteed by, the United States, (b) commercial paper rated A-1 or better by S&P or P-1 or better by Moody's, (c) demand deposit accounts maintained in the ordinary course of business, (d) short term certificates of deposit and time deposits, which mature within ninety (90) days from the date of issuance and which are maintained with a domestic commercial bank having capital and surplus in excess of \$100,000,000, or are fully insured by the FDIC, and (e) money market funds substantially all the assets of which are described in the preceding clauses.

"Change of Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Exchange Act and the rules of the SEC thereunder as in effect on the date hereof) of Capital Stock representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Company or (b) the occupation of a majority of the seats (other than vacant seats) on the board of directors of the Company by Persons who were neither (i) nominated by the board of directors of the Company nor (ii) appointed by a vote of a majority of the directors so nominated.

"Closing" is defined in Section 3.

"Code" means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder from time to time.

"Company" is defined in the first paragraph of this Agreement.

"Completed Unit" means a Unit as to which either (or both) of the following has occurred: (a) a notice of completion has been filed or recorded in the appropriate real estate records or (b) all necessary construction has been completed in order to obtain a certificate of occupancy (whether or not such certificate of occupancy has actually been obtained), or if a notice of completion or certificate of occupancy is not required to be provided to, or issued by, the applicable jurisdiction, respectively, the Unit is otherwise ready for occupancy in accordance with applicable law.

"Confidential Information" is defined in Section 20.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Consolidated Debt" means, at any date, without duplication (a) all funded debt of the Company and its Subsidiaries determined on a Consolidated basis; plus (b) funded debt of joint ventures that are Subsidiaries to the extent there is recourse to the Company or any Subsidiary; plus (c) the sum of all reimbursement obligations with respect to drawn letters of credit (excluding any portion of the actual or potential reimbursement obligations that are secured by cash collateral permitted hereunder) and, without duplication, the maximum amount available to be drawn under all undrawn Financial Letters of Credit (excluding any portion of the actual or potential reimbursement obligations that are secured by cash collateral permitted hereunder), in each case issued for the account of, or guaranteed by, the Company or any of its Subsidiaries plus (d) all guarantees of the Company or its Subsidiaries of funded debt of third parties;

provided, however, except as provided above in this definition with respect to Financial Letters of Credit, in the case of any Contingent Obligation under clause (c) above, only amounts due and payable at the time of determination will be included in the calculation of Consolidated Debt; and plus (e) all Swap Obligations of the Company and its Subsidiaries (measured at the Swap Termination Value); and plus (f) all Capitalized Lease Obligations of the Company and its Subsidiaries; excluding, in each case, Indebtedness of the Company to a Subsidiary or of a Subsidiary to the Company or another Subsidiary, but, for the avoidance of doubt, Consolidated Debt will not include Capitalized Lease Obligations or liabilities relating to real estate not owned as determined under GAAP.

“Consolidated EBITDA” means, for any period, (a) the Consolidated Net Income, plus cash distributions received by the Company from any Subsidiaries not otherwise included in the determination of such Consolidated Net Income plus (b) to the extent deducted from revenues in determining Consolidated Net Income: (i) Consolidated Interest Expense, (ii) expense for income taxes paid or accrued, (iii) depreciation, (iv) amortization, (v) non-cash (including impairment) charges, (vi) extraordinary losses, and (vii) loss on early extinguishment of indebtedness, minus (c) to the extent added to revenues in determining Consolidated Net Income, non cash gains and extraordinary gains (including for the avoidance of doubt, gains relating to the release of any tax valuation asset reserves and gains on early extinguishment of indebtedness).

“Consolidated Interest Expense” means, for any period, the consolidated interest expense and capitalized interest and other charges amortized to cost of sales of the Company and its Subsidiaries for such period, determined on a Consolidated basis.

“Consolidated Interest Incurred” means, for any period, the aggregate amount (without duplication and determined in each case in accordance with GAAP) of interest (excluding interest of the Company to any Subsidiary or of any Subsidiary to the Company or any other Subsidiary) incurred, whether such interest was expensed or capitalized, paid, accrued or scheduled to be paid or accrued during such period by the Company and its Subsidiaries during such period, including (a) the interest portion of all deferred payment obligations, and (b) all commissions, discounts, and other fees and charges (excluding premiums) owed with respect to bankers’ acceptances and letter of credit financings (including, without limitation, letter of credit fees) and Swap Obligations, in each case to the extent attributable to such period. For purposes of this definition, interest on Capital Leases shall be deemed to accrue at an interest rate reasonably determined by the Company to be the rate of interest implicit in such Capital Leases in accordance with GAAP.

“Consolidated Net Income” means, for any period, the net income (or loss) attributable to the Company for such period, determined on a Consolidated basis (for the avoidance of doubt, after deducting net income attributable to noncontrolling interests).

“Consolidated Net Tangible Assets” means, with respect to the Company on a Consolidated basis at any date of determination, the aggregate amount of total assets included in the Company’s most recently delivered balance sheet pursuant to Section 7.1(a) or (b), minus Intangible Assets reflected on such balance sheet.

“Consolidated Tangible Net Worth” means, at any date, the Consolidated stockholders equity (excluding stockholders equity attributable to noncontrolling interests), less Intangible Assets, of the Company on a Consolidated basis (after noncontrolling interests), all determined as of such date.

“Consolidated Total Capital” means, as of any date, the sum of (a) Consolidated Debt plus (b) Consolidated Tangible Net Worth.

“Construction in Progress” means Finished Lots (a) for which a final subdivision map has been recorded and (b) upon which construction has commenced, as evidenced by the commencement of excavation for foundations, but has not been completed.

“Contingent Obligation” means, any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide a Guaranty or funds for the payment of, or otherwise becomes or is contingently liable upon, the monetary obligation or monetary liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract, “put” agreement or other similar arrangement.

“Contractual Obligation” means, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms “Controlled” and “Controlling” shall have meanings correlative to the foregoing.

“Control Event” means:

(a) the execution by the Company or any of its Affiliates of any agreement with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate, may reasonably be expected to result in a Change of Control,

(b) the execution of any written agreement which, when fully performed by the parties thereto, would result in a Change of Control, or

(c) the making of any written offer by any person (as such term is used in section 13(d) and section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the date of the Closing) to the holders of the common stock of the Company, which offer, if accepted by the requisite number of holders, would result in a Change of Control.

“Controlled Entity” means (a) any of the Subsidiaries of the Company and any of their or the Company’s respective Controlled Affiliates and (b) if the Company has a parent company, such parent company and its Controlled Affiliates.

“Debt to Capital Percentage” means the average percentage, based on the last day of the immediately preceding three fiscal quarters of the Company set forth in the financial statements most recently delivered pursuant to Section 7.1(a) or (b) (after giving pro forma effect to all Indebtedness of the Company and its Subsidiaries incurred and repaid since the date of such financial statements), of (a) Consolidated Debt to (b) Consolidated Total Capital.

“Debt to Net Worth Ratio” means the ratio, as of any date, of (a) Consolidated Debt to (b) Consolidated Tangible Net Worth.

“Default” means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“Default Rate” means that rate of interest per annum that is the greater of (a) 2.00% above the rate of interest stated in clause (a) of the first paragraph of the Notes or (b) 2.00% over the rate of interest publicly announced by The Bank of New York in New York, New York as its “base” or “prime” rate.

“Disclosure Documents” is defined in Section 5.3.

“Discounted Value” is defined in Section 8.6.

“Dividing Person” has the meaning assigned to it in the meaning of “Division”.

“Division” means the division of the assets, liabilities and/or obligations of a Person (the “Dividing Person”) among two or more Persons (whether pursuant to a “plan of division” or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

“Division Successor” means any Person that, upon the consummation of a Division of a Dividing Person, holds all or any portion of the assets, liabilities and/or obligations previously held by such Dividing Person immediately prior to the consummation of such Division. A Dividing Person which retains any of its assets, liabilities and/or obligations after a Division shall be deemed a Division Successor upon the occurrence of such Division.

“EDGAR” means the SEC’s Electronic Data Gathering, Analysis and Retrieval System or any successor SEC electronic filing system for such purposes.

“Entitled Land” means land where all requisite zoning requirements and land use requirements have been satisfied, and all requisite approvals have been obtained (on a final and unconditional basis) from all applicable Governmental Authorities (other than approvals which are simply ministerial and non-discretionary in nature), in order to develop the land as a residential housing project and construct Units thereon.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to Hazardous Materials.

“ERISA” means the Employee Retirement Income Security Act of 1974 and the rules and regulations promulgated thereunder from time to time in effect.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

“Event of Default” is defined in Section 11.

“Exchange Act” means the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder from time to time in effect.

“Existing Note Purchase Agreement” means the Note Purchase Agreement dated as of August 8, 2019, by and among the Company and the purchasers party thereto, pursuant to which the Company issued its 4.00% Senior Notes due August 8, 2026, in the initial aggregate principal amount of \$75,000,000 (such notes, including any replacement thereof pursuant to the Existing Note Purchase Agreement, the “Existing Notes”).

“Existing Notes” is defined in the definition of “Existing Note Purchase Agreement”.

“FATCA” means (a) sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), together with any current or future regulations or official interpretations thereof, (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of the foregoing clause (a), and (c) any agreements entered into pursuant to section 1471(b)(1) of the Code.

“Financial Letter of Credit” means a letter of credit that is not a Performance Letter of Credit.

“Finished Lots” means lots of Entitled Land as to which (a) a final subdivision map has been recorded; (b) all major off-site construction and infrastructure has been completed to local governmental requirements; (c) utilities have been installed to local government requirements; and (d) building permits may be pulled and construction commenced without the satisfaction of any further material conditions.

“Form 10-K” is defined in Section 7.1(b).

“Form 10-Q” is defined in Section 7.1(a).

"GAAP" means (a) generally accepted accounting principles as in effect from time to time in the United States of America and (b) for purposes of Section 9.6, with respect to any Subsidiary, generally accepted accounting principles (including International Financial Reporting Standards, as applicable) as in effect from time to time in the jurisdiction of organization of such Subsidiary; provided, that if any change in generally accepted accounting principles from those applied in preparing the audited financial statements referred to in Section 7.1(a) or (b) affects the calculation of any financial covenant contained herein, (i) the Company and the holders hereby agree to endeavor to make such amendments hereto to the effect that each such financial covenant is not more or less restrictive than such covenant as in effect on the date hereof using generally accepted accounting principles consistent with those reflected in such financial statements, and (ii) pending the effectiveness of such amendment, the Company shall not be in Default hereunder if, solely as a result of such change in generally accepted accounting principles, the Company is not in compliance with any financial covenant contained herein so long as the Company provides to the holders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such financial covenant made before and after giving effect to such change in GAAP; provided, further, that for purposes of determining if a lease is a Capital Lease or an operating lease, such determination shall be based on GAAP as in effect on December 31, 2018, notwithstanding any modification or interpretative change thereto after such date (including without giving effect to any treatment of leases under Accounting Standards Codification 842 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect)).

"Governmental Authority" means

(a) the government of

(i) the United States of America or any state or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Governmental Official" means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of

any other Person in any manner, whether directly or indirectly, including obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

“Hazardous Materials” means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law, including asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

“holder” means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1, provided, however, that if such Person is a nominee, then for the purposes of Sections 7, 12, 17.2 and 18 and any related definitions in this Schedule A, “holder” shall mean the beneficial owner of such Note whose name and address appears in such register.

“Indebtedness” of any Person at any date, means, without duplication, all liabilities and obligations, contingent or otherwise, of such Person, (a) in respect of borrowed money, (b) evidenced by bonds, notes, debentures or similar instruments, (c) representing the balance deferred and unpaid of the purchase price of any property or services, except those incurred in the ordinary course of its business that would constitute ordinarily a trade payable to trade creditors, (d) evidenced by bankers’ acceptances, (e) consisting of obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, except Liens described in any of clauses (b), (c), (d), (e), (g) or (k) of the definition of “Permitted Liens”, so long as the obligations secured thereby are not more than sixty (60) days delinquent, (f) consisting of Capitalized Lease

Obligations (including any Capital Leases entered into as a part of a sale/leaseback transaction), (g) consisting of liabilities and obligations under any receivable sales transactions, (h) consisting of a Financial Letter of Credit or a reimbursement obligation of such Person with respect thereto, (i) consisting of Swap Obligations (measured at the Swap Termination Value), (j) consisting of Off-Balance Sheet Liabilities or (k) consisting of Contingent Obligations.

“INHAM Exemption” is defined in Section 6.2(e).

“Institutional Investor” means (a) any Purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

“Intangible Assets” means assets that are considered to be intangible assets under GAAP, including customer lists, goodwill, copyrights, trade names, trademarks, patents, franchises, licenses, unamortized deferred charges and unamortized debt discount, it being understood that deferred tax assets are not intangible assets.

“Interest Coverage Ratio” means the ratio of (a) Consolidated EBITDA to (b) the aggregate amount of Consolidated Interest Incurred, calculated in each case for the most recent four consecutive fiscal quarters ended on the last day of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 7.1(a) or (b).

“Investment” means (a) the purchase or other acquisition of capital stock or other securities of another Person, (b) a loan, advance, extension of credit (by way of guaranty or otherwise) or capital contribution to another Person or (c) the purchase or other acquisition of assets of another Person that constitute a business unit. For purposes hereof, the amount of any Investment outstanding at any time shall be the original cost of such Investment reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash by the Company or any Subsidiary in respect of such Investment.

“Land Under Development” means Entitled Land upon which a final subdivision map has been recorded and upon which construction of improvements has commenced and is being diligently pursued but has not be completed.

