
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 31, 2021

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: 1-11749

Lennar Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

95-4337490
(I.R.S. Employer
Identification No.)

700 Northwest 107th Avenue, Miami, Florida 33172

(Address of principal executive offices) (Zip Code)

(305) 559-4000

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, par value \$.10	LEN	New York Stock Exchange
Class B Common Stock, par value \$.10	LEN.B	New York Stock Exchange

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/> R Accelerated filer	<input type="checkbox"/> Emerging growth company	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> Smaller reporting company	<input type="checkbox"/>	

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

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

Common stock outstanding as of May 31, 2021:

Class A 274,694,829

Class B 37,621,152

LENNAR CORPORATION

FORM 10-Q

For the period ended May 31, 2021

Part I	Financial Information	
Item 1.	Financial Statements	3
	Condensed Consolidated Balance Sheets as of May 31, 2021 and November 30, 2020	3
	Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended May 31, 2021 and 2020	5
	Condensed Consolidated Statements of Cash Flows for the three and six months ended May 31, 2021 and 2020	6
	Notes to Condensed Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	26
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	42
Item 4.	Controls and Procedures	42
Part II	Other Information	44
Item 1.	Legal Proceedings	44
Item 1A.	Risk Factors	44
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	44
Item 3 - 5.	Not Applicable	44
Item 6.	Exhibits	45
	Signatures	46

Part I. Financial Information
Item 1. Financial Statements

Lennar Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(Dollars in thousands)
(unaudited)

	May 31, 2021 (1)	November 30, 2020 (1)
ASSETS		
Homebuilding:		
Cash and cash equivalents	\$ 2,581,583	2,703,986
Restricted cash	35,637	15,211
Receivables, net	353,910	298,671
Inventories:		
Finished homes and construction in progress	10,418,116	8,593,399
Land and land under development	7,090,880	7,495,262
Consolidated inventory not owned	910,003	836,567
Total inventories	18,418,999	16,925,228
Investments in unconsolidated entities	1,010,256	953,177
Goodwill	3,442,359	3,442,359
Other assets	1,030,681	1,190,793
	26,873,425	25,529,425
Financial Services	2,066,674	2,708,118
Multifamily	1,209,270	1,175,908
Lennar Other	1,073,858	521,726
Total assets	<u>\$ 31,223,227</u>	<u>29,935,177</u>

- (1) Under certain provisions of Accounting Standards Codification ("ASC") Topic 810, *Consolidations* ("ASC 810"), the Company is required to separately disclose on its condensed consolidated balance sheets the assets owned by consolidated variable interest entities ("VIEs") and liabilities of consolidated VIEs as to which neither Lennar Corporation, nor any of its subsidiaries, has any obligations.

As of May 31, 2021, total assets include \$940.6 million related to consolidated VIEs of which \$39.0 million is included in Homebuilding cash and cash equivalents, \$15.3 million in Homebuilding restricted cash, \$14.3 million in Homebuilding finished homes and construction in progress, \$564.7 million in Homebuilding land and land under development, \$260.6 million in Homebuilding consolidated inventory not owned, \$1.3 million in Homebuilding investments in unconsolidated entities, \$27.2 million in Homebuilding other assets and \$17.8 million in Multifamily assets.

As of November 30, 2020, total assets include \$1.1 billion related to consolidated VIEs of which \$32.1 million is included in Homebuilding cash and cash equivalents, \$0.1 million in Homebuilding receivables, net, \$14.2 million in Homebuilding finished homes and construction in progress, \$486.8 million in Homebuilding land and land under development, \$426.3 million in Homebuilding consolidated inventory not owned, \$1.6 million in Homebuilding investments in unconsolidated entities, \$120.6 million in Homebuilding other assets and \$39.9 million in Multifamily assets.

See accompanying notes to condensed consolidated financial statements.

Lennar Corporation and Subsidiaries
Condensed Consolidated Balance Sheets (Continued)
(In thousands, except share amounts)
(unaudited)

	May 31, 2021 (2)	November 30, 2020 (2)
LIABILITIES AND EQUITY		
Homebuilding:		
Accounts payable	\$ 1,171,358	1,037,338
Liabilities related to consolidated inventory not owned	769,225	706,691
Senior notes and other debts payable, net	5,894,342	5,955,758
Other liabilities	2,281,508	2,225,864
	10,116,433	9,925,651
Financial Services	1,084,838	1,644,248
Multifamily	255,327	252,911
Lennar Other	64,531	12,966
Total liabilities	11,521,129	11,835,776
Stockholders' equity:		
Preferred stock	—	—
Class A common stock of \$0.10 par value; Authorized: May 31, 2021 and November 30, 2020 - 400,000,000 shares; Issued: May 31, 2021 - 300,486,193 shares and November 30, 2020 - 298,942,836 shares	30,049	29,894
Class B common stock of \$0.10 par value; Authorized: May 31, 2021 and November 30, 2020 - 90,000,000 shares; Issued: May 31, 2021 - 39,443,168 shares and November 30, 2020 - 39,443,168 shares	3,944	3,944
Additional paid-in capital	8,755,020	8,676,056
Retained earnings	12,241,400	10,564,994
Treasury stock, at cost; May 31, 2021 - 25,791,364 shares of Class A common stock and 1,822,016 shares of Class B common stock; November 30, 2020 - 23,864,589 shares of Class A common stock and 1,822,016 shares of Class B common stock	(1,452,874)	(1,279,227)
Accumulated other comprehensive loss	(1,431)	(805)
Total stockholders' equity	19,576,108	17,994,856
Noncontrolling interests	125,990	104,545
Total equity	19,702,098	18,099,401
Total liabilities and equity	\$ 31,223,227	29,935,177

- (2) Under certain provisions of ASC 810, the Company is required to separately disclose on its condensed consolidated balance sheets the assets owned by consolidated VIEs and liabilities of consolidated VIEs as to which neither Lennar Corporation, nor any of its subsidiaries, has any obligations.
- As of May 31, 2021, total liabilities include \$340.1 million related to consolidated VIEs as to which there was no recourse against the Company, of which \$24.4 million is included in Homebuilding accounts payable, \$218.9 million in Homebuilding liabilities related to consolidated inventory not owned, \$85.7 million in Homebuilding senior notes and other debts payable and \$11.1 million in Homebuilding other liabilities.
- As of November 30, 2020, total liabilities include \$528.5 million related to consolidated VIEs as to which there was no recourse against the Company, of which \$28.4 million is included in Homebuilding accounts payable, \$351.4 million in Homebuilding liabilities related to consolidated inventory not owned, \$129.1 million in Homebuilding senior notes and other debt payable, \$9.9 million in Homebuilding other liabilities and \$9.8 million in Multifamily liabilities.

See accompanying notes to condensed consolidated financial statements.

Lennar Corporation and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
Revenues:				
Homebuilding	\$ 6,028,041	4,949,484	10,971,097	9,121,600
Financial Services	218,747	196,263	462,816	394,924
Multifamily	177,473	123,117	308,916	255,734
Lennar Other	5,984	18,509	12,884	20,452
Total revenues	6,430,245	5,287,373	11,755,713	9,792,710
Costs and expenses:				
Homebuilding	4,909,516	4,313,331	9,027,802	8,011,137
Financial Services	97,427	110,355	195,289	261,699
Multifamily	168,930	123,473	299,979	260,821
Lennar Other	5,732	(1,072)	9,984	1,502
Corporate general and administrative	90,717	78,183	201,248	160,817
Charitable foundation contribution	14,493	5,268	26,807	9,481
Total costs and expenses	5,286,815	4,629,538	9,761,109	8,705,457
Homebuilding equity in loss from unconsolidated entities	(1,688)	(9,100)	(6,253)	(13,646)
Homebuilding other income (expense), net	(4,362)	4,308	8,613	(5,058)
Financial Services gain on deconsolidation	—	61,418	—	61,418
Multifamily equity in earnings (loss) from unconsolidated entities and other gain	13,854	(282)	12,586	6,234
Lennar Other realized and unrealized gain (loss)	(117,570)	—	352,175	—
Lennar Other equity in earnings (loss) from unconsolidated entities and other income (expense), net	63,221	(37,602)	62,174	(36,072)
Earnings before income taxes	1,096,885	676,577	2,423,899	1,100,129
Provision for income taxes	(260,113)	(160,479)	(570,218)	(192,808)
Net earnings (including net earnings (loss) attributable to noncontrolling interests)	836,772	516,098	1,853,681	907,321
Less: Net earnings (loss) attributable to noncontrolling interests	5,409	(1,308)	20,949	(8,537)
Net earnings attributable to Lennar	\$ 831,363	517,406	1,832,732	915,858
Other comprehensive income (loss), net of tax:				
Net unrealized gain (loss) on securities available-for-sale	\$ 316	(338)	(626)	(384)
Reclassification adjustments for loss included in earnings, net of tax	—	(452)	—	(452)
Total other comprehensive income (loss), net of tax	\$ 316	(790)	(626)	(836)
Total comprehensive income attributable to Lennar	\$ 831,679	516,616	1,832,106	915,022
Total comprehensive income (loss) attributable to noncontrolling interests	\$ 5,409	(1,308)	20,949	(8,537)
Basic earnings per share	\$ 2.66	1.66	5.86	2.92
Diluted earnings per share	\$ 2.65	1.65	5.85	2.91

See accompanying notes to condensed consolidated financial statements.