“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, charge, encumbrance, lien (statutory or other), preference, priority or other security agreement or similar preferential arrangement of any kind or nature whatsoever (including without limitation any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the authorized filing by or against a Person of any financing statement as debtor under the Uniform Commercial Code or comparable law of any jurisdiction). For the avoidance of doubt, a restriction, covenant, easement, right of way, or similar encumbrance affecting any interest in real property owned by any Note Party and which does not secure an obligation to pay money is not a Lien.

“Make-Whole Amount” is defined in Section 8.6.

“Material” means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries, taken as a whole; (b) the ability of the Note Parties, taken as a whole, to perform their payment or other material obligations under any Note Document; or (c) the legality, validity, binding effect or enforceability against the Company or any other Note Party of any material obligations of the Company or any other Note Party under any Note Document to which it is a party or the rights and remedies of any holder thereunder.

“Material Credit Facility” means, as to the Company and its Subsidiaries,

(a) each Principal Credit Facility, including any renewals, extensions, amendments, supplements, restatements, replacements or refinancing thereof;

(b) the Existing Note Purchase Agreement, including any renewals, extensions, amendments, supplements, restatements, replacements or refinancing thereof; and

(c) any other agreement(s) creating or evidencing indebtedness for borrowed money entered into on or after the date of Closing by the Company or any Subsidiary, or in respect of which the Company or any Subsidiary is an obligor or otherwise provides a guarantee or other credit support (“Credit Facility”), in a principal amount outstanding or available for borrowing equal to or greater than \$25,000,000 (or the equivalent of such amount in the relevant currency of payment, determined as of the date of the closing of such facility based on the exchange rate of such other currency); and if no Credit Facility or Credit Facilities equal or exceed such amounts, then the largest Credit Facility shall be deemed to be a Material Credit Facility.

“Maturity Date” is defined in the first paragraph of each Note.

“Model Unit” means a Completed Unit to be used as a model home in connection with the sale of Units in a residential housing project.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto that is a nationally recognized rating agency.

“Multiemployer Plan” means any Plan that is a “multiemployer plan” (as such term is defined in section 4001(a)(3) of ERISA).

“NAIC” means the National Association of Insurance Commissioners.

“NAIC Annual Statement” is defined in Section 6.2(a).

“Non-Recourse Indebtedness” means Indebtedness of the Company or any of its Subsidiaries for which its liability is limited to the Real Estate Inventory upon which it grants a Lien to the holder of such Indebtedness as security for such Indebtedness (including, in the case of Indebtedness of a Subsidiary that holds title to Real Estate Inventory, liability of that Subsidiary and liabilities secured by a pledge of the equity interests of such Subsidiary (if such Real Estate Inventory constitutes all or substantially all the assets of such Subsidiary)).

“Non-U.S. Plan” means any plan, fund or other similar program that (a) is established or maintained outside the United States of America by the Company or any Subsidiary primarily for the benefit of employees of the Company or one or more Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and (b) is not subject to ERISA or the Code.

“Note Documents” means this Agreement, the Notes, the Subsidiary Guaranties, and all documents, instruments and agreements executed and delivered by the Company or any Subsidiary from time to time in connection with any of the foregoing, together with any agreements evidencing any amendment, waiver, supplement or other modification to any of the foregoing.

“Note Obligations” means all advances to, and debts, liabilities and obligations of, the Note Parties arising under any Note Document or otherwise, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, Make-Whole Amounts and fees that accrue after the commencement by or against any Note Party or any Affiliate thereof of any proceeding under any bankruptcy or insolvency naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“Note Parties” means the Company and each Subsidiary that is a party to a Note Document.

“Note Party Unencumbered Assets” means, as of any date of determination, the Unencumbered Assets (other than assets included pursuant to clause (a) thereof, without giving effect to clauses (i) through (iv) thereof, and replacing all percentages therein with 100%) of the Note Parties as of such date.

“Note Party Unencumbered Assets Ratio” means the ratio, as of any date, of (a) Note Party Unencumbered Assets to (b) Consolidated Debt that is not secured by any Lien on the assets of any Note Party.

“Notes” is defined in Section 1.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

"OFAC Sanctions Program" means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

"Off-Balance Sheet Liabilities" means (a) any repurchase obligation or liability of such Person or any of its Subsidiaries with respect to accounts or notes receivable sold by such Person or any of its Subsidiaries, (b) any liability of such Person or any of its Subsidiaries under any financing lease, any Synthetic Lease or any other similar lease transaction, or (c) any obligations of such Person or any of its Subsidiaries arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing and which has an actual or implied interest component but which does not constitute a liability on the Consolidated balance sheets of such Person and its Subsidiaries.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"Organizational Documents" with respect to any Person, its charter, certificate or articles of incorporation, continuation or amalgamation, bylaws, articles of organization, limited liability agreement, operating agreement, members agreement, shareholders agreement, partnership agreement, management agreement, certificate of partnership, certificate of formation, memorandum or articles of association, voting trust agreement, or similar agreement or instrument governing the formation or operation of such Person.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"Performance Letter of Credit" means any letter of credit issued (a) on behalf of a Person in favor of a Governmental Authority, including, without limitation, any utility, water, or sewer authority, or other similar entity, for the purpose of assuring such Governmental Authority that such Person or an Affiliate of such Person will properly and timely complete work it has agreed to perform for the benefit of such Governmental Authority; (b) in lieu of cash deposits to obtain a license, in place of a utility deposit, or for land option contracts; (c) in lieu of other contract performance, to secure performance warranties payable upon breach, and to secure the performance of labor and materials, including, without limitation, construction, bid, and performance bonds; or (d) to secure refund or advance payments on contractual obligations where default of a performance-related contract has occurred.

"Permitted Investments" means (a) readily marketable, direct, full faith and credit obligations of the United States, or obligations guaranteed by the full faith and credit of the United States, maturing within not more than eighteen (18) months from the date of acquisition; (b) short term certificates of deposit and time deposits that mature within eighteen (18) months from the date of issuance and which are maintained with a domestic commercial bank having capital and surplus in excess of \$100,000,000 or which are fully insured by the FDIC; (c) commercial paper or master notes maturing in 365 days or less from the date of issuance rated either "P-1" by Moody's or "A" by S&P; (d) debt instruments of a domestic issuer that mature in one (1) year or less and which are rated "A" or better by Moody's or S&P on the date of

acquisition of such investment; (e) demand deposit accounts that are maintained in the ordinary course of business; (f) short term tax exempt securities including municipal notes, commercial paper, auction rate floaters and floating rate notes rated either "P-1" by Moody's or "A-1" by S&P and which mature in one (1) year or less; (g) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within not more than one (1) year from the date of acquisition thereof and, at the time of acquisition, having one (1) of the two (2) highest ratings obtainable from any two of S&P, Moody's or Fitch, Inc.; (h) investment grade bonds, other than domestic corporate bonds issued by the Company or any of its Affiliates, maturing no more than seven (7) years after the date of acquisition thereof and, at the time of acquisition, having a rating of at least A or the equivalent from any two (2) of S&P, Moody's or Fitch, Inc.; and (i) shares of money market, mutual, or similar funds which invest primarily in securities of the type described in clauses (a) through (h) above.

"Permitted Liens" means

(a) Liens existing on the date of this Agreement and described on Schedule 5.15, other than Liens securing the Senior Secured Credit Facility;

(b) Liens imposed by Governmental Authorities for taxes not yet due or subject to penalty or which are being contested in good faith and by appropriate proceedings, if the Company or Subsidiary has established appropriate reserves with respect thereto in accordance with GAAP on the books of the Company or applicable Subsidiary;

(c) statutory liens of carriers, warehousemen, mechanics, materialmen, landlords, repairmen or other like Liens arising by operation of law in the ordinary course of business, provided that (i) the underlying obligations are not overdue for a period of not more than 60 days or (ii) such Liens are being contested in good faith and by appropriate proceedings and the Company or Subsidiary has established appropriate reserves with respect thereto in accordance with GAAP on the books of the Company or applicable Subsidiary;

(d) Liens securing the performance of bids, trade contracts (other than borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, zoning restrictions, assessment district or similar Liens in connection with municipal financing or community development bonds, and similar restrictions, encumbrances or title defects which, singly or in the aggregate, do not in any case materially detract from the value of the real estate subject thereto (as such real estate is used by the Company or any of its Subsidiaries) or interfere with the ordinary conduct of the business of the Company or any of its Subsidiaries;

(f) Liens arising by operation of law in connection with judgments, only to the extent, for an amount and for a period not resulting in an Event of Default hereunder with respect thereto;

(g) pledges or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security legislation and deposits securing liability to insurance carriers under insurance arrangements;

(h) Liens securing Indebtedness of a Person existing at the time such Person becomes a Note Party or Subsidiary as a result of the acquisition of the equity of such Person, or the merger of such Person with or into the Company or any of its Subsidiaries, and Liens on assets or properties at the time of acquisition thereof; provided, that (i) such Liens were in existence prior to the date of such acquisition, merger or consolidation, were not incurred in anticipation thereof and do not extend to any other assets and (ii) such Liens secure Indebtedness incurred by such Subsidiary pursuant to Section 10.3(e);

(i) Liens securing Non-Recourse Indebtedness of the Company and its Subsidiaries incurred pursuant to Section 10.3(f);

(j) Liens securing Indebtedness incurred to refinance any Indebtedness that was previously so secured by a Lien and permitted hereunder pursuant to clause (a), (h) or (r) of this definition (which refinancing Indebtedness may exceed the amount refinanced, provided such refinancing Indebtedness is otherwise permitted under this Agreement) upon terms and conditions substantially similar to the terms of the Lien securing such refinanced Indebtedness immediately prior to it having been so refinanced, so long as such Liens do not extend to additional assets or property than the Liens being replaced in connection with such refinancing;

(k) Liens securing Swap Obligations arising in the ordinary course of business of the Company or any of its Subsidiaries and not for speculative purposes;

(l) Liens arising from vexatious, frivolous or meritless claims, suits, action or filings, or other similar bad faith actions, taken by a Person not an Affiliate of the Company; provided, that (i) the Company or a Subsidiary, as applicable, is disputing such Lien in good faith and by appropriate proceedings and (ii) appropriate reserves have been established with respect thereto in accordance with GAAP on the books of the Company or applicable Subsidiary;

(m) Liens securing obligations (contingent or otherwise) of the Company or any of its Subsidiaries arising in connection with letters of credit or letter of credit facilities not exceeding \$15,000,000 at any time;

(n) Liens on leases of Model Units and rights of tenants under leases and rental agreements covering real property entered into in the ordinary course of business of the Person owning the real property;

(o) Liens securing Capitalized Lease Obligations incurred in the ordinary course of business and the Indebtedness of which is permitted hereunder;

(p) Liens incurred in the ordinary course of business in connection with the purchase or shipping of goods or assets (or the related assets and proceeds thereof), which Liens are in favor of the seller or shipper of such goods or assets and only attached to such goods or assets;

(g) Liens in favor of collecting banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments on deposits with or in possession of such banks, other than relating to Indebtedness;

(r) Liens on assets of a Subsidiary, if the Subsidiary (x) was acquired or became a Subsidiary after December 15, 2015 or (y) was formed after December 15, 2015 for the purpose of acquiring assets, which Liens secure Indebtedness incurred by such Subsidiary pursuant to Section 10.3(i);

(s) Liens existing on assets on the date hereof securing the Senior Secured Indebtedness and any Senior Secured Replacement Assets securing the Senior Secured Indebtedness; provided, that no such Lien shall be granted upon any Senior Secured Replacement Assets unless (i) the Company or Subsidiary is not in default or is within the ten (10) day cure period for any Event of Default arising from the Borrowing Base Debt (as defined in the Senior Secured Credit Facility on the date hereof) exceeding the Borrowing Base (as defined in the Senior Secured Credit Facility on the date hereof) and (ii) the aggregate amount of Senior Secured Replacement Assets against which a Lien will be granted within the ten (10) day cure period is sufficient to cause the Borrowing Base to exceed the Borrowing Base Debt; provided, further that the aggregate amount of Indebtedness secured pursuant to this clause (s) does not exceed at any time \$75,000,000;

(t) Liens securing the Senior Unsecured Credit Facility so long as (i) the Company secures the Notes hereunder on a pari passu basis pursuant to Section 9.10 and (ii) such Liens are subject to an intercreditor agreement satisfactory to the holders; and

(u) Liens securing the Existing Notes so long as (i) the Company secures the Notes hereunder on a pari passu basis pursuant to Section 9.10 and (ii) such Liens are subject to an intercreditor agreement satisfactory to the holders.

“Person” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

“Plan” means an “employee benefit plan” (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

“Principal Credit Facilities” means, collectively, the Senior Secured Credit Facility and the Senior Unsecured Credit Facility.

“property” or “properties” means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

“Proposed Prepayment Date” is defined in Section 8.8.

"PTE" is defined in Section 6.2(a).

"Purchaser" or "Purchasers" means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser's successors and assigns (so long as any such assignment complies with Section 13.2), provided, however, that any Purchaser of a Note that ceases to be the registered holder or a beneficial owner (through a nominee) of such Note as the result of a transfer thereof pursuant to Section 13.2 shall cease to be included within the meaning of "Purchaser" of such Note for the purposes of this Agreement upon such transfer.

"Purchaser Schedule" means the Purchaser Schedule to this Agreement listing the Purchasers of the Notes and including their notice and payment information.

"QPAM Exemption" is defined in Section 6.2(d).

"Qualified Institutional Buyer" means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

"Raw Land - Entitled" means land not under development which is Entitled Land.

"Raw Land - Unentitled" means land not under development which is not Entitled Land but which the Company in its reasonable commercial judgment believes it will be able to develop as residential property for its own use and not to be held speculatively.