Lennar Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Six Months Ended May 31,	
	2021	2020
Cash flows from operating activities:		
Net earnings (including net earnings (loss) attributable to noncontrolling interests)	\$ 1,853,681	907,321
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	44,743	44,464
Amortization of discount/premium and accretion on debt, net	(4,718)	(13,839)
Equity in (earnings) loss from unconsolidated entities	(67,618)	40,355
Distributions of earnings from unconsolidated entities	15,594	38,000
Share-based compensation expense	80,635	55,141
Deferred income tax expense	136,636	79,738
Loans held-for-sale unrealized loss	30,352	2,223
Lennar Other unrealized/realized gain	(352,175)	—
Gain on sale of other assets and operating properties and equipment	(18,596)	(13,126)
Gain on deconsolidation of previously consolidated entity	—	(61,418)
Gain on sale of interest in unconsolidated entity and other Multifamily gain	(1,167)	(4,661)
Gain on sale of Financial Services' portfolio/businesses	(2,528)	(5,014)
Valuation adjustments and write-offs of option deposits and pre-acquisition costs	13,576	65,098
Changes in assets and liabilities:		
Decrease (increase) in receivables	117,910	(7,758)
Increase in inventories, excluding valuation adjustments and write-offs of option deposits and pre-acquisition costs	(1,576,420)	(159,138)
Increase in other assets	(180,914)	(148,087)
Decrease in loans held-for-sale	444,413	479,360
Increase in accounts payable and other liabilities	184,716	12,144
Net cash provided by operating activities	718,120	1,310,803
Cash flows from investing activities:		
Net additions of operating properties and equipment	(24,362)	(25,731)
Proceeds from the sale of operating properties and equipment, other assets	32,002	29,727
Investments in and contributions to unconsolidated entities	(282,203)	(302,784)
Distributions of capital from unconsolidated entities	231,545	115,093
Proceeds from sale of investment in consolidated joint venture	15,950	—
Proceeds from sale of commercial mortgage-backed securities bonds	11,307	3,248
Proceeds from sale of Financial Services' portfolio/business	3,327	9,096
(Increase) decrease in Financial Services loans held-for-investment, net	(3,864)	143
Purchases of investment securities	(43,698)	(29,642)
Proceeds from maturities/sales of investment securities	9,916	25,138
Other receipts, net	8	1,670
Net cash used in investing activities	\$ (50,072)	(174,042)

See accompanying notes to condensed consolidated financial statements.

Lennar Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows (continued)
(In thousands)
(unaudited)

	Six Months Ended May 31,	
	2021	2020
Cash flows from financing activities:		
Net repayments under warehouse facilities	\$ (535,734)	(310,216)
Redemption of senior notes	—	(300,000)
Principal payments on notes payable and other borrowings	(114,964)	(174,382)
Proceeds from other borrowings	13,973	59,139
Proceeds from liabilities related to consolidated inventory not owned	301,869	—
Payments related to consolidated inventory not owned	(149,686)	—
Proceeds related to other liabilities, net	—	3,567
Receipts related to noncontrolling interests	13,905	169,061
Payments related to noncontrolling interests	(17,226)	(21,501)
Common stock:		
Repurchases	(173,644)	(296,093)
Dividends	(156,326)	(78,145)
Net cash used in financing activities	\$ (817,833)	(948,570)
Net (decrease) increase in cash and cash equivalents and restricted cash	(149,785)	188,191
Cash and cash equivalents and restricted cash at beginning of period	2,932,730	1,468,691
Cash and cash equivalents and restricted cash at end of period	\$ 2,782,945	1,656,882
Summary of cash and cash equivalents and restricted cash:		
Homebuilding	\$ 2,581,583	1,398,682
Financial Services	130,528	224,229
Multifamily	22,395	13,061
Lennar Other	3,074	5,949
Homebuilding restricted cash	35,637	9,569
Financial Services restricted cash	9,728	5,392
	\$ 2,782,945	1,656,882
Supplemental disclosures of non-cash investing and financing activities:		
Homebuilding and Multifamily:		
Purchases of inventories and other assets financed by sellers	\$ 138,963	102,982
Non-cash contributions to unconsolidated entities	20,423	13,859
Lennar Other (non-cash impacts from sale of solar platform):		
Non-cash increase in investment in equity securities	\$ 127,094	—
Non-cash increase in receivables	64,683	—
Non-cash increase in other liabilities	(40,302)	—
Consolidation/deconsolidation of unconsolidated/consolidated entities, net:		
Financial Services assets	\$ —	217,565
Financial Services liabilities	—	(115,175)
Financial Services noncontrolling interests	—	(102,390)
Inventories	—	(35,959)
Operating properties and equipment and other assets	—	6,375
Other liabilities	—	182
Noncontrolling interests	—	29,402

See accompanying notes to condensed consolidated financial statements.

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

(1) Basis of Presentation

Basis of Consolidation

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended November 30, 2020. The basis of consolidation is unchanged from the disclosure in the Company's Notes to Consolidated Financial Statements section in its Form 10-K for the year ended November 30, 2020. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for the fair presentation of the accompanying condensed consolidated financial statements have been made.

The Company has historically experienced, and expects to continue to experience, variability in quarterly results. The condensed consolidated statements of operations for the three and six months ended May 31, 2021 are not necessarily indicative of the results to be expected for the full year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Homebuilding cash and cash equivalents as of May 31, 2021 and November 30, 2020 included \$678.8 million and \$314.3 million, respectively, of cash held in escrow. On average for the three months ended May 31, 2021, cash was held in escrow for approximately four days.

Share-based Payments

During both the three months ended May 31, 2021 and 2020, the Company granted employees an immaterial number of nonvested shares. During the six months ended May 31, 2021 and 2020, the Company granted employees 1.4 million and 0.9 million nonvested shares, respectively.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 significantly changes the impairment model for most financial assets and certain other instruments. ASU 2016-13 requires immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets, which generally results in earlier recognition of allowances for credit losses on loans and other financial instruments. ASU 2016-13 was effective for the Company's fiscal year beginning December 1, 2020. The adoption of ASU 2016-13 did not have a material impact on the Company's condensed consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350), Simplifying the Accounting for Goodwill Impairment* ("ASU 2017-04"). ASU 2017-04 removes the requirement to perform a hypothetical purchase price allocation to measure goodwill impairment. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 was effective for the Company's fiscal year beginning December 1, 2020. The adoption of ASU 2017-04 did not have a material impact on the Company's condensed consolidated financial statements.

New Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). ASU 2019-12 will be effective for the Company's fiscal year beginning December 1, 2021. The Company is currently evaluating the impact the adoption of ASU 2019-12 will have on the Company's condensed consolidated financial statements.

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

Reclassifications

Certain prior year amounts in the condensed consolidated financial statements have been reclassified to conform with the 2021 presentation. The Company reclassified the balance of its investment in Doma, formerly States Title, to which the Company sold the majority of the Financial Services segment's retail title agency business and title insurance underwriter in the first quarter of 2019, from the Financial Services segment to the Lennar Other segment in the Condensed Consolidated Balance Sheets for all periods presented. This was reclassified to be included in our strategic technology investments as the entity has announced that it will merge with a publicly traded special purpose acquisition company. In addition, the Company reflected its contributions to its charitable foundation in a new line on its Condensed Consolidated Statements of Operations for all periods presented. This was previously reflected in the Corporate general and administrative line. These reclassifications had no impact on the Company's total assets, total equity, revenues or net earnings in its condensed consolidated financial statements.