"Real Estate Inventory" means Construction in Progress, Completed Units (including Sold Units, Model Units and Speculative Units), Finished Lots, Land Under Development, Raw Land - Entitled and Raw Land - Unentitled.

"Recent Filings" is defined in Section 5.3.

"Reinvestment Yield" is defined in Section 8.6.

"Related Fund" means, with respect to any holder of any Note, any fund or entity that (a) invests in Securities or bank loans, and (b) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"Remaining Average Life" is defined in Section 8.6.

"Remaining Scheduled Payments" is defined in Section 8.6.

"Reported" is defined in Section 8.6.

"Required Holders" means at any time (a) prior to the Closing, the Purchasers and (b) on or after the Closing, the holders of at least a majority in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

“Responsible Officer” means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

“Restricted Payments” means, with respect to any Person, any dividend (other than dividends payable solely in the form of common stock of the Person making such dividend) on, or any payment on account of, including any sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of any Person or any of its Subsidiaries, or any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of such Person or any of its Subsidiaries.

“S&P” means S&P Global Ratings, a division of S&P Global, Inc., and any successor thereto that is a nationally recognized rating agency.

“SEC” means the Securities and Exchange Commission of the United States of America.

“Securities” or “Security” shall have the meaning specified in section 2(1) of the Securities Act.

“Securities Act” means the Securities Act of 1933 and the rules and regulations promulgated thereunder from time to time in effect.

“Senior Financial Officer” means the chief financial officer, principal accounting officer, treasurer, assistant treasurer or comptroller of the Company.

“Senior Secured Credit Facility” means the Loan Agreement dated July 30, 2015 (as amended by the First Amendment, dated as of May 3, 2016, the Second Amendment, dated as of March 22, 2017, the Third Amendment, dated as of July 6, 2017, the Fourth Amendment, dated as of July 25, 2017, the Fifth Amendment dated as of August 25, 2017, the Sixth Amendment, dated as of October 27, 2017, and the Fourth Modification of Promissory Note, dated as of May 22, 2020), by and among the Company, each Subsidiary party thereto and Inwood National Bank, a national banking association, as lender, and any borrowing base facility that refinances in its entirety such Loan Agreement (and successive replacements thereof); provided, that (a) the Indebtedness thereunder does not at any time exceed \$75,000,000 and (b) the proceeds from such Loan Agreement and any refinancing thereof are not applied to repay any unsecured Indebtedness under a Material Credit Facility that is owed to a lender (or Affiliate thereof) under such unsecured Material Credit Facility that is also a lender (or Affiliate thereof) under the Senior Secured Credit Facility.

“Senior Secured Indebtedness” means all Indebtedness incurred by the Company and any Subsidiary under the Senior Secured Credit Facility.

“Senior Secured Replacement Assets” means assets securing the Senior Secured Indebtedness in replacement of assets sold or otherwise disposed of by the Company or a Subsidiary, which sold or otherwise disposed of assets were previously securing Senior Secured Indebtedness; provided, that a Senior Financial Officer of the Company shall have determined in good faith that such Senior Secured Replacement Assets, in the aggregate, have a substantially

comparable value to the sold or otherwise disposed of assets that were previously securing Senior Secured Indebtedness.

“Senior Unsecured Credit Facility” means the Credit Agreement dated as of December 15, 2015, (as amended by the First Amendment, dated as of August 31, 2016, the Second Amendment, dated as of December 1, 2016, the Third Amendment, dated as of September 1, 2017, the Fourth Amendment, dated as of December 1, 2017, the Fifth Amendment dated as of November 2, 2018, and the Sixth Amendment dated as of December 17, 2019, as in effect prior to the effectiveness of this Agreement, the “Credit Agreement”), by and among the Company, the lenders from time to time party thereto, and Flagstar Bank, FSB, as administrative agent.

“Settlement Date” is defined in Section 8.6.

“Side-by-Side Subsidiary” is a Subsidiary that is (a) not a Wholly-Owned Subsidiary, (b) not a Carried Interest Subsidiary and (c) in which a Person other than the Company or a Wholly-Owned Subsidiary has a capital account (excluding undistributed earnings) in such Subsidiary commensurate with its equity interest.

“Significant Subsidiary” means any Wholly-Owned Subsidiary of the Company that, together with such Subsidiary’s Subsidiaries on a Consolidated basis based on the financial statements most recently delivered pursuant to Section 7.1(a) or (b), either (or both) (a) generates more than 5% of Consolidated Net Income for the four fiscal quarter period most recently ended and reflected in such financial statements, prior to deducting income taxes paid or accrued from the revenues used in determining such Consolidated Net Income, or (b) owns assets or properties (other than intercompany receivables) that constitutes more than 5% of Consolidated Net Tangible Assets.

“Sold” means, with respect to any item of Real Estate Inventory, that (a) a third party purchase contract has been executed for such item of Real Estate Inventory; (b) the third party purchaser for such item of Real Estate Inventory has made a cash deposit for such item; and (c) such third party purchaser’s obligation to purchase such item of Real Estate Inventory pursuant to such third party purchase contract is not subject to any contingencies other than the contingency that it shall have obtained mortgage financing or that it shall have sold other identified property.

“Solvent”, when used with respect to any Person, means that, as of any date of determination, (a) the aggregate fair market value of such Person’s assets exceeds its liabilities (whether contingent, subordinated, unmatured, unliquidated or otherwise), (b) such person has not incurred debts beyond such Person’s ability to pay such debts as they mature (taking into account all reasonably anticipated financing and refinancing proceeds), and (c) such Person does not have unreasonably small capital to conduct such Person’s businesses. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities will be computed as the amount which, in light of all the facts and circumstances existing at such time, represent the amount that can be reasonably be expected to become an actual or matured liability discounted to present value at rates believed to be reasonable by such Person.

“Source” is defined in Section 6.2.

“Speculative Unit” means any Completed Unit that is neither a Sold Unit nor a Model Unit.

“State Sanctions List” means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

“Subordinated Debt” means any Indebtedness of the Company or any other Note Party that is subordinated to the Note Obligations at all times (including in respect of any amendment or modification thereto) on terms reasonably satisfactory to the Required Holders.

“Subsidiary” means, as to any Person, (a) any corporation, limited liability company, association or other business entity (other than a partnership), of which (i) more than (50%) of the total voting power of the equity interests entitled (without regard to the occurrence of any contingency) to vote in the election of the board of directors or other governing body thereof are at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof), or (ii) the management and operations are otherwise controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person (or a combination thereof), and, in each case whose financial results are Consolidated with the results of such Person and (b) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination hereof). Unless the context otherwise clearly requires, any reference to a “Subsidiary” is a reference to a Subsidiary of the Company.

“Subsidiary Guarantor” means each Subsidiary that has executed and delivered a Subsidiary Guaranty.

“Subsidiary Guaranty” is defined in Section 9.7(a).

“Substitute Purchaser” is defined in Section 21.

“Super-Majority Holders” means at any time (a) prior to the Closing, the Purchasers and (b) on or after the Closing, the holders of at least 66-2/3% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

“SVO” means the Securities Valuation Office of the NAIC.

“Swap Contract” means (a) any and all interest rate swap transactions, basis swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward foreign exchange transactions, cap transactions, floor transactions, currency options, spot contracts or any other

similar transactions or any of the foregoing (including any options to enter into any of the foregoing), and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement.

“Swap Obligations” of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under any Swap Contract.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amounts(s) determined as the mark-to-market values(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

“Synthetic Lease” means, at any time, any lease (including leases that may be terminated by the lessee at any time) of any property (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

“Unencumbered Assets” means, as of any date, an amount equal to the sum (without duplication) of the following assets of the Note Parties and each of the Company’s Consolidated Subsidiaries (but only to the extent such Subsidiary does not have any Indebtedness (including, without limitation, Non-Recourse Indebtedness) owing to a Person that is not the Company or an Affiliate of the Company), in all cases only to the extent (x) that such assets are not subject to (i) any Liens securing Non-Recourse Indebtedness, Senior Secured Indebtedness or Indebtedness incurred pursuant to Section 10.3(i) or (ii) any other Lien that is not a Permitted Lien, and (y) with respect to any Subsidiary that is not either (i) a Subsidiary Guarantor or a Wholly-Owned Subsidiary of a Subsidiary Guarantor or (ii) a Carried Interest Subsidiary (limited, in the case of this subclause (ii), to 20% of Consolidated Net Tangible Assets, with any amount in excess of such 20% being limited to the Company’s ownership percentage), the amount will be limited to the Company’s ownership percentage, directly or indirectly, in the Capital Stock of such Subsidiary:

- (a) 100% of Unrestricted Cash to the extent it exceeds \$15,000,000; plus
 - (b) subject to the limitations set forth below, 85% of the Book Value of Model Units;
- plus
- (c) 85% of the Book Value of Construction in Progress; plus

- (d) 85% of the Book Value of Sold Completed Units; plus
- (e) subject to the limitations set forth below and in Section 6.01(d) of the Senior Unsecured Credit Facility (as in effect on the date hereof), 85% of the Book Value of Speculative Units; plus
- (f) 65% of the Book Value of Finished Lots; plus
- (g) subject to the limitations set forth below, 65% of the Book Value of Land Under Development; plus
- (h) subject to the limitations set forth below, 50% of the Book Value of Entitled Land.

Notwithstanding the foregoing:

- (i) the percentage under clause (e) shall decrease to (A) 65% for any Unit that has been a Speculative Unit for 180 days or more, but less than 360 days and (B) 25% for any Unit that has been a Speculative Unit for 360 days or more;
- (ii) the percentage under clause (b) shall decrease to 0% for any Unit that has been a Model Unit for 180 days or more following the sale of the last production Unit in the applicable project relating to such Model Unit;
- (iii) the Unencumbered Assets shall not include any Book Value of Entitled Land to the extent that the inclusion thereof would cause Entitled Land to exceed 25% of the total amount of Unencumbered Assets; and
- (iv) the Unencumbered Assets shall not include any Book Value of Land Under Development or Entitled Land to the extent that the inclusion thereof would cause Land Under Development and Entitled Land to exceed 50% of the total amount of Unencumbered Assets.

“Unencumbered Assets Ratio” means the ratio, as of any date, of (a) Unencumbered Assets to (b) Consolidated Debt that is not secured by any Lien on the assets of the Company or any Subsidiary.

“Unencumbered Assets Subsidiary” means any Subsidiary whose assets are included in the most recent calculation of Unencumbered Assets for purposes of, and whose assets were necessary for, the Company’s compliance with Section 10.1 on such calculation date.

“Unit” means a single family residential housing unit available for sale.

“United States Person” has the meaning set forth in Section 7701(a)(30) of the Code.

“Unsold” means, with respect to any item of Real Estate Inventory, that such item of Real Estate Inventory is not Sold.

“Unrestricted Cash” means cash and Cash Equivalents of the Company and its Subsidiaries that are free and clear of all Liens and not subject to any restrictions on the use thereof to pay Indebtedness and other obligations of the applicable Note Party.

“USA PATRIOT Act” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the rules and regulations promulgated thereunder from time to time in effect.

“U.S. Economic Sanctions Laws” means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program.

“Wholly-Owned Subsidiary” means, at any time, any Subsidiary all of the equity interests (except directors’ qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company’s other Wholly-Owned Subsidiaries at such time.

[FORM OF NOTE]

GREEN BRICK PARTNERS, INC.

3.35% SENIOR NOTE DUE AUGUST 26, 2027

No. [_____]
 \$[_____]

[Date]
 PPN 392709 A@0

FOR VALUE RECEIVED, the undersigned, Green Brick Partners, Inc. (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to [_____] , or registered assigns, the principal sum of [_____] DOLLARS (or so much thereof as shall not have been prepaid) on August 26, 2027 (the "Maturity Date"), with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 3.35% per annum from the date hereof, payable quarterly, on the 26th day of August, November, February and May in each year, commencing with the August, November, February or May next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, upon and during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 5.35% or (ii) 2.00% over the rate of interest publicly announced by The Bank of New York from time to time in New York, New York as its "base" or "prime" rate, payable quarterly as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of U.S. Bank in New York, New York, or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated August 26, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Section 6.2 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer

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duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is also subject to prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

GREEN BRICK PARTNERS, INC.

By _____
[Name]
[Title]

FORM OF OPINION OF SPECIAL COUNSEL
FOR THE COMPANY

The following opinions are to be provided by special counsel for the Company, subject to customary assumptions, limitations and qualifications. All capitalized terms used herein without definition shall have the meanings ascribed thereto in the Note Purchase Agreement.

1. Each of the Company and the Delaware Guarantor is a corporation or limited liability company, as applicable, validly existing under the laws of the State of Delaware and the status of each of the Company and the Delaware Guarantor in good standing. Each Texas Guarantor is a limited liability company validly existing under the laws of the State of Texas and each Texas Guarantor's status is active. Each Georgia Guarantor is a limited liability company validly existing under the laws of the State of Georgia and each Georgia Guarantor's status is active. Each of the Company and the Guarantors has the corporate or limited liability company, as applicable, power to carry on their respective businesses as currently conducted. The Company has the corporate power to execute and deliver each Note Document to which it is a party and perform its obligations thereunder. Each of the Guarantors has the limited liability company power to execute and deliver and perform its obligations.

2. Each of the Note Documents to which the company is a party has been duly authorized by all requisite corporate action on the part of the Company and duly executed and delivered by authorized officers of the Company, and are valid obligations of the Company, legally binding upon and enforceable against the Company in accordance with their respective terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

3. Each Note Document has been duly authorized by all requisite limited liability company action on the part of each Guarantor party thereto and duly executed and delivered by authorized officers of each such Guarantor, and is a valid obligation of each such Guarantor, legally binding upon and enforceable against such Guarantor in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4. It is not necessary in connection with the offering, issuance, sale and delivery of the Notes purchased by the Note Purchasers at the Closing, under the circumstances contemplated by the Note Purchase Agreement, to register the Notes under the Securities Act or to qualify an indenture in respect of the Notes under the Trust Indenture Act of 1939, as amended.