(2) Operating and Reporting Segments

The Company's homebuilding operations construct and sell homes primarily for first-time, move-up and active adult homebuyers primarily under the Lennar brand name. In addition, the Company's homebuilding operations purchase, develop and sell land to third parties. The Company's chief operating decision makers manage and assess the Company's performance at a regional level. Therefore, the Company performed an assessment of its operating segments in accordance with ASC 280, *Segment Reporting*, and determined that the following are its operating and reportable segments:

Homebuilding segments: (1) East (2) Central (3) Texas (4) West
(5) Financial Services
(6) Multifamily
(7) Lennar Other

The assets and liabilities related to the Company's segments were as follows:

		May 31, 2021				
		Homebuilding	Financial Services	Multifamily	Lennar Other	Total
Assets:						
Cash and cash equivalents	\$	2,581,583	130,528	22,395	3,074	2,737,580
Restricted cash		35,637	9,728	—	—	45,365
Receivables, net (1)		353,910	422,117	111,802	—	887,829
Inventories		18,418,999	—	316,760	—	18,735,759
Loans held-for-sale (2)		—	1,015,438	—	—	1,015,438
Investments in equity securities (3)		—	—	—	544,993	544,993
Investments available-for-sale (4)		—	—	—	41,563	41,563
Loans held-for-investment, net		—	77,680	—	—	77,680
Investments held-to-maturity		—	162,919	—	—	162,919
Investments in unconsolidated entities		1,010,256	—	691,330	379,236	2,080,822
Goodwill		3,442,359	189,699	—	—	3,632,058
Other assets		1,030,681	58,565	66,983	104,992	1,261,221
	\$	26,873,425	2,066,674	1,209,270	1,073,858	31,223,227
Liabilities:						
Notes and other debts payable, net	\$	5,894,342	928,185	—	1,906	6,824,433
Other liabilities		4,222,091	156,653	255,327	62,625	4,696,696
	\$	10,116,433	1,084,838	255,327	64,531	11,521,129

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

(In thousands)		November 30, 2020				
		Homebuilding	Financial Services	Multifamily	Lennar Other	Total
Assets:						
Cash and cash equivalents	\$	2,703,986	116,171	38,963	3,918	2,863,038
Restricted cash		15,211	54,481	—	—	69,692
Receivables, net (1)		298,671	552,779	86,629	—	938,079
Inventories		16,925,228	—	249,920	—	17,175,148
Loans held-for-sale (2)		—	1,490,105	—	—	1,490,105
Investments in equity securities (3)		—	—	—	68,771	68,771
Investments available-for-sale (4)		—	—	—	53,497	53,497
Loans held-for-investment, net		—	72,626	—	—	72,626
Investments held-to-maturity		—	164,230	—	—	164,230
Investments in unconsolidated entities		953,177	—	724,647	387,097	2,064,921
Goodwill		3,442,359	189,699	—	—	3,632,058
Other assets		1,190,793	68,027	75,749	8,443	1,343,012
	\$	25,529,425	2,708,118	1,175,908	521,726	29,935,177
Liabilities:						
Notes and other debts payable, net	\$	5,955,758	1,463,919	—	1,906	7,421,583
Other liabilities		3,969,893	180,329	252,911	11,060	4,414,193
	\$	9,925,651	1,644,248	252,911	12,966	11,835,776

- (1) Receivables, net for Financial Services primarily related to loans sold to investors for which the Company had not yet been paid.
- (2) Loans held-for-sale related to unsold residential and commercial loans carried at fair value.
- (3) Investments in equity securities include investments of \$83.8 million and \$61.6 million without readily available fair values as of May 31, 2021 and November 30, 2020, respectively.
- (4) Investments available-for-sale are carried at fair value with changes in fair value recorded as a component of accumulated other comprehensive income (loss) on the condensed consolidated balance sheet.

Financial information relating to the Company's segments was as follows:

(In thousands)		Three Months Ended May 31, 2021					
		Homebuilding	Financial Services	Multifamily	Lennar Other	Corporate and unallocated	Total
Revenues	\$	6,028,041	218,747	177,473	5,984	—	6,430,245
Operating earnings (loss)		1,112,475	121,320	22,397	(54,097)	—	1,202,095
Corporate general and administrative expenses		—	—	—	—	90,717	90,717
Charitable foundation contribution		—	—	—	—	14,493	14,493
Earnings (loss) before income taxes		1,112,475	121,320	22,397	(54,097)	(105,210)	1,096,885
		Three Months Ended May 31, 2020					
Revenues	\$	4,949,484	196,263	123,117	18,509	—	5,287,373
Operating earnings (loss)		631,361	147,326	(638)	(18,021)	—	760,028
Corporate general and administrative expenses		—	—	—	—	78,183	78,183
Charitable foundation contribution		—	—	—	—	5,268	5,268
Earnings (loss) before income taxes		631,361	147,326	(638)	(18,021)	(83,451)	676,577

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended May 31, 2021						
(In thousands)	Homebuilding	Financial Services	Multifamily	Lennar Other	Corporate and unallocated	Total
Revenues	\$ 10,971,097	462,816	308,916	12,884	—	11,755,713
Operating earnings	1,945,655	267,527	21,523	417,249	—	2,651,954
Corporate general and administrative expenses	—	—	—	—	201,248	201,248
Charitable foundation contribution	—	—	—	—	26,807	26,807
Earnings (loss) before income taxes	1,945,655	267,527	21,523	417,249	(228,055)	2,423,899

Six Months Ended May 31, 2020						
(In thousands)	Homebuilding	Financial Services	Multifamily	Lennar Other	Corporate and unallocated	Total
Revenues	\$ 9,121,600	394,924	255,734	20,452	—	9,792,710
Operating earnings (loss)	1,091,759	194,643	1,147	(17,122)	—	1,270,427
Corporate general and administrative expenses	—	—	—	—	160,817	160,817
Charitable foundation contribution	—	—	—	—	9,481	9,481
Earnings (loss) before income taxes	1,091,759	194,643	1,147	(17,122)	(170,298)	1,100,129

Homebuilding Segments

Information about homebuilding activities in states which are not economically similar to other states in the same geographic area is grouped under "Homebuilding Other," which is not considered a reportable segment.

Evaluation of segment performance is based primarily on operating earnings (loss) before income taxes. Operations of the Company's Homebuilding segments primarily include the construction and sale of single-family attached and detached homes as well as the purchase, development and sale of residential land directly and through the Company's unconsolidated entities. Operating earnings (loss) for the Homebuilding segments consist of revenues generated from the sales of homes and land, other revenues from management fees and forfeited deposits, equity in earnings (loss) from unconsolidated entities and other income (expense), net, less the cost of homes sold and land sold, and selling, general and administrative expenses incurred by the segment.

The Company's reportable Homebuilding segments and all other homebuilding operations not required to be reported separately have homebuilding divisions located in:

East: Florida, New Jersey, Pennsylvania and South Carolina

Central: Georgia, Illinois, Indiana, Maryland, Minnesota, North Carolina and Virginia

Texas: Texas

West: Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah and Washington

Other: Urban divisions and other homebuilding related investments primarily in California, including FivePoint Holdings, LLC ("FivePoint")

The assets related to the Company's homebuilding segments were as follows:

(In thousands)	East	Central	Texas	West	Other	Corporate and Unallocated	Total Homebuilding
May 31, 2021	\$ 5,749,998	3,713,952	2,510,950	11,131,940	1,326,516	2,440,069	26,873,425
November 30, 2020	5,308,114	3,438,600	2,150,916	10,504,374	1,301,618	2,825,803	25,529,425

Financial information relating to the Company's homebuilding segments was as follows:

Three Months Ended May 31, 2021						
(In thousands)	East	Central	Texas	West	Other	Total Homebuilding
Revenues	\$ 1,567,768	1,097,582	799,259	2,553,771	9,661	6,028,041
Operating earnings (loss)	309,827	159,048	176,057	492,811	(25,268)	1,112,475

Three Months Ended May 31, 2020						
(In thousands)	East	Central	Texas	West	Other	Total Homebuilding
Revenues	\$ 1,277,431	986,284	712,756	1,959,823	13,190	4,949,484
Operating earnings (loss)	192,887	103,904	99,887	280,094	(45,411)	631,361

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

(In thousands)	Six Months Ended May 31, 2021					
	East	Central	Texas	West	Other	Total Homebuilding
Revenues	\$ 2,923,710	2,026,024	1,443,337	4,563,350	14,676	10,971,097
Operating earnings (loss)	571,910	291,071	305,700	814,517	(37,543)	1,945,655
(In thousands)	Six Months Ended May 31, 2020					
	East	Central	Texas	West	Other	Total Homebuilding
Revenues	\$ 2,429,763	1,775,794	1,185,984	3,708,592	21,467	9,121,600
Operating earnings (loss)	341,641	159,627	152,960	505,001	(67,470)	1,091,759

Financial Services

Operations of the Financial Services segment include primarily mortgage financing, title and closing services primarily for buyers of the Company's homes. It also includes originating and selling into securitizations commercial mortgage loans through its LMF Commercial business. Financial Services' operating earnings consist of revenues generated primarily from mortgage financing, title and closing services, and property and casualty insurance, less the cost of such services and certain selling, general and administrative expenses incurred by the segment. The Financial Services segment operates generally in the same states as the Company's homebuilding operations.