5. The execution and delivery by each of the Note Parties of the Note Documents to which it is a party, the offering, issuance and sale of the Notes and performance by the Note Parties of their respective obligations under the Note Documents, does not require any consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority by any Note Party, other than the filing of a Current Report on Form 8-K pursuant to the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

6. The execution and delivery by each of the Note Parties of the Note Documents to which it is a party, the offering, issuance and sale of the Notes and performance by the Note Parties of their respective obligations under the Note Documents, (1) do not conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of any of the Organizational Documents, (2) do not result in the creation of any Lien upon any of the properties or assets of the Company or the Guarantors, (3) do not violate any applicable provision of existing law, rule or regulation of the State of New York, the State of Delaware, the State of Texas or the State of Georgia or any United States federal law, rule or regulation applicable to the Note Parties, in each case to the extent covered by this opinion letter, (4) do not contravene, result in any breach of, or constitute a default under, any Material Credit Facility and (5) to our knowledge, do not conflict with, or result in a breach of the terms, conditions or provisions of any order, judgment or decree to which the Company and any Guarantor is a party or otherwise subject.

7. The issuance of the Notes by the Company and the application of the proceeds thereof, under the circumstances contemplated by and in compliance with the terms and conditions of the Note Purchase Agreement will not violate or result in a violation of Regulation T, U or X of the Board of Governors of the United States Federal Reserve System, 12 CFR, Part 220, Part 221 and Part 224, respectively.

8. None of the Company or any Guarantor is required to register as an "investment company" within the meaning of the Investment Company Act of 1940, as amended, as now in effect.

9. To our knowledge, there are no actions, suits or proceedings pending against or affecting the Company or any Guarantor or any property of the Company or any Guarantor in any court or before any arbitrator of any kind or before or by any Governmental Authority, except actions, suits or proceedings which (a) individually do not in any manner draw into question the validity of the Note Documents and (b) in the aggregate, if adversely determined, could not be reasonably expected to have a Material Adverse Effect.

SCHEDULE 5.3

DISCLOSURE MATERIALS

1. Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on March 6, 2020
2. Definitive Proxy Statements on Schedule 14A, filed with the Securities and Exchange Commission on April 29, 2020 and June 9, 2020
3. Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020, as filed with the Securities and Exchange Commission on May 11, 2020 and August 4, 2020
4. Current Reports on Form 8-K, filed with the Securities and Exchange Commission, on March 3, 2020, April 9, 2020, May 11, 2020, June 26, 2020 and August 4, 2020

SCHEDULE 5.4

SUBSIDIARIES OF THE COMPANY AND
OWNERSHIP OF SUBSIDIARY STOCK

SEE ATTACHED

Schedule 5.4(a)(i)
Company Subsidiaries

Entity	State of Organization	Owner	Ownership Interest	Guarantor	Status	Significant Subsidiary
Green Brick Title, LLC	Texas	Green Brick Partners, Inc.	100% Membership Interest	No	Wholly Owned	No
GRBKMP, LLC	Texas	JBGL Ownership, LLC	100% Membership Interest	Yes	Wholly Owned	No
Green Brick Mortgage, LLC	Delaware	Prime Lending Ventures Management, LLC	51% Membership Interest	No	Investment	No
		GRBKMP, LLC	49% Membership Interest			
BHome Mortgage, LLC	Texas	First Continental Mortgage, Ltd.	51% Membership Interest	No	Investment	Yes
		GRBKMP, LLC	49% Membership Interest			
GRBK Edgewood, LLC	Texas	Green Brick Partners, Inc.	100% Membership Interest	Yes	Wholly Owned	Yes
GRBK Frisco, LLC	Texas	Green Brick Partners, Inc.	100% Membership Interest	Yes	Wholly Owned	Yes
JBGL Chateau, LLC	Texas	Green Brick Partners, Inc.	100% Membership Interest	Yes	Wholly Owned	No
JBGL Exchange, LLC	Texas	Green Brick Partners, Inc.	100% Membership Interest	Yes	Wholly Owned	Yes
JBGL Hawthorne, LLC	Texas	Green Brick Partners, Inc.	100% Membership Interest	Yes	Wholly Owned	No
JBGL Mustang, LLC	Texas	Green Brick Partners, Inc.	100% Membership Interest	Yes	Wholly Owned	Yes
JBGL Builder Finance, LLC	Texas	Green Brick Partners, Inc.	100% Membership Interest	Yes	Wholly Owned	Yes
GRBK Academy, LLC	Georgia	JBGL Builder Finance, LLC	80% Membership Interest	No	Side by Side	No
		The Remiclay Trust	20% Membership Interest			
GRBK Church Street, LLC	Georgia	JBGL Builder Finance, LLC	100% Membership Interest	Yes	Wholly Owned	No
GRBK Devore, LLC	Georgia	JBGL Builder Finance, LLC	100% Membership Interest	Yes	Wholly Owned	No
GRBK GC, LLC	Georgia	JBGL Builder Finance, LLC	100% Membership Interest	Yes	Wholly Owned	No
GRBK Haynes, LLC	Georgia	JBGL Builder Finance, LLC	100% Membership Interest	Yes	Wholly Owned	No

Entity	State of Organization	Owner	Ownership Interest	Guarantor	Status	Significant Subsidiary
GRBK North Point, LLC	Georgia	JBGL Builder Finance, LLC	100% Membership Interest	Yes	Wholly Owned	No
GRBK Stringer, LLC	Georgia	JBGL Builder Finance, LLC	100% Membership Interest	Yes	Wholly Owned	No
GRBK Suwanee Station, LLC	Georgia	JBGL Builder Finance, LLC	50% Membership Interest	No	Side by Side	No
		MCWP, LLC	50% Membership Interest			
JBGL Atlanta Development, LLC	Georgia	JBGL Builder Finance, LLC	100% Membership Interest	Yes	Wholly Owned	Yes
JBGL Atlanta Development 2014, LLC	Georgia	JBGL Builder Finance, LLC	100% Membership Interest	Yes	Wholly Owned	No
JBGL Land Fund, LLC	Georgia	JBGL Builder Finance, LLC	50% Membership Interest	No	Side by Side	No
		MCWP, LLC	50% Membership Interest			
Johns Creek 206, LLC	Georgia	JBGL Builder Finance, LLC	100% Membership Interest	Yes	Wholly Owned	Yes
JBGL Ownership, LLC	Delaware	JBGL Builder Finance, LLC	100% Membership Interest	Yes	Wholly Owned	Yes
GRBK DFW Acquisitions, LLC	Texas	Green Brick Partners, Inc.	100% Membership Interest	Yes	Wholly Owned	Yes
CB JENI Homes DFW, LLC	Texas	GRBK DFW Acquisitions	100% Membership Interest	Yes	Wholly Owned	Yes
CB JENI 2020, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Acquisitions, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Apples Crossing, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Berkshire Place, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	Yes	Wholly Owned	No
CB JENI - Brick Row Townhomes, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	Yes	Wholly Owned	No
CB JENI - Chase Oaks Village II, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Frisco Springs, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No

Entity	State of Organization	Owner	Ownership Interest	Guarantor	Status	Significant Subsidiary
CB JENI - Hemingway Court, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Homes Grand Park, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Homes Heritage Creekside, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Homes Raiford Crossing, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Homes Sloan Creek, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Hometown, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Iron Horse, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI - Lake Vista Coppell, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Los Rios, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Majestic Gardens, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Management, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI McKinney Ranch, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Meridian at Southgate, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Montgomery Ridge, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Mustang Park, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	Yes	Wholly Owned	No
CB JENI Parker Ranch, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Pecan Park, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Pecan Square, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Ridge View Villas, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No

Entity	State of Organization	Owner	Ownership Interest	Guarantor	Status	Significant Subsidiary
CB JENI Riverset, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI - Settlement at Craig Ranch, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Southgate, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Stacy Crossing, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Stonegate, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Sunset Place, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Terraces at Las Colinas, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Trophy Club, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Twin Creeks, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Viridian, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CB JENI Vista Del Lago, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Paragon Property Management Group, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes - Alto Vista Irving, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Apples Crossing, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Cottonwood Crossing, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Cypress Meadows, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	Yes	Wholly Owned	No
Normandy Homes Edgewood, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Essex Park, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No

Entity	State of Organization	Owner	Ownership Interest	Guarantor	Status	Significant Subsidiary
Normandy Homes Frisco Spings, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Grand Park, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Lake Vista Coppell, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Lakeside, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	Yes	Wholly Owned	No
Normandy Homes Legends at Twin Creeks, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Liberty Hills, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Mustang Park, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Parker Ranch, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Pecan Creek, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Shaddock Estates, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Southaven, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Southgate, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Spicewood, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Twin Creeks, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Viridian, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Normandy Homes Watters Branch, LLC	Texas	CB JENI Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
CLH20, LLC	Texas	Green Brick Partners, Inc.	90% Membership Interest	No	Side by Side	No
		Trevor Brickman	10% Membership Interest			
Centre Living Homes, LLC	Texas	CLH20, LLC	100% Membership Interest	No	Side by Side	No

Entity	State of Organization	Owner	Ownership Interest	Guarantor	Status	Significant Subsidiary
Centre Living Caddo, LLC	Texas	Centre Living Homes, LLC	100% Membership Interest	No	Side by Side	No
Centre Living CityLine, LLC	Texas	Centre Living Homes, LLC	100% Membership Interest	No	Side by Side	No
Centre Living Condominiums, LLC	Texas	Centre Living Homes, LLC	100% Membership Interest	No	Side by Side	No
Centre Living Condominiums II, LLC	Texas	Centre Living Homes, LLC	100% Membership Interest	No	Side by Side	No
Centre Living Ft Worth, LLC	Texas	Centre Living Homes, LLC	100% Membership Interest	No	Side by Side	No
Centre Living Live Oak, LLC	Texas	Centre Living Homes, LLC	100% Membership Interest	No	Side by Side	No
Centre Living Swiss, LLC	Texas	Centre Living Homes, LLC	100% Membership Interest	No	Side by Side	No
Centre Living West Dallas, LLC	Texas	Centre Living Homes, LLC	100% Membership Interest	No	Side by Side	No
Southgate Homes DFW, LLC	Texas	SGHDAL LLC	100% Membership Interest	No	Wholly Owned	No
Southgate Homes - Angel Field West, LLC	Texas	Southgate Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Southgate Homes - Austin Waters, LLC	Texas	Southgate Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Southgate Homes - Brockdale, LLC	Texas	Southgate Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Southgate Homes - Canals at Grand Park, LLC	Texas	Southgate Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Southgate Edgewood, LLC	Texas	Southgate Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Southgate Homes - Garilen, LLC	Texas	Southgate Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Southgate Homes - Stoney Creek, LLC	Texas	Southgate Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Southgate Homes - Suburban Living, LLC	Texas	Southgate Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Southgate Homes - Twin Creeks, LLC	Texas	Southgate Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
Southgate Homes - Windsong, LLC	Texas	Southgate Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No

Entity	State of Organization	Owner	Ownership Interest	Guarantor	Status	Significant Subsidiary
Southgate Ranch, LLC	Texas	Southgate Homes DFW, LLC	100% Membership Interest	No	Wholly Owned	No
SGHDAL, LLC	Texas	Green Brick Partners, Inc.	100% Membership Interest	Yes	Wholly Owned	Yes
Trophy Signature Homes, LLC	Texas	Green Brick Partners, Inc.	100% Membership Interest	Yes	Wholly Owned	No
TSHH, LLC	Texas	Trophy Signature Homes, LLC	100% Membership Interest	Yes	Wholly Owned	No
TSHWS, LLC	Texas	Trophy Signature Homes, LLC	100% Membership Interest	Yes	Wholly Owned	No
TSHHOU, LLC	Texas	Trophy Signature Homes, LLC	100% Membership Interest	Yes	Wholly Owned	No
The Providence Group of Georgia, LLC	Georgia	JBGL Ownership, LLC	50% Membership Interest	Yes	Carried Interest	Yes
		TPG Investment Trust	50% Membership Interest			
EJB River Holdings	Georgia	JBGL Ownership, LLC	50% Membership Interest	Yes	Carried Interest	Yes
		East Jones Bridge, LLC	50% Membership Interest			
Pratt Stacks, LLC	Georgia	TPG Homes 2017, LLC	100% Membership Interest	No	Carried Interest	No
Providence Group Title, LLC	Georgia	Dogwood Title & Abstract Company	51% Membership Interest	No	Investment	No
		The Providence Group of Georgia, LLC	49% Membership Interest			
Providence Luxury Homes, LLC	Georgia	The Providence Group of Georgia, LLC	80% Membership Interest	No	Side by Side	No
		Henderson & Adams Fine Homebuilding, LLC	20% Membership Interest			
The Providence Group & Associates, LLC	Georgia	The Providence Group of Georgia, LLC	100% Membership Interest	No	Carried Interest	No
The Providence Group of Georgia Custom Homes, LLC	Georgia	The Providence Group of Georgia, LLC	100% Membership Interest	Yes	Carried Interest	Yes
The Providence Group Realty, LLC	Georgia	The Providence Group of Georgia, LLC	100% Membership Interest	No	Carried Interest	No
TPG Development, LLC	Georgia	The Providence Group of Georgia, LLC	100% Membership Interest	No	Carried Interest	No

Entity	State of Organization	Owner	Ownership Interest	Guarantor	Status	Significant Subsidiary
TPG Glendale Rowes, L.L.C.	Georgia	TPG Homes 2017, LLC	100% Membership Interest	No	Carried Interest	No
TPG Haynes, LLC	Georgia	The Providence Group of Georgia, LLC	100% Membership Interest	No	Carried Interest	No
TPG Homes 2017, LLC	Georgia	The Providence Group of Georgia, LLC	100% Membership Interest	No	Carried Interest	No
TPG Homes at Bellmoore, LLC	Georgia	The Providence Group of Georgia, LLC	100% Membership Interest	No	Carried Interest	No
TPG Homes at Three Bridges, LLC	Georgia	The Providence Group of Georgia, LLC	100% Membership Interest	No	Carried Interest	No
TPG Homes at Whitfield Parc, LLC	Georgia	The Providence Group of Georgia, LLC	100% Membership Interest	No	Carried Interest	No
TPG Homes FS, LLC	Georgia	TPG Homes 2017, LLC	100% Membership Interest	No	Carried Interest	No
TPG Homes, LLC	Georgia	The Providence Group of Georgia, LLC	100% Membership Interest	Yes	Carried Interest	Yes
TPG Maxwell, LLC	Georgia	TPG Homes 2017, LLC	100% Membership Interest	No	Carried Interest	No
TPG Property Holdings, LLC	Georgia	The Providence Group of Georgia, LLC	100% Membership Interest	No	Carried Interest	No
GRBK GHO Homes, LLC	Texas	JBGL Ownership, LLC	80% Membership Interest	No	Side by Side	No
		GHO Capital Holdings, LLC	20% Membership Interest			
GRBK GHO 4 Lakes, LLC	Florida	GRBK GHO Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GHO Arabella Reserve, LLC	Florida	GRBK GHO Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GHO Bent Pine, LLC	Florida	GRBK GHO Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GHO Berkley Square, LLC	Florida	GRBK GHO Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GHO Central Vero, LLC	Florida	GRBK GHO Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GHO Eagle Trace, LLC	Florida	GRBK GHO Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GHO High Pointe, LLC	Florida	GRBK GHO Homes, LLC	100% Membership Interest	No	Side by Side	No

Entity	State of Organization	Owner	Ownership Interest	Guarantor	Status	Significant Subsidiary
GRBK GH0 Huntington, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Lake Sapphire, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Lily's Cay, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Lucaya Pointe, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Meadowood, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 North Beach, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Properties, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Segovia Lakes, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Serenoa, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 St. Lucie, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Summer Lake, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Three Oaks, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Timberlake, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Orchid Cove, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Venezia Estates, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 Brevard, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 7, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 8, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No
GRBK GH0 9, LLC	Florida	GRBK GH0 Homes, LLC	100% Membership Interest	No	Side by Side	No

Entity	State of Organization	Owner	Ownership Interest	Guarantor	Status	Significant Subsidiary
GRBK GHO 10, LLC	Florida	GRBK GHO Homes, LLC	100% Membership Interest	No	Side by Side	No
The GHO Homes Agency, LLC	Florida	GRBK GHO Homes, LLC	100% Membership Interest	No	Side by Side	No
GB Challenger, LLC	Texas	JBGL Ownership, LLC	49.9% Membership Interest	No	Investment	No
		GTG Holdings, LLC	50.1% Membership Interest			

Schedule 5.4(a)(ii)

Joint Ventures

1. Joint Ownership and Development Agreement, dated as of July 26, 2019, by and between GRBK Edgewood LLC and Meritage Homes of Texas, LLC

Non-Subsidiary Affiliates

1. Greenlight Capital, Inc.
2. David Einhorn
3. GB Challenger, LLC
4. Green Brick Mortgage, LLC
5. Providence Group Title, LLC
6. EJB River Holdings, LLC
7. BHOME Mortgage, LLC

Schedule 5.4(a)(iii)

Company's Directors and Officers

David Einhorn	Director
James R. Brickman	Director/Chief Executive Officer
Elizabeth K. Blake	Director
Harry Brandler	Director
John R. Farris	Director
Kathleen Olsen	Director
Richard S. Press	Director
Richard A. Costello	Chief Financial Officer
Jed Dolson	President of the Texas Region of the Company
Laura McPherson	Chief Accounting Officer

SCHEDULE 5.5

FINANCIAL STATEMENTS

1. Consolidated Financial Statements of the Green Brick Partners, Inc and its Subsidiaries as of and for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on March 6, 2020
2. Consolidated Financial Statements of the Green Brick Partners, Inc and its Subsidiaries as of and for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on May 11, 2020
3. Consolidated Financial Statements of the Green Brick Partners, Inc and its Subsidiaries as of and for the three and six months ended June 30, 2020, as filed with the Securities and Exchange Commission on August 4, 2020

SCHEDULE 5.15

EXISTING INDEBTEDNESS OF THE COMPANY AND ITS SUBSIDIARIES

1. Borrowings on lines of credit outstanding as of June 30, 2020 (in thousands):

	June 30, 2020
Senior Secured Credit Facility	\$ 15,000
Senior Unsecured Credit Facility	\$ 130,000

Senior Secured Credit Facility - Credit Agreement, dated as of July 30, 2015 (as amended by the First Amendment, dated as of May 3, 2016, the Second Amendment, dated as of March 22, 2017, the Third Amendment, dated as of July 6, 2017, the Fourth Amendment, dated as of July 25, 2017, the Fifth Amendment dated as of August 25, 2017, the Sixth Amendment, dated as of October 27, 2017 and the Fourth Modification of Promissory Note, dated as of May 22, 2020), by and among Green Brick Partners, Inc. as borrower, Inwood National Bank, a National Banking Association ("Lender"), and JBGL Hawthorne, LLC ("Hawthorne"), JBGL Frisco, LLC ("Frisco"), JBGL Edgewood, LLC ("Edgewood"), JBGL Mustang, LLC ("Mustang"), JBGL Exchange, LLC ("Exchange"), JBGL Chateau, LLC ("Chateau"), and Johns Creek 206, LLC ("Johns Creek", which, together with Hawthorne, Frisco, Edgewood, Mustang, Exchange and Chateau may be collectively referred to as "Grantors" or individually as a "Grantor"), and JBGL Builder Finance, LLC ("JBGL Builder" which, collectively with Grantors may be collectively referred to as "Guarantors").

Line of Credit - \$35.0 million

Borrowing Base - Borrowing base equals 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.

Guarantors - JBGL Hawthorne, LLC, JBGL Frisco, LLC, JBGL Edgewood, LLC, JBGL Mustang, LLC, JBGL Exchange, LLC, JBGL Chateau, LLC, Johns Creek 206, LLC, and JBGL Builder Finance, LLC

Collateral - Amounts outstanding under the Credit Facility are secured by mortgages on real property and security interests in certain personal property that is owned by certain of the Company's subsidiaries.

Maturity Date - May 1, 2022.

Interest Rate - 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%

As of June 30, 2020, the interest rate on outstanding borrowing was 4.00% per annum.

Senior Unsecured Credit Facility – Credit Agreement, dated as of December 15, 2015, (as amended by the First Amendment, dated as of August 31, 2016, the Second Amendment, dated as of December 1, 2016, the Third Amendment, dated as of September 1, 2017 the Fourth Amendment, dated as of December 1, 2017, the Fifth Amendment, dated as of November 2, 2018, and the Sixth Amendment, dated as of December 17, 2019) by and among Green Brick Partners, Inc., as borrower, the Lenders party hereto, and Flagstar Bank, FSB (“Flagstar”), as administrative agent.

Line of Credit Commitments – \$215.0 Million

Line of Credit Accordion Amount - \$275.0 Million

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).

Guarantors – JBGL Ownership LLC, Builder Finance LLC JBGL Exchange LLC, JBGL Mustang LLC, GRBK Frisco LLC, GRBK Edgewood LLC, Johns Creek 206, LLC, JBGL Atlanta Development, LLC, CB JENI Homes DFW LLC, The Providence Group of Georgia, L.L.C., The Providence Group of Georgia Custom Homes, L.L.C., TPG Homes, L.L.C., JBGL Chateau, LLC, JBGL Hawthorne, LLC, CB JENI Berkshire Place LLC, CB JENI – Brick Row Townhomes, LLC, CB JENI Mustang Park LLC, Normandy Homes Cypress Meadows, LLC, Normandy Homes Lakeside, LLC, JBGL Atlanta Development 2014, LLC, GRBK GC, LLC, GRBK Stringer, LLC, GRBK Devore, LLC, GRBKMP, LLC, GRBK Church Street, LLC, GRBK Haynes, LLC, Trophy Signature Homes, LLC, TSHH, LLC, TSHWS, LLC and SGHDAL LLC.

Maturity Date – December 14, 2021 for \$30.0 million of commitments and December 14, 2022 for \$185.0 million of commitments

Interest Rate – Either: (a) in the case of base rate advances, the highest of (i) Citibank’s base rate, (ii) the federal funds rate plus 0.5%, and (iii) 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 June 30, 2020, the interest rates ranged from 2.67% to 2.68% per annum.

2. Outstanding Notes as of June 30, 2020 (in thousands):

	June 30, 2020
Senior Unsecured Notes	\$ 75,000

Note Purchase Agreement - Note Purchase Agreement, dated as of August 8, 2019, by and among Green Brick Partners, Inc., as issuer, and the purchasers party thereto.

Issue Amount - \$75.0 million

Guarantors - JBGL Ownership LLC, JBGL Builder Finance LLC, JBGL Exchange LLC, JBGL Mustang LLC, GRBK Frisco LLC, GRBK Edgewood LLC, Johns Creek 206, LLC, JBGL Atlanta Development, LLC, CB JENI Homes DFW LLC, The Providence Group of Georgia, L.L.C., The Providence Group of Georgia Custom Homes, L.L.C., TPG Homes, L.L.C., JBGL Chateau, LLC, JBGL Hawthorne, LLC, CB JENI Berkshire Place LLC, CB JENI - Brick Row Townhomes, LLC, CB JENI Mustang Park LLC, Normandy Homes Cypress Meadows, LLC, Normandy Homes Lakeside, LLC, JBGL Atlanta Development 2014, LLC, GRBK GC, LLC, GRBK Stringer, LLC, GRBK Devore, LLC, GRBKMP, LLC, GRBK Church Street, LLC, GRBK Haynes, LLC, Trophy Signature Homes, LLC, TSHH, LLC, TSHWS, LLC and SGHDAL LLC.

Collateral - N/A. Unsecured.

Maturity Date - August 8, 2026.

Interest Rate - 4.00%.

3. Paycheck Protection Program Letter Agreement and related promissory note, dated as of April 8, 2020, by and between The Providence Group of Georgia, L.L.C. and Inwood National Bank in the amount of \$2,146,100.
4. Non-recourse acquisition promissory note, dated as of March 12, 2020, made by GRBK GC, LLC in favor of Grant Circle Partners, LLC in the amount of \$2.0 million.

SCHEDULE 10.3

Existing Permitted Subsidiary Indebtedness

Non-recourse acquisition promissory note, dated as of March 12, 2020, made by GRBK GC, LLC in favor of Grant Circle Partners, LLC in the amount of \$2.0 million.

SCHEDULE 10.5

Existing Investments

Equity Investments in the following entities (excluding Subsidiaries):

1. GB Challenger, LLC
2. Green Brick Mortgage, LLC
3. Providence Group Title, LLC
4. EJB River Holdings, LLC
5. BHome Mortgage, LLC

GREEN BRICK PARTNERS, INC.

PURCHASER SCHEDULE

	Aggregate Principal Amount of Notes <u>to be Purchased</u> (USD)	Note <u>Denomination(s)</u> (USD)
PRUDENTIAL UNIVERSAL REINSURANCE COMPANY	3,000,000.00	3,000,000.00

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

Beneficiary Name: U.S. Bank as Paying Agent for
Prudential

Beneficiary Address: 214 N. Tryon St 26th Floor Charlotte,
NC 28201

Primary Bank Name: U.S. Bank as Paying Agent for
Prudential

Primary ABA Number: 091000022

Account Name: Paying Agent DDA - Green Brick
Partners, Inc.

Account Number: 104791306624

FFC: 280177-700

- (2) Address for all communications and notices:

Prudential Universal Reinsurance Company
c/o Prudential Private Capital
2200 Ross Ave.
Suite 4300W
Dallas, TX 75201

Attention: Managing Director, Corporate Finance
cc: Vice President and Corporate Counsel

and for all notices relating solely to scheduled principal and

interest payments and written confirmations of wire transfers to:

Prudential Universal Reinsurance Company
c/o PGIM, Inc.
Prudential Tower
655 Broad Street
14th Floor - South Tower
Newark, NJ 07102

Attention: PIM Private Accounting Processing Team
Email: Pim.Private.Accounting.Processing.Team@prudential.com

(3) Address for Delivery of Notes:

- (a) Send physical security by nationwide overnight delivery service to:

PGIM, Inc.
655 Broad Street
14th Floor - South Tower
Newark, NJ 07102

Attention: Trade Management Manager

- (b) Send copy by email to:

Jaya McClure
Jaya.McClure@prudential.com
(214) 720-6207

and

Private.Disbursements@Prudential.com

- (4) Tax Identification No.: 90-1009745
- (5) External audit confirmations of loan balances for transactions closed by PPC should be sent to the address(es) outlined below.

Via e-mail (preferred):
PPCAuditconfirms@prudential.com

By U.S. Mail:
PGIM Private Placement Operations
655 Broad Street, 14th Floor South
Mail Stop #NJ 08-14-75

Newark, New Jersey 07102-5096
Attn: PPC Audit Confirmation Coordinator

For any questions or assistance with audit confirmations, please
contact our centralized audit confirmation telephone number,
(973) 367-7561.