At May 31, 2021, the Financial Services warehouse facilities were all 364-day repurchase facilities and were used to fund residential mortgages or commercial mortgages for LMF Commercial as follows:

(In thousands)	Maximum Aggregate Commitment
Residential facilities maturing:	
June 2021 (1)	\$ 600,000
July 2021	200,000
December 2021	500,000
April 2022	100,000
Total - Residential facilities	\$ 1,400,000
LMF Commercial facilities maturing	
November 2021	\$ 100,000
December 2021 (2)	611,438
Total - LMF Commercial facilities	\$ 711,438
Total	\$ 2,111,438

(1) Subsequent to May 31, 2021, the maturity due date was extended to July 2021.

(2) Includes \$11.4 million warehouse repurchase facility used by LMF Commercial to finance the origination of floating rate accrual loans, which are reported as accrual loans within loans held-for-investment, net.

The Financial Services segment uses the residential facilities to finance its residential lending activities until the mortgage loans are sold to investors and the proceeds are collected. The facilities are non-recourse to the Company and are expected to be renewed or replaced with other facilities when they mature. The LMF Commercial facilities finance LMF Commercial loan originations and securitization activities and were secured by up to an 80% interest in the originated commercial loans financed.

Borrowings and collateral under the facilities and their prior year predecessors were as follows:

(In thousands)	May 31, 2021	November 30, 2020
Borrowings under the residential facilities	\$ 671,541	1,185,797
Collateral under the residential facilities	695,275	1,231,619
Borrowings under the LMF Commercial facilities	104,247	124,617

If the facilities are not renewed or replaced, the borrowings under the lines of credit will be repaid by selling the mortgage loans held-for-sale to investors and by collecting receivables on loans sold but not yet paid for. Without the facilities, the Financial Services segment would have to use cash from operations and other funding sources to finance its lending activities.

Substantially all of the residential loans the Financial Services segment originates are sold within a short period in the secondary mortgage market on a servicing released, non-recourse basis. After the loans are sold, the Company retains potential liability for possible claims by purchasers that it breached certain limited industry-standard representations and warranties in the loan sale agreements. Purchasers sometimes try to defray losses by purporting to have found inaccuracies related to sellers' representations and warranties in particular loan sale agreements. Mortgage investors could seek to have the Company buy back mortgage loans or compensate them for losses incurred on mortgage loans that the Company has sold based on claims that the Company breached its limited representations or warranties. The Company's mortgage operations have established accruals for

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

possible losses associated with mortgage loans previously originated and sold to investors. The Company establishes accruals for such possible losses based upon, among other things, an analysis of repurchase requests received, an estimate of potential repurchase claims not yet received and actual past repurchases and losses through the disposition of affected loans as well as previous settlements. While the Company believes that it has adequately reserved for known losses and projected repurchase requests, given the volatility in the residential mortgage industry and the uncertainty regarding the ultimate resolution of these claims, if either actual repurchases or the losses incurred resolving those repurchases exceed the Company's expectations, additional recourse expense may be incurred. Loan origination liabilities are included in Financial Services' liabilities in the Company's condensed consolidated balance sheets. The activity in the Company's loan origination liabilities was as follows:

	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
<i>(In thousands)</i>				
Loan origination liabilities, beginning of period	\$ 8,433	9,996	7,569	9,364
Provision for losses	1,114	1,139	2,080	1,915
Payments/settlements	(93)	(255)	(195)	(399)
Loan origination liabilities, end of period	<u>\$ 9,454</u>	<u>10,880</u>	<u>9,454</u>	<u>10,880</u>

LMF Commercial - loans held-for-sale

LMF Commercial originated commercial loans as follows:

	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
<i>(Dollars in thousands)</i>				
Originations (1)	\$ 196,498	5,400	415,998	417,650
Sold	155,740	142,938	438,705	457,377
Securitizations	1	1	3	3

(1) During both the three and six months ended May 31, 2021 and 2020 all the commercial loans originated were recorded as loans held-for-sale, which are held at fair value.

Investments held-to-maturity

At May 31, 2021 and November 30, 2020, the Financial Services segment held commercial mortgage-backed securities ("CMBS"). These securities are classified as held-to-maturity based on its intent and ability to hold the securities until maturity and changes in estimated cash flows are reviewed periodically to determine if an other-than-temporary impairment has occurred. Based on the segment's assessment, no impairment charges were recorded during either the three or six months ended May 31, 2021 or 2020. The Company has financing agreements to finance CMBS that have been purchased as investments by the Financial Services segment.

Details related to Financial Services' CMBS were as follows:

	May 31, 2021		November 30, 2020	
<i>(Dollars in thousands)</i>				
Carrying value	\$	162,919		164,230
Outstanding debt, net of debt issuance costs		152,396		153,505
Incurred interest rate		3.4 %		3.4 %
			May 31, 2021	
Discount rates at purchase		6%	—	84%
Coupon rates		2.0%	—	5.3%
Distribution dates		October 2027	—	December 2028
Stated maturity dates		October 2050	—	December 2051

Multifamily

The Company is actively involved, primarily through unconsolidated entities, in the development, construction and property management of multifamily rental properties. The Multifamily segment focuses on developing a geographically diversified portfolio of institutional quality multifamily rental properties in select U.S. markets.

Operations of the Multifamily segment include revenues generated from the sales of land, revenue from construction activities, and management and promote fees generated from joint ventures and equity in earnings (loss) from unconsolidated entities and other gains (which includes sales of buildings), less the cost of sales of land sold, expenses related to construction activities and general and administrative expenses.

Lennar Other

Lennar Other primarily includes strategic investments in technology companies, primarily managed by the Company's LEN^x subsidiary, and fund interests the Company retained when it sold the Rialto asset and investment management platform. Operations of the Lennar Other segment include operating earnings (loss) consisting of revenues generated primarily from the Company's share of carried interests in the Rialto fund investments retained after the sale of Rialto's asset and investment management platform, along with equity in earnings (loss) from the Rialto fund investments and strategic technology investments, gains (losses) from investments in equity securities and other income (expense), net from the remaining assets related to the Company's former Rialto segment.

During the three months ended May 31, 2021, the Company completed the sale of the Company's residential solar business to Sunnova Energy International Inc. ("Sunnova") for shares in Sunnova. The Company recorded a gain of \$151.5 million upon the closing of the sale. The calculation of the gain included the fair value of the 3.1 million shares in initial consideration received at closing and the fair value of potential shares to be received upon achievement of earnouts. The significant unobservable fair value assumptions used in the calculation were a terminal value multiple of 3 and a 15% discount rate. The fair value of the earnouts was also based on the probability of achieving full or partial earnouts.

The investments in Opendoor Technologies, Inc ("Opendoor") and Sunnova are held at market and will therefore change depending on the value of the Company's share holdings on the last day of each quarter. During the three months ended May 31, 2021, the Company's Lennar Other segment recorded a loss of \$234.3 million and \$38.3 million related to the mark to market of the Company's share holdings in Opendoor and Sunnova, respectively. During the six months ended May 31, 2021, Opendoor began trading on the Nasdaq stock market and the Company began to mark to market the Company's share holdings in the public entity. The mark to market recognition was due to the investment now being accounted for as an investment in equity securities which is held at fair value and the change in fair value is recognized through earnings. As of November 30, 2020, the investment in Opendoor was included in the Company's investments in unconsolidated entities and was accounted for using the equity method. In addition, as previously noted, several of the Company's other strategic technology investments have announced plans to go public either through an initial public offering or by merging with a publicly traded special purpose acquisition company.