	Aggregate Principal Amount of Notes <u>to be Purchased</u> (USD)	Note <u>Denomination(s)</u> (USD)
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	34,500,000.00	19,500,000.00 15,000,000.00

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

Beneficiary Name: U.S. Bank as Paying Agent for
Prudential

Beneficiary Address: 214 N. Tryon St 26th Floor Charlotte,
NC 28201

Primary Bank Name: U.S. Bank as Paying Agent for
Prudential

Primary ABA Number: 091000022

Account Name: Paying Agent DDA - Green Brick
Partners, Inc.

Account Number: 104791306624

FFC: 280177-700

- (2) Address for all communications and notices:

The Prudential Insurance Company of America
c/o Prudential Private Capital
2200 Ross Ave.
Suite 4300W
Dallas, TX 75201

Attention: Managing Director, Corporate Finance
cc: Vice President and Corporate Counsel

and for all notices relating solely to scheduled principal and
interest payments and written confirmations of wire transfers to:

The Prudential Insurance Company of America
c/o PGIM, Inc.
Prudential Tower
655 Broad Street
14th Floor - South Tower
Newark, NJ 07102

Attention: PIM Private Accounting Processing Team
Email: Pim.Private.Accounting.Processing.Team@prudential.com

(3) Address for Delivery of Notes:

- (a) Send physical security by nationwide overnight delivery service to:

PGIM, Inc.
655 Broad Street
14th Floor - South Tower
Newark, NJ 07102

Attention: Trade Management Manager

- (b) Send copy by email to:

Jaya McClure
Jaya.Mcclure@prudential.com
(214) 720-6207

and

Private.Disbursements@Prudential.com

- (4) Tax Identification No.: 22-1211670
- (5) External audit confirmations of loan balances for transactions closed by PPC should be sent to the address(es) outlined below.

Via e-mail (preferred):
PPCAuditconfirms@prudential.com

By U.S. Mail:
PGIM Private Placement Operations
655 Broad Street, 14th Floor South
Mail Stop #NJ 08-14-75
Newark, New Jersey 07102-5096
Attn: PPC Audit Confirmation Coordinator

For any questions or assistance with audit confirmations, please contact our centralized audit confirmation telephone number, (973) 367-7561.

GUARANTY AGREEMENT

Dated as of August 26, 2020

of

**THE GUARANTORS PARTY HERETO
FROM TIME TO TIME**

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Exhibit A -- Form of Guaranty Joinder

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of August 26, 2020 (this "Guaranty Agreement"), is made by each of the undersigned (each a "Guarantor" and, together with each of the signatories hereto and any other entities from time to time parties hereto pursuant to Section 15.1 hereof, the "Guarantors"), in favor of the Purchasers (as defined below) and the other holders from time to time of the Notes (as defined below). The Purchasers and such other holders are herein collectively called the "holders" and individually a "holder."

PRELIMINARY STATEMENTS:

I. GREEN BRICK PARTNERS, INC., a Delaware corporation (the "Company"), is entering into a Note Purchase Agreement dated the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Note Agreement"), with the other Persons listed on the signature pages thereto (the "Purchasers") simultaneously with the delivery of this Guaranty Agreement. Capitalized terms used herein have the meanings specified in the Note Agreement unless otherwise defined herein.

II. The Company has authorized the issue and sale, pursuant to the Note Agreement, of 3.35% Senior Notes due August 26, 2027 in the aggregate principal amount of \$37,500,000 (as amended, restated, supplemented or otherwise modified from time to time, together with any notes issued in substitution therefor, the "Notes").

III. It is a condition to the agreement of each applicable Purchaser to purchase the Notes that this Guaranty Agreement shall have been executed and delivered by the Guarantors and shall be in full force and effect.

IV. Each Guarantor will receive direct and indirect benefits from the financing arrangements contemplated by the Note Agreement. The board of directors (or similar governing body) of each Guarantor has determined that the incurrence of such obligations is in the best interests of such Guarantor.

NOW THEREFORE, in order to induce, and in consideration of, the execution and delivery of the Note Agreement and the purchase of the Notes in accordance with the Note Agreement, each Guarantor hereby covenants and agrees with, and represents and warrants to each of the holders as follows:

SECTION 1. GUARANTY.

Each Guarantor hereby irrevocably, unconditionally and jointly and severally with the other Guarantors guarantees to each holder, the due and punctual payment in full of (a) the principal of, the applicable Make-Whole Amount in respect of, and interest on (including, without limitation, any Make-Whole Amount due and payable after, and interest accruing after, the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), and any other amounts due under, the Notes when and as the same shall become due and payable (whether at stated maturity or by required or optional prepayment or by acceleration or otherwise), (b) any other sums which may become due under the terms and

provisions of the Notes, the Note Agreement, the other Note Documents or any other instrument referred to therein, and (c) the due and punctual performance of all covenants, agreements, liabilities, and other obligations of the Company or any other Guarantor under any Note Documents or any other document or instrument referred to therein (all such obligations described in clauses (a) through (c) above are herein called the "Guaranteed Obligations"). The guaranty in the preceding sentence is an absolute, present and continuing guaranty of payment and performance and not of collectability and is in no way conditional or contingent upon any attempt to collect from the Company or any other guarantor of the Notes (including, without limitation, any other Guarantor hereunder) or upon any other action, occurrence or circumstance whatsoever. In the event that the Company shall fail so to pay any of such Guaranteed Obligations, each Guarantor agrees to pay the same when due to the holders entitled thereto, without demand, presentment, protest or notice of any kind, in lawful money of the United States of America, pursuant to the requirements for payment specified in the Notes, the Note Agreement, or the other Note Documents. Each default in payment of any of the Guaranteed Obligations shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises. Each Guarantor agrees that the Notes may (but need not) make reference to this Guaranty Agreement.

Each Guarantor agrees to pay and to indemnify and save each holder harmless from and against any damage, loss, cost or expense (including attorneys' fees and expenses) which such holder may incur or be subject to as a consequence, direct or indirect, of (x) any breach by such Guarantor, by any other Guarantor or by the Company of any warranty, covenant, term or condition in, or the occurrence of any default under, this Guaranty Agreement, the Notes, the Note Agreement, the other Note Documents or any other instrument referred to therein, together with all expenses resulting from the compromise or defense of any claims or liabilities arising as a result of any such breach or default, (y) any legal action commenced to challenge the validity or enforceability of this Guaranty Agreement, the Notes, the Note Agreement, the other Note Documents or any other instrument referred to therein and (z) enforcing or defending (or determining whether or how to enforce or defend) the provisions of this Guaranty Agreement.

Each Guarantor hereby acknowledges and agrees that such Guarantor's liability hereunder is joint and several with the other Guarantors and any other Person(s) who may guarantee the obligations and Indebtedness under and in respect of the Notes, the Note Agreement, or the other Note Documents.

Notwithstanding the foregoing provisions or any other provision of this Guaranty Agreement, the Purchasers, the holders (by their acceptance of this Guaranty Agreement, and on behalf of themselves and their successors and assigns) and each Guarantor hereby agrees that if at any time the Guaranteed Obligations exceed the Maximum Guaranteed Amount determined as of such time with regard to such Guarantor, then this Guaranty Agreement shall be automatically amended to reduce the Guaranteed Obligations to the Maximum Guaranteed Amount. Such amendment shall not require the written consent of any Guarantor or any holder and shall be deemed to have been automatically consented to by each Guarantor and each holder. Each Guarantor agrees that the Guaranteed Obligations may at any time exceed the Maximum Guaranteed Amount without affecting or impairing the obligation of such Guarantor. "Maximum Guaranteed Amount" means as of the date of determination with respect to a Guarantor, the lesser of (a) the amount of the Guaranteed Obligations outstanding on such date

and (b) the maximum amount that would not render such Guarantor's liability under this Guaranty Agreement subject to avoidance under Section 548 of the United States Bankruptcy Code (or any successor provision) or any comparable provision of applicable state law.

SECTION 2. OBLIGATIONS ABSOLUTE.

The obligations of each Guarantor hereunder shall be primary, absolute, irrevocable and unconditional, irrespective of the validity or enforceability of the Notes, the Note Agreement, the other Note Documents or any other instrument referred to therein, shall not be subject to any counterclaim, setoff, deduction or defense based upon any claim such Guarantor may have against the Company or any holder or otherwise, and shall remain in full force and effect until the payment in full in cash of all of the Guaranteed Obligations (subject to reinstatement as set forth in Section 6), without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition whatsoever (whether or not such Guarantor shall have any knowledge or notice thereof), including, without limitation: (a) any amendment to, modification of, supplement to or restatement of the Notes, the Note Agreement, the other Note Documents or any other instrument referred to therein (it being agreed that the obligations of each Guarantor hereunder shall apply to the Notes, the Note Agreement, the other Note Documents or any such other instrument as so amended, modified, supplemented or restated) or any assignment or transfer of any thereof or of any interest therein, or any furnishing, acceptance or release of any security for the Notes or the addition, substitution or release of any other Guarantor or any other entity or other Person primarily or secondarily liable in respect of the Guaranteed Obligations; (b) any waiver, consent, extension, indulgence or other action or inaction under or in respect of the Notes, the Note Agreement, the other Note Documents or any other instrument referred to therein; (c) any bankruptcy, insolvency, arrangement, reorganization, readjustment, composition, liquidation or similar proceeding with respect to the Company or its property; (d) any merger, amalgamation or consolidation of any Guarantor or of the Company into or with any other Person or any sale, lease or transfer of any or all of the assets of any Guarantor or of the Company to any Person; (e) any failure on the part of the Company for any reason to comply with or perform any of the terms of any other agreement with any Guarantor; (f) any failure on the part of any holder to obtain, maintain, register or otherwise perfect any security; (g) the absence of any attempt by any holder to collect the Guaranteed Obligations or any portion thereof from the Company, any other Guarantor, any other guarantor of all or any portion of the Guaranteed Obligations or any other Person or other action to enforce the same, (h) any action taken by any holder that is authorized by this Guaranty, (i) reserved, (j) reserved, (k) any mortgage, indenture, lease, contract, or other agreement (including without limitation any agreement with members or stockholders or other equity interest holders of such Guarantor, as applicable), instrument or undertaking to which any Guarantor or the Company is a party or which purports to be binding on or affect any such Person or its assets, or (l) any other event or circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor (whether or not similar to the foregoing), and in any event however material or prejudicial it may be to any Guarantor or to any subrogation, contribution or reimbursement rights any Guarantor may otherwise have. Each Guarantor covenants that its obligations hereunder shall not be discharged except by indefeasible payment in full in cash of all of the Guaranteed Obligations and all other obligations hereunder.

SECTION 3. WAIVER.

Each Guarantor unconditionally waives to the fullest extent permitted by law, (a) notice of acceptance hereof, of any action taken or omitted in reliance hereon and of any default by the Company in the payment of any amounts due under the Notes, the Note Agreement, the other Note Documents or any other instrument referred to therein, and of any of the matters referred to in Section 2 hereof, (b) all notices which may be required by statute, rule of law or otherwise to preserve any of the rights of any holder against such Guarantor, including, without limitation, presentment to or demand for payment from the Company or any Guarantor with respect to any Note, notice to the Company or to any Guarantor of default or protest for nonpayment or dishonor and the filing of claims with a court in the event of the bankruptcy of the Company, (c) any right to require any holder to enforce, assert or exercise any right, power or remedy including, without limitation, any right, power or remedy conferred in the Note Agreement, the other Note Documents or the Notes, (d) any requirement for diligence on the part of any holder, (e) any defense arising by reason of (i) the incapacity, lack of authority or any disability or other defense of the Company, including, without limitation, any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto, or (ii) the cessation of the liability of the Company from any cause (other than a defense of payment, unless the payment on which such defense is based was or is subsequently invalidated, declared to be fraudulent or preferential, otherwise avoided and/or required to be repaid to the Company or any Guarantor, as the case may be, or the estate of any such party, a trustee, receiver or any other Person under any bankruptcy law, state or federal law, common law or equitable cause, in which case there shall be no defense of payment with respect to such payment), (f) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal, (g) any defense based upon any holder's errors or omissions in the administration of the Guaranteed Obligations (h) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Guaranty, and (i) any other act or omission or thing or delay in doing any other act or thing which might in any manner or to any extent vary the risk of such Guarantor or otherwise operate as a discharge of such Guarantor or in any manner lessen the obligations of such Guarantor hereunder.

Each Guarantor agrees that no holder shall be under any obligation to marshal any assets in favor of any Guarantor or against or in payment of any or all of the Guaranteed Obligations.

SECTION 4. OBLIGATIONS UNIMPAIRED.

Each Guarantor authorizes the holders, without notice or demand to such Guarantor or any other Guarantor and without affecting its obligations hereunder, from time to time: (a) to renew, compromise, extend, accelerate or otherwise change the time for payment of, all or any part of the Notes, the Note Agreement, the other Note Documents or any other instrument referred to therein; (b) to change any of the representations, covenants, events of default or any other terms or conditions of or pertaining to the Notes, the Note Agreement, the other Note Documents or any other instrument referred to therein, including, without limitation, decreases or increases in amounts of principal, rates of interest, the Make-Whole Amount or any other obligation; (c) to take and hold security for the payment of the Notes, the Note Agreement, the

other Note Documents or any other instrument referred to therein, for the performance of this Guaranty Agreement or otherwise for the Indebtedness guaranteed hereby and to exchange, enforce, waive, subordinate and release any such security; (d) to apply any such security and to direct the order or manner of sale thereof as the holders in their sole discretion may determine; (e) to obtain additional or substitute endorsers or guarantors or release any other Guarantor or any other Person or entity primarily or secondarily liable in respect of the Guaranteed Obligations; (f) to exercise or refrain from exercising any rights against the Company, any Guarantor or any other Person; (g) assign this Guaranty in part or in whole in connection with any assignment of the Guaranteed Obligations or any portion thereof, and (g) to apply any sums, by whomsoever paid or however realized, to the payment of the Guaranteed Obligations and all other obligations owed hereunder. The holders shall have no obligation to proceed against any additional or substitute endorsers or guarantors or to pursue or exhaust any security provided by the Company, such Guarantor or any other Guarantor or any other Person or to pursue any other remedy available to the holders.

If an event permitting the acceleration of the maturity of the principal amount of any Notes shall exist and such acceleration shall at such time be prevented or the right of any holder to receive any payment on account of the Guaranteed Obligations shall at such time be delayed or otherwise affected by reason of the pendency against the Company, any Guarantor or any other guarantors of a case or proceeding under a bankruptcy or insolvency law, such Guarantor agrees that, for purposes of this Guaranty Agreement and its obligations hereunder, the maturity of such principal amount shall be deemed to have been accelerated with the same effect as if the holder thereof had accelerated the same in accordance with the terms of the Note Agreement, and such Guarantor shall forthwith pay such accelerated Guaranteed Obligations.

SECTION 5. SUBROGATION AND SUBORDINATION.

(a) Each Guarantor will not exercise any rights which it may have acquired by way of subrogation under this Guaranty Agreement, by any payment made hereunder or otherwise, or accept any payment on account of such subrogation rights, or any rights of reimbursement, contribution or indemnity or any rights or recourse to any security for the Notes or this Guaranty Agreement unless and until all of the Guaranteed Obligations shall have been performed and indefeasibly paid in full in cash.

(b) Each Guarantor hereby subordinates the payment of all Indebtedness and other obligations of the Company or any other guarantor of the Guaranteed Obligations owing to such Guarantor, whether now existing or hereafter arising, including, without limitation, all rights and claims described in clause (a) of this Section 5, to the payment in full in cash of all of the Guaranteed Obligations. If the Required Holders so request, any such Indebtedness or other obligations shall be enforced and performance received by such Guarantor as trustee for the equal and ratable benefit of the holders of Notes and the holders of all other Indebtedness and other obligations permitted pursuant to the Note Agreement of the Company guaranteed by such Guarantor on a pari passu basis with the Guaranteed Obligations solely to the extent that the agreement by which such Guarantor has guaranteed such other Indebtedness and obligations expressly provides that if such Guarantor is required to turn over any similar payment to the lenders or representative of such other Indebtedness or obligations, such payment will also be held by the lenders or such representative for the equal and ratable benefit of the holders of the

Notes ("Pari Passu Indebtedness") (and the holders of Notes together with the holders of the Pari Passu Indebtedness, the "Beneficiaries") and the proceeds thereof shall be paid over to the Beneficiaries promptly, in the form received (together with any necessary endorsements) for application to the Guaranteed Obligations and the Pari Passu Indebtedness, ratably, in accordance with the respective amounts of such Guaranteed Obligations and Pari Passu Indebtedness (whether matured or unmatured) at the time held by such Beneficiaries, but without reducing or affecting in any manner the liability of any Guarantor under this Guaranty Agreement.

(c) If any amount or other payment is made to or accepted by any Guarantor in violation of any of the preceding clauses (a) and (b) of this Section 5, such amount shall be deemed to have been paid to such Guarantor for the benefit of, and shall be held in trust for the benefit of, the Beneficiaries and shall be paid over to the Beneficiaries promptly, in the form received (together with any necessary endorsements) for application to the Guaranteed Obligations and the Pari Passu Indebtedness, ratably, in accordance with the respective amounts of such Guaranteed Obligations and Pari Passu Indebtedness (whether matured or unmatured) at the time held by such Beneficiaries, but without reducing or affecting in any manner the liability of any Guarantor under this Guaranty Agreement.

(d) Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Note Agreement and that its agreements set forth in this Guaranty Agreement (including this Section 5) are knowingly made in contemplation of such benefits.

(e) Each Guarantor hereby agrees that, to the extent that a Guarantor shall have paid an amount hereunder to any holder that is greater than the net value of the benefits received, directly or indirectly, by such paying Guarantor as a result of the issuance and sale of the Notes (such net value as to any Guarantor, its "Proportionate Share"), such paying Guarantor shall, subject to Section 5(a) and 5(b), be entitled to contribution from any Guarantor that has not paid its Proportionate Share of the Guaranteed Obligations. Any amount payable as a contribution under this Section 5(e) shall be determined as of the date on which the related payment is made by such Guarantor seeking contribution and each Guarantor acknowledges that the right to contribution hereunder shall constitute an asset of such Guarantor to which such contribution is owed. Notwithstanding the foregoing, the provisions of this Section 5(e) shall in no respect limit the obligations and liabilities of any Guarantor to the holders of the Notes hereunder or under the Notes, the Note Agreement, the other Note Documents or any other document, instrument or agreement executed in connection therewith, and each Guarantor shall remain jointly and severally liable for the full payment and performance of the Guaranteed Obligations.

SECTION 6. REINSTATEMENT OF GUARANTY.

This Guaranty Agreement shall continue to be effective, or be reinstated, as the case may be, if and to the extent at any time payment, in whole or in part, of any of the sums due to any holder on account of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by a holder upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company or any other guarantors, or upon or as a result of the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to the Company or any other

guarantors or any part of its or their property, or otherwise, all as though such payments had not been made.

SECTION 7. RANK OF GUARANTY.

All payment obligations of each Guarantor under this Guaranty Agreement in respect of the Notes and this Guaranty Agreement shall be maintained (i) at a rank pari passu with all payment obligations of such Guarantor under this Guaranty Agreement and the Notes guaranteed thereby without any preference among themselves and (ii) not less than pari passu in respect of all other Indebtedness (actual or contingent) of such Guarantor.

SECTION 8. MAINTENANCE OF EXISTENCE.

So long as any of the Notes are outstanding, each Guarantor agrees that, unless the Required Holders otherwise consent in writing, subject to Section 10.4 of the Note Agreement, each Guarantor will at all times preserve and keep in full force and effect its existence.

SECTION 9. REPRESENTATIONS AND WARRANTIES OF EACH GUARANTOR.

Each Guarantor represents and warrants to each holder as follows:

Section 9.1. Organization; Power and Authority. Such Guarantor is a corporation, limited partnership or limited liability company, as applicable, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and such Guarantor is duly qualified as a foreign corporation, limited partnership or limited liability company, as applicable, and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Such Guarantor has all requisite corporate, limited partnership or limited liability company, as applicable, power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Guaranty Agreement and the other Note Documents to which it is a party and to perform the provisions hereof and thereof.

Section 9.2. Authorization, Etc. The execution, delivery and performance by such Guarantor of each Note Document to which it is a party are within such Guarantor's corporate, limited liability company or partnership, as applicable, power and have been duly authorized by all necessary corporate, limited liability or partnership, as applicable action on the part of such Guarantor. This Guaranty Agreement and each other Note Document to which such Guarantor is a party constitute a legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with their respective terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 9.3. Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in

connection with the execution, delivery or performance by such Guarantor of this Guaranty Agreement or any other Note Document to which it is a party.

Section 9.4. Information Regarding the Company. Such Guarantor now has and will continue to have independent means of obtaining information concerning the operations, financial condition and business of the Company. No holder shall have any duty or responsibility to provide such Guarantor with any credit or other information concerning the affairs, financial condition or business of the Company which may come into possession of the holders. Such Guarantor has executed and delivered this Guaranty Agreement without reliance upon any representation by the holders including, without limitation, with respect to (a) the due execution, validity, effectiveness or enforceability of any instrument, document or agreement evidencing or relating to any of the Guaranteed Obligations or any loan or other financial accommodation made or granted to the Company, (b) the validity, genuineness, enforceability, existence, value or sufficiency of any property securing any of the Guaranteed Obligations or the creation, perfection or priority of any lien or security interest in such property or (c) the existence, number, financial condition or creditworthiness of other guarantors or sureties, if any, with respect to any of the Guaranteed Obligations.

Section 9.5. Compliance With Laws, Other Instruments, Etc. The execution, delivery and performance by each Guarantor of this Guaranty Agreement and the other Note Documents to which it is a party will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of such Guarantor or any of its Subsidiaries under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, organizational documents, or any other agreement or instrument to which such Guarantor or any of its Subsidiaries is bound or by which such Guarantor or any of its Subsidiaries or any of their respective properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to such Guarantor or any of its Subsidiaries or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to such Guarantor or any of its Subsidiaries.

SECTION 10. RESERVED.

SECTION 11. TERM OF GUARANTY AGREEMENT.

This Guaranty Agreement and all guarantees, covenants and agreements of the Guarantors contained herein shall continue in full force and effect and shall not be discharged until such time as all of the Guaranteed Obligations and all other obligations hereunder shall be indefeasibly paid in full in cash, and shall be subject to reinstatement pursuant to Section 6.

SECTION 12. SURVIVAL OF REPRESENTATIONS AND WARRANTIES;
ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Guaranty Agreement and may be relied upon by any subsequent holder, regardless of any investigation made at any time by or on behalf of any Purchaser or any other holder. All statements contained in any certificate or other instrument delivered by or on behalf

of a Guarantor pursuant to this Guaranty Agreement shall be deemed representations and warranties of such Guarantor under this Guaranty Agreement. Subject to the preceding sentence, this Guaranty Agreement embodies the entire agreement and understanding between each holder and the Guarantors and supersedes all prior agreements and understandings relating to the subject matter hereof.

SECTION 13. AMENDMENT AND WAIVER.

Section 13.1. Requirements. Except as otherwise provided in the fourth paragraph of Section 1 of this Guaranty Agreement, this Guaranty Agreement may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with (and only with) the written consent of each Guarantor and the Required Holders, except that, other than as provided in Section 17.1(a) of the Note Agreement, no amendment or waiver (a) of any of the first three paragraphs of Section 1 or any of the provisions of Sections 2, 3, 4, 5, 6, 7, 11 or 13 hereof, or any defined term (as it is used therein), or (b) which results in the limitation of the liability of any Guarantor hereunder (except to the extent provided in the fourth paragraph of Section 1 of this Guaranty Agreement) will be effective as to any holder unless consented to by such holder in writing.

Section 13.2. Solicitation of Holders of Notes.

(a) Solicitation. Each Guarantor will provide each holder of any Notes (irrespective of the amount of Notes then owned by it) with reasonably sufficient information, reasonably far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof. Each Guarantor will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 13.2 to each holder promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Guarantors will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder as consideration for or as an inducement to the entering into by any holder of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each holder even if such holder did not consent to such waiver or amendment.

Section 13.3. Binding Effect. Any amendment or waiver consented to as provided in this Section 13 applies equally to all holders and is binding upon them and upon each future holder and upon each Guarantor without regard to whether any Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant or agreement not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Guarantors and the holder nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder. As used herein, the term "this Guaranty Agreement" and references thereto shall

mean this Guaranty Agreement as it may be amended, modified, supplemented or restated from time to time.

Section 13.4. Notes Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Guaranty Agreement, or have directed the taking of any action provided herein to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by any Guarantor, the Company or any of their respective Affiliates shall be deemed not to be outstanding.

Section 13.5. Release. At the request and sole expense of the Company, a Guarantor shall be released from its obligations hereunder in accordance with Section 9.7 of the Note Agreement; provided, that the Company shall have delivered to holders of Notes, at least five Business Days (or such lesser period permitted in writing by the Required Holders) prior to the date of the proposed release, a written request for such release identifying the relevant Guarantor and referencing Section 9.7 of the Note Agreement, together with any necessary certificates or other documentation required pursuant to Section 9.7 of the Note Agreement.

SECTION 14. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by facsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(a) if to any Guarantor, to such Guarantor at c/o Green Brick Partners, Inc., 2805 Dallas Parkway, Suite 400, Plano, TX 75093, to the attention of Chief Financial Officer, or such other address as such Guarantor shall have specified to the holders in writing, or

(b) if to any holder, to such holder at the addresses specified for such communications set forth in the Purchaser Schedule to the Note Agreement, or such other address as such holder shall have specified to the Guarantors in writing.

SECTION 15. MISCELLANEOUS.

Section 15.1. Successors and Assigns; Joinder. All covenants and other agreements contained in this Guaranty Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns whether so expressed or not. It is agreed and understood that any Person may become a Guarantor hereunder by executing a Guaranty Joinder substantially in the form of Exhibit A attached hereto and delivering the same to the holders. Any such Person shall thereafter be a "Guarantor" for all purposes under this Guaranty Agreement.

Section 15.2. Severability. Any provision of this Guaranty Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and

any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law), not invalidate or render unenforceable such provision in any other jurisdiction.

Section 15.3. Construction. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such express contrary provision) be deemed to excuse compliance with any other covenant. Whether any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person. The section and subsection headings in this Guaranty Agreement are for convenience of reference only and shall neither be deemed to be a part of this Guaranty Agreement nor modify, define, expand or limit any of the terms or provisions hereof. All references herein to numbered sections, unless otherwise indicated, are to sections of this Guaranty Agreement. Words and definitions in the singular shall be read and construed as though in the plural and vice versa, and words in the masculine, neuter or feminine gender shall be read and construed as though in either of the other genders where the context so requires.

Section 15.4. Further Assurances. At any time or from time to time upon the request of the Required Holders, each Guarantor, and any of its Subsidiaries, shall promptly execute, acknowledge and deliver all such further documents and do such other acts as the Required Holders may reasonably request in order to effect fully the purposes of the other Note Documents and this Guaranty Agreement.

Section 15.5. Governing Law. This Guaranty Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 15.6. Counterparts. This Guaranty Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto

Section 15.7. Jurisdiction and Process; Waiver of Jury Trial.