(3) Investments in Unconsolidated Entities

Homebuilding Unconsolidated Entities

The investments in the Company's Homebuilding unconsolidated entities were as follows:

<i>(In thousands)</i>	May 31, 2021	November 30, 2020
Investments in unconsolidated entities (1) (2)	\$ 1,010,256	953,177
Underlying equity in unconsolidated entities' net assets (1)	1,320,015	1,269,701

- (1) The basis difference was primarily as a result of the Company contributing its investment in three strategic joint ventures with a higher fair value than book value for an investment in the FivePoint entity and deferring equity in earnings on land sales to the Company.
- (2) Included in the Company's recorded investments in Homebuilding unconsolidated entities is the Company's 40% ownership of FivePoint. As of May 31, 2021 and November 30, 2020, the carrying amount of the Company's investment was \$387.0 million and \$392.1 million, respectively.

The Company has an immaterial amount of recourse exposure to debt of the Homebuilding unconsolidated entities in which it has investments. While the Company sometimes guarantees debt of unconsolidated entities, in most instances the Company's partners have also guaranteed that debt and are required to contribute their shares of any payments. In most instances the amount of guaranteed debt of an unconsolidated entity is less than the value of the collateral securing it.

In the first quarter of 2021, the Company formed the Upward America Venture ("the Venture"). The Venture will acquire single family homes for rent in high growth markets across the United States. The Venture raised equity to get to a total commitment of \$1.25 billion led by institutional investors. Including leverage, the Venture will be positioned to acquire over \$4.0 billion of new single family homes and townhomes from Lennar and potentially other homebuilders.

Multifamily Unconsolidated Entities

The unconsolidated entities in which the Multifamily segment has investments usually finance their activities with a combination of partner equity and debt financing. In connection with many of the bank loans to Multifamily unconsolidated entities, the Company (or entities related to them) has been required to give guarantees of completion and cost over-runs to the lenders and partners. The details related to these are unchanged from the disclosure in the Company's Notes to the Financial Statements section in its Form 10-K for the year ended November 30, 2020. As of both May 31, 2021 and November 30, 2020, the fair value of the completion guarantees was immaterial. As of May 31, 2021 and November 30, 2020, Multifamily segment's unconsolidated entities had non-recourse debt with completion guarantees of \$748.4 million and \$722.9 million, respectively.

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

In many instances, the Multifamily segment is appointed as the construction, development and property manager for its Multifamily unconsolidated entities and receives fees for performing this function. The Multifamily segment also provides general contractor services for construction of some of the rental properties owned by unconsolidated entities in which the Company has investments. The details of the activity was as follows:

(In thousands)	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
General contractor services, net of deferrals	\$ 148,891	104,471	264,290	198,365
General contractor costs	142,783	100,284	253,236	190,465
Management fee income	14,188	14,574	29,059	28,397

The Multifamily segment includes Multifamily Venture Fund I ("LMV I") and Multifamily Venture Fund II LP ("LMV II"), which are long-term multifamily development investment vehicles involved in the development, construction and property management of class-A multifamily assets. Details of each as of and during the six months ended May 31, 2021 are included below:

(In thousands)	May 31, 2021	
	LMV I	LMV II
Lennar's carrying value of investments	\$ 291,018	330,037
Equity commitments	2,204,016	1,257,700
Equity commitments called	2,142,446	1,168,546
Lennar's equity commitments	504,016	381,000
Lennar's equity commitments called	497,413	352,934
Lennar's remaining commitments	6,603	28,066
Distributions to Lennar during the six months ended May 31, 2021	40,581	1,165

Lennar Other Unconsolidated Entities

Lennar Other's unconsolidated entities includes fund investments the Company retained when it sold the Rialto assets and investment management platform, as well as strategic investments in technology companies, primarily managed by the Company's LEN^x subsidiary. These strategic investments include the Company's investment in Doma, formerly known as States Title, which was reclassified from the Financial Services segment.

(4) Stockholders' Equity

The following tables reflect the changes in equity attributable to both Lennar Corporation and the noncontrolling interests of its consolidated subsidiaries in which it has less than a 100% ownership interest for the three and six months ended May 31, 2021 and 2020:

(In thousands)	Three Months Ended May 31, 2021							
	Total Equity	Class A Common Stock	Class B Common Stock	Additional Paid - in Capital	Treasury Stock	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Noncontrolling Interests
Balance at February 28, 2021	\$ 19,017,451	30,047	3,944	8,724,192	(1,348,710)	(1,747)	11,488,520	121,205
Net earnings (including net earnings attributable to noncontrolling interests)	836,772	—	—	—	—	—	831,363	5,409
Employee stock and directors plans	(4,537)	2	—	1,165	(5,704)	—	—	—
Purchases of treasury stock	(98,460)	—	—	—	(98,460)	—	—	—
Amortization of restricted stock	32,276	—	—	32,276	—	—	—	—
Cash dividends	(78,483)	—	—	—	—	—	(78,483)	—
Receipts related to noncontrolling interests	5,009	—	—	—	—	—	—	5,009
Payments related to noncontrolling interests	(5,829)	—	—	—	—	—	—	(5,829)
Non-cash purchase or activity of noncontrolling interests, net	(2,417)	—	—	(2,613)	—	—	—	196
Total other comprehensive income, net of tax	316	—	—	—	—	316	—	—
Balance at May 31, 2021	\$ 19,702,098	30,049	3,944	8,755,020	(1,452,874)	(1,431)	12,241,400	125,990

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

Three Months Ended May 31, 2020								
<i>(In thousands)</i>	Total Equity	Class A Common Stock	Class B Common Stock	Additional Paid - in Capital	Treasury Stock	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Noncontrolling Interests
Balance at February 29, 2020	\$ 16,193,377	29,802	3,944	8,609,944	(1,253,756)	452	8,654,213	148,778
Net earnings (including net loss attributable to noncontrolling interests)	516,098	—	—	—	—	—	517,406	(1,308)
Employee stock and directors plans	651	2	—	756	(107)	—	—	—
Amortization of restricted stock	23,286	—	—	23,286	—	—	—	—
Cash dividends	(38,905)	—	—	—	—	—	(38,905)	—
Receipts related to noncontrolling interests	80,148	—	—	—	—	—	—	80,148
Payments related to noncontrolling interests	(4,767)	—	—	—	—	—	—	(4,767)
Non-cash consolidations/deconsolidations, net	(131,306)	—	—	—	—	—	—	(131,306)
Non-cash purchase or activity of noncontrolling interests, net	(5,168)	—	—	(3,544)	—	—	—	(1,624)
Total other comprehensive loss, net of tax	(790)	—	—	—	—	(790)	—	—
Balance at May 31, 2020	<u>\$ 16,632,624</u>	<u>29,804</u>	<u>3,944</u>	<u>8,630,442</u>	<u>(1,253,863)</u>	<u>(338)</u>	<u>9,132,714</u>	<u>89,921</u>

Six Months Ended May 31, 2021								
<i>(In thousands)</i>	Total Equity	Class A Common Stock	Class B Common Stock	Additional Paid - in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests
Balance at November 30, 2020	\$ 18,099,401	29,894	3,944	8,676,056	(1,279,227)	(805)	10,564,994	104,545
Net earnings (including net earnings attributable to noncontrolling interests)	1,853,681	—	—	—	—	—	1,832,732	20,949
Employee stock and directors plans	(30,816)	155	—	1,106	(32,077)	—	—	—
Purchases of treasury stock	(141,570)	—	—	—	(141,570)	—	—	—
Amortization of restricted stock	81,094	—	—	81,094	—	—	—	—
Cash dividends	(156,326)	—	—	—	—	—	(156,326)	—
Receipts related to noncontrolling interests	13,905	—	—	—	—	—	—	13,905
Payments related to noncontrolling interests	(17,226)	—	—	—	—	—	—	(17,226)
Non-cash purchase or activity of noncontrolling interests, net	581	—	—	(3,236)	—	—	—	3,817
Total other comprehensive loss, net of tax	(626)	—	—	—	—	(626)	—	—
Balance at May 31, 2021	<u>\$ 19,702,098</u>	<u>30,049</u>	<u>3,944</u>	<u>8,755,020</u>	<u>(1,452,874)</u>	<u>(1,431)</u>	<u>12,241,400</u>	<u>125,990</u>