(a) Each Guarantor irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Guaranty Agreement. To the fullest extent permitted by applicable law, each Guarantor irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) Each Guarantor consents to process being served by or on behalf of any holder of a Note in any suit, action or proceeding of the nature referred to in Section 15.7(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage

prepaid, return receipt requested, to it at its address specified in Section 14 or at such other address of which such holder shall then have been notified pursuant to Section 14. Each Guarantor agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 15.7 shall affect the right of any holder to serve process in any manner permitted by law, or limit any right that the holders may have to bring proceedings against any Guarantor in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) THE GUARANTORS AND EACH HOLDER OF ANY NOTES HEREBY (BY ITS ACCEPTANCE OF THE BENEFITS HEREOF) WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS GUARANTY AGREEMENT OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH.

Section 15.8. Reproduction of Documents; Execution. This Guaranty Agreement may be reproduced by any holder by any photographic, photostatic, electronic, digital, or other similar process and such holder may destroy any original document so reproduced. Each Guarantor agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such holder in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 15.8 shall not prohibit any Guarantor or any other holder of any Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction. A facsimile or electronic transmission of the counterpart of this agreement shall be as effective as delivery of a manually executed counterpart hereof and shall be admissible into evidence for all purposes.

[Remainder of Page Intentionally Blank; Signature Pages Follow]

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty Agreement to be duly executed and delivered as of the date and year first above written.

JBGL OWNERSHIP LLC

By: 
Name: Richard A. Costello
Title: President

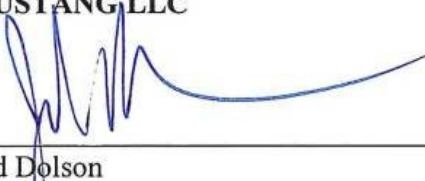
JBGL BUILDER FINANCE LLC

By: 
Name: Richard A. Costello
Title: President

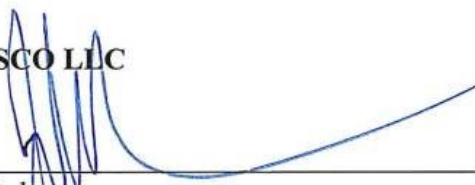
JBGL EXCHANGE LLC

By: 
Name: Jed Dolson
Title: President

JBGL MUSTANG LLC

By: 
Name: Jed Dolson
Title: President

GRBK FRISCO LLC

By: 
Name: Jed Dolson
Title: President

GRBK EDGEWOOD LLC

By: 
Name: Jed Dolson
Title: President

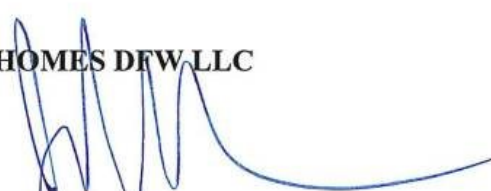
JOHNS CREEK 206, LLC

By: 
Name: Richard A. Costello
Title: President

JBGL ATLANTA DEVELOPMENT, LLC

By: 
Name: Richard A. Costello
Title: President

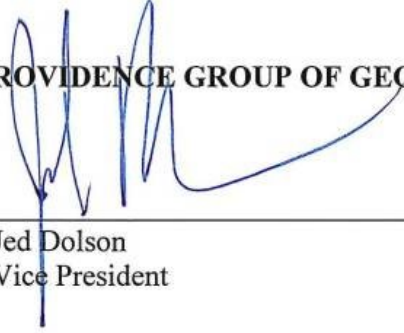
CB JENI HOMES DFW, LLC

By: 
Name: Jed Dolson
Title: Vice President

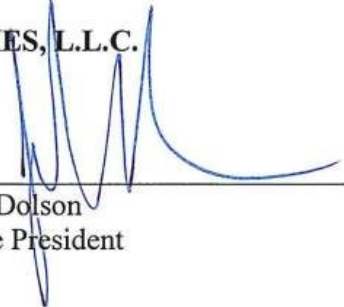
THE PROVIDENCE GROUP OF GEORGIA, L.L.C.

By: 
Name: Jed Dolson
Title: Vice President

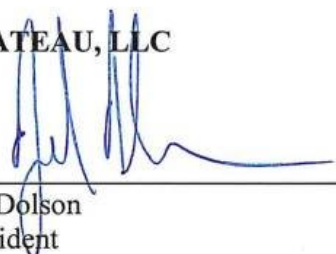
THE PROVIDENCE GROUP OF GEORGIA CUSTOM HOMES, L.L.C.

By: 
Name: Jed Dolson
Title: Vice President

TPG HOMES, L.L.C.

By: 
Name: Jed Dolson
Title: Vice President

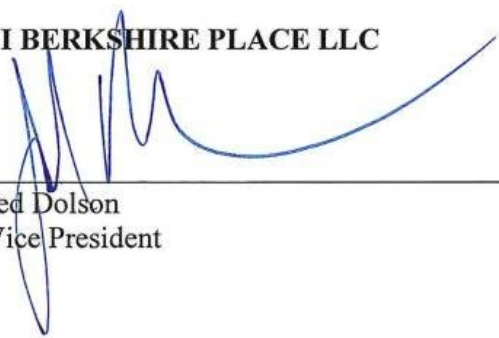
JBGL CHATEAU, LLC

By: 
Name: Jed Dolson
Title: President

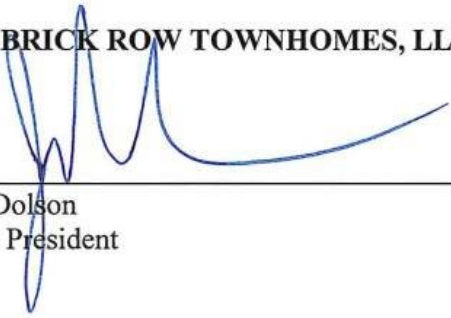
JBGL HAWTHORNE, LLC

By: 
Name: Jed Dolson
Title: President

CB JENI BERKSHIRE PLACE LLC

By: 
Name: Jed Dolson
Title: Vice President

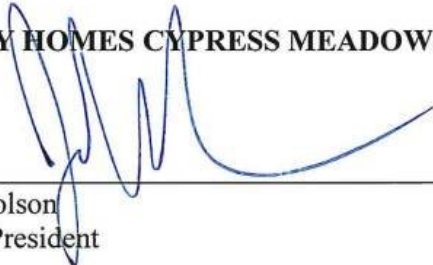
CB JENI – BRICK ROW TOWNHOMES, LLC

By: 
Name: Jed Dolson
Title: Vice President

CB JENI MUSTANG PARK LLC

By: 
Name: Jed Dolson
Title: Vice President

NORMANDY HOMES CYPRESS MEADOWS, LLC

By: 
Name: Jed Dolson
Title: Vice President

NORMANDY HOMES LAKESIDE, LLC

By: 
Name: Jed Dolson
Title: Vice President

JBGL ATLANTA DEVELOPMENT 2014, LLC

By: 
Name: Richard A. Costello
Title: President

GRBK GC, LLC

By: 
Name: Richard A. Costello
Title: President

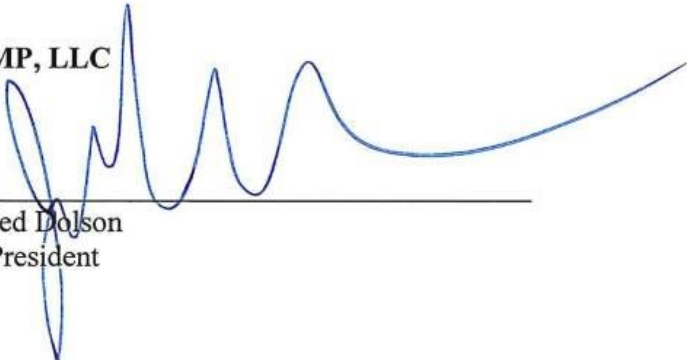
GRBK STRINGER, LLC

By: 
Name: Richard A. Costello
Title: President

GRBK DEVORE, LLC

By: 
Name: Richard A. Costello
Title: President

GRBKMP, LLC

By: 
Name: Jed Dolson
Title: President

GRBK CHURCH STREET, LLC

By: 
Name: Richard A. Costello
Title: President

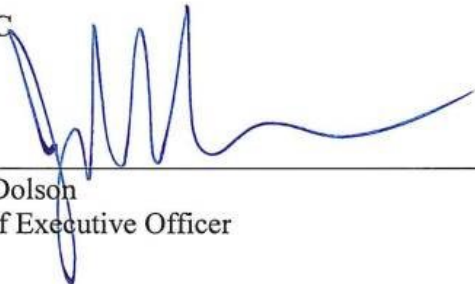
GRBK HAYNES, LLC

By: 
Name: Richard A. Costello
Title: President

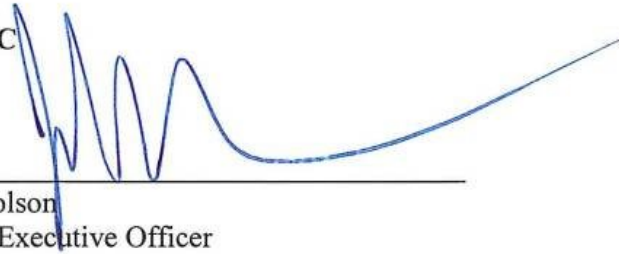
TROPHY SIGNATURE HOMES, LLC

By: 
Name: Richard A. Costello
Title: Vice President

TSHH, LLC

By: 
Name: Jed Dolson
Title: Chief Executive Officer

TSHWS, LLC

By: 
Name: Jed Dolson
Title: Chief Executive Officer

SGHDAL LLC

By: 
Name: Richard A. Costello
Title: Vice President

GUARANTY JOINDER

THIS GUARANTY JOINDER (this "Guaranty Joinder"), dated as of [_____, 20__] is made by [_____] a [_____] (the "Additional Guarantor"), in favor of the holders from time to time of the Notes issued pursuant to the Note Agreement described below.

PRELIMINARY STATEMENTS:

I. GREEN BRICK PARTNERS, INC., a Delaware corporation (the "Company"), has issued and sold, pursuant to the Note Purchase Agreement dated as of August 26, 2020 (as amended, restated supplemented or otherwise modified from time to time, the "Note Agreement"), its 3.35% Senior Notes due August 26, 2027, in the aggregate principal amount of \$37,500,000 (as amended, restated, supplemented or otherwise modified from time to time, together with any notes issued in substitution therefor, the "Notes").

II. The Company is required pursuant to the Note Agreement to cause the Additional Guarantor to deliver this Guaranty Joinder in order to cause the Additional Guarantor to become a Guarantor under the Guaranty Agreement dated as of August 26, 2020 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Guaranty Agreement"), executed by certain Subsidiaries of the Company (together with each entity that from time to time becomes a party thereto by executing a Guaranty Joinder pursuant to Section 15.1 thereof, collectively, the "Guarantors") in favor of each holder from time to time of any of the Notes.

III. The Additional Guarantor has received and will receive substantial direct and indirect benefits from the Company's compliance with the terms and conditions of the Note Agreement, the other Note Documents and the Notes issued thereunder.

IV. Capitalized terms used and not otherwise defined herein have the definitions set forth in the Note Agreement.

NOW THEREFORE, in consideration of the funds advanced to the Company by the Purchasers under the Note Agreement and to enable the Company to comply with the terms of the Note Agreement, the Additional Guarantor hereby covenants, represents and warrants to the holders as follows:

The Additional Guarantor hereby becomes a Guarantor (as defined in the Guaranty Agreement) for all purposes of the Guaranty Agreement. Without limiting the foregoing, the Additional Guarantor hereby (a) jointly and severally with the other Guarantors under the Guaranty Agreement, guarantees to the holders, from time to time, of the Notes the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) and the full and prompt performance and observance of all Guaranteed Obligations (as defined in Section 1 of the Guaranty Agreement) in the same manner and to the same extent as is provided in the Guaranty Agreement, (b) accepts and agrees to perform and observe all of the covenants set forth therein, (c) waives the rights set forth in Section 3 of the Guaranty Agreement, (d) agrees to perform and

observe the covenants contained in Section 8 of the Guaranty Agreement, (e) makes the representations and warranties set forth in Section 9 of the Guaranty Agreement and (f) waives the rights, submits to jurisdiction, and waives service of process as described in Section 15.7 of the Guaranty Agreement.

Notice of acceptance of this Guaranty Joinder and of the Guaranty Agreement, as supplemented hereby, is hereby waived by the Additional Guarantor.

The address for notices and other communications to be delivered to the Additional Guarantor pursuant to Section 14 of the Guaranty Agreement is set forth below.

This Guaranty Joinder shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

IN WITNESS WHEREOF, the Additional Guarantor has caused this Guaranty Joinder to be duly executed and delivered as of the date and year first above written.

[NAME OF GUARANTOR]

By: _____
Name:
Title:

Notice Address for such Guarantor[s]

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James R. Brickman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Green Brick Partners, Inc. for the period ended September 30, 2020;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2020

By: /s/ James R. Brickman
Name: James R. Brickman
Title: Chief Executive Officer

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Richard A. Costello, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Green Brick Partners, Inc. for the period ended September 30, 2020;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2020

By: /s/ Richard A. Costello

Name: Richard A. Costello

Title: Chief Financial Officer

Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Green Brick Partners, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James R. Brickman, Chief Executive Officer of the Company, certify to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

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

Date: October 29, 2020

By: /s/ James R. Brickman
Name: James R. Brickman
Title: Chief Executive Officer

Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Green Brick Partners, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard A. Costello, Chief Financial Officer of the Company, certify to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

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

Date: October 29, 2020

By: /s/ Richard A. Costello

Name: Richard A. Costello

Title: Chief Financial Officer