Six Months Ended May 31, 2020								
<i>(In thousands)</i>	Total Equity	Class A Common Stock	Class B Common Stock	Additional Paid - in Capital	Treasury Stock	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Noncontrolling Interests
Balance at November 30, 2019	\$ 16,033,830	29,712	3,944	8,578,219	(957,857)	498	8,295,001	84,313
Net earnings (including net loss attributable to noncontrolling interests)	907,321	—	—	—	—	—	915,858	(8,537)
Employee stock and directors plans	(6,773)	92	—	626	(7,491)	—	—	—
Purchases of treasury stock	(288,515)	—	—	—	(288,515)	—	—	—
Amortization of restricted stock	55,141	—	—	55,141	—	—	—	—
Cash dividends	(78,145)	—	—	—	—	—	(78,145)	—
Receipts related to noncontrolling interests	169,061	—	—	—	—	—	—	169,061
Payments related to noncontrolling interests	(21,501)	—	—	—	—	—	—	(21,501)
Non-cash consolidations/deconsolidations, net	(131,791)	—	—	—	—	—	—	(131,791)
Non-cash purchase or activity of noncontrolling interests, net	(5,168)	—	—	(3,544)	—	—	—	(1,624)
Total other comprehensive loss, net of tax	(836)	—	—	—	—	(836)	—	—
Balance at May 31, 2020	<u>\$ 16,632,624</u>	<u>29,804</u>	<u>3,944</u>	<u>8,630,442</u>	<u>(1,253,863)</u>	<u>(338)</u>	<u>9,132,714</u>	<u>89,921</u>

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

On June 18, 2021, the Company's Board of Directors declared a quarterly cash dividend of \$0.25 per share on both its Class A and Class B common stock, payable on July 19, 2021 to holders of record at the close of business on July 2, 2021. On May 5, 2021, the Company paid cash dividends of \$0.25 per share on both its Class A and Class B common stock to holders of record at the close of business on April 21, 2021, as declared by its Board of Directors on April 7, 2021. The Company approved and paid cash dividends of \$0.125 per share for each of the first three quarters of 2020 and \$0.25 per share in the fourth quarter of 2020 and first two quarter of 2021 on both its Class A and Class B common stock.

In January 2021, the Company's Board of Directors authorized the repurchase of up to the lesser of \$1 billion in value, excluding commissions, or 25 million in shares, of the Company's outstanding Class A and Class B common stock. The repurchase has no expiration date. The following table represents the repurchase of the Company's Class A and Class B common stocks under this program and its predecessor for the three and six months ended May 31, 2021 and 2020:

(Dollars in thousands, except price per share)	Three Months Ended				Six Months Ended			
	May 31, 2021		May 31, 2020		May 31, 2021		May 31, 2020	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
Shares repurchased	1,000,000	—	—	—	1,510,000	—	4,250,000	115,000
Principal	\$ 98,440	\$ —	\$ —	\$ —	\$ 141,540	\$ —	\$ 282,274	\$ 6,155
Average price per share	\$ 98.44	\$ —	\$ —	\$ —	\$ 93.73	\$ —	\$ 66.42	\$ 53.52

(5) Income Taxes

The provision for income taxes and effective tax rate were as follows:

(Dollars in thousands)	Three Months Ended				Six Months Ended			
	May 31,		May 31,		May 31,		May 31,	
	2021	2020	2021	2020	2021	2020	2021	2020
Provision for income taxes	\$260,113	160,479	570,218	192,808				
Effective tax rate (1)	23.8 %	23.7 %	23.7 %	17.4 %				

- (1) For the three and six months ended May 31, 2021 and 2020, the effective tax rate included state income tax expense and non-deductible executive compensation, partially offset by new energy efficient home and solar tax credits. The six months ended May 31, 2020 also included benefits related to the years ended November 30, 2018 and 2019, due to Congress retroactively extending the new energy efficient home tax credit in December 2019.

(6) Earnings Per Share

Basic earnings per share is computed by dividing net earnings attributable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company.

All outstanding nonvested shares that contain non-forfeitable rights to dividends or dividend equivalents that participate in undistributed earnings with common stock are considered participating securities and are included in computing earnings per share pursuant to the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating securities according to dividends or dividend equivalents and participation rights in undistributed earnings. The Company's restricted common stock ("nonvested shares") is considered participating securities.

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

Basic and diluted earnings per share were calculated as follows:

	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
<i>(In thousands, except per share amounts)</i>				
Numerator:				
Net earnings attributable to Lennar	\$ 831,363	517,406	1,832,732	915,858
Less: distributed earnings allocated to nonvested shares	776	357	1,406	690
Less: undistributed earnings allocated to nonvested shares	10,308	5,931	22,026	9,962
Numerator for basic earnings per share	820,279	511,118	1,809,300	905,206
Less: net amount attributable to Rialto's Carried Interest Incentive Plan (1)	1,569	3,322	2,122	3,322
Numerator for diluted earnings per share	\$ 818,710	507,796	1,807,178	901,884
Denominator:				
Denominator for basic earnings per share - weighted average common shares outstanding	308,893	308,373	308,957	309,793
Effect of dilutive securities:				
Shared based payments	—	—	—	1
Denominator for diluted earnings per share - weighted average common shares outstanding	308,893	308,373	308,957	309,794
Basic earnings per share	<u>\$ 2.66</u>	<u>1.66</u>	<u>5.86</u>	<u>2.92</u>
Diluted earnings per share	<u>\$ 2.65</u>	<u>1.65</u>	<u>5.85</u>	<u>2.91</u>

(1) The amounts presented relate to Rialto's Carried Interest Incentive Plan and represent the difference between the advanced tax distributions received from the Rialto funds included in the Lennar Other segment and the amount Lennar is assumed to own.

For both the three and six months ended May 31, 2021 and May 31, 2020, there were no options to purchase shares of common stock that were outstanding and anti-dilutive.

(7) Homebuilding Senior Notes and Other Debts Payable

<i>(Dollars in thousands)</i>	May 31, 2021	November 30, 2020
6.25% senior notes due December 2021 (1)	\$ 302,705	305,
4.125% senior notes due 2022	599,371	598,
5.375% senior notes due 2022	253,914	255,
4.750% senior notes due 2022	573,300	572,
4.875% senior notes due December 2023	397,948	397,
4.500% senior notes due 2024	647,890	647,
5.875% senior notes due 2024	441,147	443,
4.750% senior notes due 2025	498,224	498,
5.25% senior notes due 2026	406,103	406,
5.00% senior notes due 2027	352,316	352,
4.75% senior notes due 2027	895,135	894,
Mortgage notes on land and other debt	526,289	583,
	<u>\$ 5,894,342</u>	<u>5,955,</u>

(1) Subsequent to May 31, 2021, the Company retired these notes. The redemption price, which was paid in cash, was par plus accrued but unpaid interest.

The carrying amounts of the senior notes in the table above are net of debt issuance costs of \$13.6 million and \$15.9 million as of May 31, 2021 and November 30, 2020, respectively.

As of May 31, 2021 the maximum available borrowings on the Company's unsecured revolving credit facility (the "Credit Facility") were \$2.5 billion and included a \$300 million accordion feature, subject to additional commitments, thus the maximum borrowings could be \$2.8 billion maturing in 2024. The Credit Facility agreement (the "Credit Agreement") provides that up to \$500 million in commitments may be used for letters of credit. The maturity, debt covenants and details of the Credit Facility are unchanged from the disclosure in the Company's Financial Condition and Capital Resources section in its Form 10-K for the year ended November 30, 2020. In addition to the Credit Facility, the Company has other letter of credit facilities with different financial institutions.

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

Procedures related to performance letters of credit, financial letters of credit and surety bonds are unchanged from the disclosure in the Company's Financial Condition and Capital Resources section in its Form 10-K for the year ended November 30, 2020. The Company's outstanding performance letters of credit and surety bonds are described below:

(In thousands)	May 31, 2021	November 30, 2020
Performance letters of credit	\$ 817,831	752,096
Surety bonds	3,306,473	3,087,711
Anticipated future costs primarily for site improvements related to performance surety bonds	1,743,993	1,584,642

The Company's senior notes are guaranteed by substantially all of the Company's 100% owned homebuilding subsidiaries and some of the Company's other subsidiaries. These guarantees are unchanged from the disclosure in the Company's Financial Condition and Capital Resources section in its Form 10-K for the year ended November 30, 2020.

(8) Product Warranty

Warranty and similar reserves for homes are established at an amount estimated to be adequate to cover potential costs for materials and labor with regard to warranty-type claims expected to be incurred subsequent to the delivery of a home. Reserves are determined based on historical data and trends with respect to similar product types and geographical areas. The activity in the Company's warranty reserve, which are included in Homebuilding other liabilities, was as follows:

(In thousands)	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
Warranty reserve, beginning of the period	\$ 348,100	287,413	341,765	294,138
Warranties issued	51,690	46,272	94,618	84,543
Adjustments to pre-existing warranties from changes in estimates (1)	13,119	7,707	18,760	13,611
Payments	(51,168)	(39,930)	(93,402)	(90,830)
Warranty reserve, end of period	\$ 361,741	301,462	361,741	301,462

(1) The adjustments to pre-existing warranties from changes in estimates during the three and six months ended May 31, 2021 and May 31, 2020 primarily related to specific claims in certain of the Company's homebuilding communities and other adjustments.

(9) Financial Instruments and Fair Value Disclosures

The following table presents the carrying amounts and estimated fair values of financial instruments held or issued by the Company at May 31, 2021 and November 30, 2020, using available market information and what the Company believes to be appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value. The use of different market assumptions and/or estimation methodologies might have a material effect on the estimated fair value amounts. The table excludes cash and cash equivalents, restricted cash, receivables, net and accounts payable, all of which had fair values approximating their carrying amounts due to the short maturities and liquidity of these instruments.

(In thousands)	Fair Value Hierarchy	May 31, 2021		November 30, 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS					
Financial Services:					
Loans held-for-investment, net	Level 3	\$ 77,680	77,780	72,626	70,808
Investments held-to-maturity	Level 3	162,919	193,781	164,230	196,047
LIABILITIES					
Homebuilding senior notes and other debts payable, net	Level 2	\$ 5,894,342	6,414,267	5,955,758	6,581,798
Financial Services notes and other debts payable, net	Level 2	928,185	929,051	1,463,919	1,464,850
Lennar Other notes and other debts payable, net	Level 2	1,906	1,906	1,906	1,906

The following methods and assumptions are used by the Company in estimating fair values:

Financial Services—The fair values above are based on quoted market prices, if available. The fair values for instruments that do not have quoted market prices are estimated by the Company on the basis of discounted cash flows or other financial information. For notes and other debts payable, the fair values approximate their carrying value due to variable interest pricing terms and the short-term nature of the majority of the borrowings.

Homebuilding—For senior notes and other debts payable, the fair value of fixed-rate borrowings is primarily based on quoted market prices and the fair value of variable-rate borrowings is based on expected future cash flows calculated using current market forward rates.

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

Lennar Other—The fair value for notes payable approximate their carrying value due to variable interest pricing terms and the short-term nature of the borrowings.

Fair Value Measurements:

GAAP provides a framework for measuring fair value, expands disclosures about fair value measurements and establishes a fair value hierarchy which prioritizes the inputs used in measuring fair value summarized as follows:

Level 1: Fair value determined based on quoted prices in active markets for identical assets.

Level 2: Fair value determined using significant other observable inputs.

Level 3: Fair value determined using significant unobservable inputs.

The Company's financial instruments measured at fair value on a recurring basis are summarized below:

(In thousands)	Fair Value Hierarchy	Fair Value at	
		May 31, 2021	November 30, 2020
Financial Services Assets:			
Residential loans held-for-sale	Level 2	\$ 851,518	1,296,517
LMF Commercial loans held-for-sale	Level 3	163,920	193,588
Mortgage servicing rights	Level 3	2,602	2,113
Lennar Other:			
Investments in equity securities	Level 1	\$ 461,238	—
Investments available-for-sale	Level 3	41,563	53,497

Residential and LMF Commercial loans held-for-sale in the table above include:

(In thousands)	May 31, 2021		November 30, 2020	
	Aggregate Principal Balance	Change in Fair Value	Aggregate Principal Balance	Change in Fair Value
Residential loans held-for-sale	\$ 817,901	33,617	1,232,548	63,969
LMF Commercial loans held-for-sale	167,948	(4,028)	194,362	(774)

Financial Services residential loans held-for-sale - Fair value is based on independent quoted market prices, where available, or the prices for other mortgage whole loans with similar characteristics. The Company recognizes the fair value of its rights to service a mortgage loan as revenue upon entering into an interest rate lock loan commitment with a borrower. The fair value of these are included in Financial Services' loans held-for-sale as of May 31, 2021 and November 30, 2020. Fair value of servicing rights is determined based on actual sales of servicing rights on loans with similar characteristics.

LMF Commercial loans held-for-sale - The fair value of loans held-for-sale is calculated from model-based techniques that use discounted cash flow assumptions and the Company's own estimates of CMBS spreads, market interest rate movements and the underlying loan credit quality. The details and methods of the calculation are unchanged from the fair value disclosure in the Company's Notes to the Financial Statements section in its Form 10-K for the year ended November 30, 2020. These methods use unobservable inputs in estimating a discount rate that is used to assign a value to each loan. While the cash payments on the loans are contractual, the discount rate used and assumptions regarding the relative size of each class in the CMBS capital structure can significantly impact the valuation. Therefore, the estimates used could differ materially from the fair value determined when the loans are sold to a securitization trust.

Mortgage servicing rights - Financial Services records mortgage servicing rights when it sells loans on a servicing-retained basis or through the acquisition or assumption of the right to service a financial asset. The fair value of the mortgage servicing rights is calculated using third-party valuations. The key assumptions, which are generally unobservable inputs, used in the valuation of the mortgage servicing rights include mortgage prepayment rates, discount rates and delinquency rates and are noted below:

Unobservable inputs	As of May 31, 2021	As of November 30, 2020
Mortgage prepayment rate	13%	18%
Discount rate	14%	12%
Delinquency rate	3%	4%

Lennar Other investments in equity securities - The fair value of investments in equity securities was calculated based on independent quoted market prices. The Company's investments in equity securities were recorded at fair value with all changes in fair value recorded to Lennar Other unrealized gain of the Company's condensed consolidated statements of operations and comprehensive income (loss).

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

Lennar Other investments available-for-sale - The fair value of investments available-for-sale is calculated from model-based techniques that use discounted cash flow assumptions and the Company's own estimates of CMBS spreads, market interest rate movements and the underlying loan credit quality. Loan values are calculated by allocating the change in value of an assumed CMBS capital structure to each loan. The value of an assumed CMBS capital structure is calculated, generally, by discounting the cash flows associated with each CMBS class at market interest rates and at the Company's own estimate of CMBS spreads.

The changes in fair values for Level 1 and Level 2 financial instruments measured on a recurring basis are shown below by financial instrument and financial statement line item:

(In thousands)	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
Changes in fair value included in Financial Services revenues:				
Loans held-for-sale	\$ 4,669	5,270	(30,352)	(2,223)
Mortgage loan commitments	5,057	13,816	142	28,711
Forward contracts	(23,953)	8,478	10,285	(883)
Changes in fair value included in Lennar Other realized and unrealized gain (loss):				
Investments in equity securities	\$ (272,625)	—	197,120	—
Changes in fair value included in other comprehensive loss, net of tax:				
Lennar Other investments available-for-sale	\$ 316	(338)	(626)	(384)

Interest on Financial Services loans held-for-sale and LMF Commercial loans held-for-sale measured at fair value is calculated based on the interest rate of the loans and recorded as revenues in the Financial Services' statement of operations.

The following table represents the reconciliation of the beginning and ending balance for the Level 3 recurring fair value measurements in the Company's Financial Services segment:

(In thousands)	Three Months Ended			
	May 31, 2021		May 31, 2020	
	Mortgage servicing rights	LMF Commercial loans held-for-sale	Mortgage servicing rights	LMF Commercial loans held-for-sale
Beginning balance	\$ 1,499	123,148	12,576	300,402
Purchases/loan originations	20	201,296	607	5,400
Sales/loan originations sold, including those not settled	—	(155,740)	—	(143,285)
Disposals/settlements (1)	(58)	(7,300)	(8,908)	—
Changes in fair value (2)	1,141	2,825	(3,037)	(2,334)
Interest and principal paydowns	—	(309)	—	(298)
Ending balance	\$ 2,602	163,920	1,238	159,885

(In thousands)	Six Months Ended			
	May 31, 2021		May 31, 2020	
	Mortgage servicing rights	LMF Commercial loans held-for-sale	Mortgage servicing rights	LMF Commercial loans held-for-sale
Beginning balance	\$ 2,113	193,588	24,679	197,224
Purchases/loan originations	443	420,796	1,354	417,650
Sales/loan originations sold, including those not settled	—	(438,705)	—	(457,724)
Disposals/settlements (1)	(1,095)	(7,300)	(10,197)	—
Changes in fair value (2)	1,141	(3,942)	(14,598)	3,267
Interest and principal paydowns	—	(517)	—	(532)
Ending balance	\$ 2,602	163,920	1,238	159,885

(1) The three and six months ended May 31, 2020 include \$7.5 million related to the sale of a servicing portfolio.

(2) Changes in fair value for LMF Commercial loans held-for-sale and Financial Services mortgage servicing rights are included in Financial Services' revenues.

The Company's assets measured at fair value on a nonrecurring basis are those assets for which the Company has recorded valuation adjustments and write-offs. The fair values included in the table below represent only those assets whose carrying values were adjusted to fair value during the respective periods disclosed. The assets measured at fair value on a nonrecurring basis are summarized below:

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

		Three Months Ended					
		May 31, 2021			May 31, 2020		
(In thousands)	Fair Value Hierarchy	Carrying Value	Fair Value	Total Losses, Net (1)	Carrying Value	Fair Value	Total Losses, Net (1)
Non-financial assets - Homebuilding:							
Finished homes and construction in progress (1)	Level 3	\$ 19,240	6,378	(12,862)	68,802	61,119	(7,683)
Land and land under development (1)	Level 3	78	—	(78)	42,609	9,709	(32,900)

		Six Months Ended					
		May 31, 2021			May 31, 2020		
(In thousands)	Fair Value Hierarchy	Carrying Value	Fair Value	Total Losses, Net (1)	Carrying Value	Fair Value	Total Losses, Net (1)
Non-financial assets - Homebuilding:							
Finished homes and construction in progress (1)	Level 3	\$ 21,784	8,728	(13,056)	141,809	120,404	(21,405)
Land and land under development (1)	Level 3	520	—	(520)	65,062	21,369	(43,693)

(1) Valuation adjustments were included in Homebuilding costs and expenses in the Company's condensed consolidated statements of operations and comprehensive income (loss).

Finished homes and construction in progress are included within inventories. Inventories are stated at cost unless the inventory within a community is determined to be impaired, in which case the impaired inventory is written down to fair value. The Company disclosed its accounting policy related to inventories and its review for indicators of impairment in the Summary of Significant Accounting Policies in its Form 10-K for the year ended November 30, 2020.

The Company estimates the fair value of inventory evaluated for impairment based on market conditions and assumptions made by management at the time the inventory is evaluated, which may differ materially from actual results if market conditions or assumptions change. For example, changes in market conditions and other specific developments or changes in assumptions may cause the Company to re-evaluate its strategy regarding previously impaired inventory, as well as inventory not currently impaired but for which indicators of impairment may arise if market deterioration occurs, and certain other assets that could result in further valuation adjustments and/or additional write-offs of option deposits and pre-acquisition costs due to abandonment of those options contracts.

The Company disclosed its accounting policy related to inventories and its review for indicators of impairment in the Summary of Significant Accounting Policies in its Form 10-K for the year ended November 30, 2020. On a quarterly basis, the Company reviews its active communities for indicators of potential impairments. The table below summarizes communities reviewed for indicators of impairment and communities with valuation adjustments recorded:

At or for the Six Months Ended	# of active communities	# of communities with potential indicator of impairment	Communities with valuation adjustments		
			# of communities	Fair Value (in thousands)	Valuation Adjustments (in thousands)
May 31, 2021	1,221	10	1	\$ 17,117	\$ 11,849
May 31, 2020	1,241	41	9	69,137	32,072

The table below summarizes the most significant unobservable inputs used in the Company's discounted cash flow model to determine the fair value of its communities for which the Company recorded valuation adjustments:

Unobservable inputs	Six Months Ended			
	May 31,		2020	
	2021		Range	
Average selling price	\$635,000		201,000 -	970,000
Absorption rate per quarter (homes)	11	3	-	15
Discount rate	20%		20%	

(10) Variable Interest Entities

The Company evaluated the joint venture ("JV") agreements of its JV's that were formed or that had reconsideration events, such as changes in the governing documents or to debt arrangements during the six months ended May 31, 2021 and based on the Company's evaluation, there were no VIEs that were consolidated or deconsolidated.

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

The carrying amount of the Company's consolidated VIE's assets and non-recourse liabilities are disclosed in the footnote to the condensed consolidated balance sheets.

A VIE's assets can only be used to settle obligations of that VIE. The VIEs are not guarantors of the Company's senior notes or other debts payable. The assets held by a VIE usually are collateral for that VIE's debt. The Company and other partners do not generally have an obligation to make capital contributions to a VIE unless the Company and/or the other partner(s) have entered into debt guarantees with a VIE's lenders. Other than debt guarantee agreements with a VIE's lenders, there are no liquidity arrangements or agreements to fund capital or purchase assets that could require the Company to provide financial support to a VIE. While the Company has option contracts to purchase land from certain of its VIEs, the Company is not required to purchase the assets and could walk away from the contracts.

Unconsolidated VIEs

The Company's recorded investments in VIEs that are unconsolidated and its estimated maximum exposure to loss were as follows:

(In thousands)	May 31, 2021		November 30, 2020	
	Investments in Unconsolidated VIEs	Lennar's Maximum Exposure to Loss	Investments in Unconsolidated VIEs	Lennar's Maximum Exposure to Loss
Homebuilding (1)	\$ 94,264	214,014	89,654	89,828
Multifamily (2)	624,440	681,992	619,540	717,271
Financial Services	162,919	162,919	164,230	164,230
Lennar Other (3)	46,223	46,223	76,023	130,177
	<u>\$ 927,846</u>	<u>1,105,148</u>	<u>949,447</u>	<u>1,101,506</u>

- (1) As of May 31, 2021 and November 30, 2020, the maximum exposure to loss of Homebuilding's investments in unconsolidated VIEs was limited to its investments in unconsolidated VIEs, except as of May 31, 2021, with regard to the Company's remaining commitment to fund capital in the Upward America Venture, a single family for rent platform.
- (2) As of May 31, 2021 and November 30, 2020, the maximum exposure to loss of Multifamily's investments in unconsolidated VIEs was primarily limited to its investments in the unconsolidated VIEs, except with regard to the remaining equity commitment of \$34.7 million and \$88.1 million, respectively, to fund LMV I and LMV II for future expenditures related to the construction and development of its projects.
- (3) As of May 31, 2021, the decrease in investments in unconsolidated VIEs and maximum exposure to loss was related to an entity which had a reconsideration event due to the payoff of a note receivable which caused the entity to no longer be considered a VIE.

While these entities are VIEs, the Company has determined that the power to direct the activities of the VIEs that most significantly impact the VIEs' economic performance is generally shared and the Company and its partners are not de-facto agents. While the Company generally manages the day-to-day operations of the VIEs, each of these VIEs has an executive committee made up of representatives from each partner. The members of the executive committee have equal votes and major decisions require unanimous consent and approval from all members. The Company does not have the unilateral ability to exercise participating voting rights without partner consent.

There are no liquidity arrangements or agreements to fund capital or purchase assets that could require the Company to provide financial support to the VIEs. Except for the unconsolidated VIEs discussed above, the Company and the other partners did not guarantee any debt of the other unconsolidated VIEs. While the Company has option contracts to purchase land from certain of its unconsolidated VIEs, the Company is not required to purchase the assets and could walk away from the contracts.

Option Contracts

The Company has access to land through option contracts, which generally enable it to control portions of properties owned by third parties (including land funds) and unconsolidated entities until the Company has determined whether to exercise the options.

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

During the six months ended May 31, 2021, consolidated inventory not owned increased by \$73.4 million with a corresponding increase to liabilities related to consolidated inventory not owned in the accompanying condensed consolidated balance sheet as of May 31, 2021. The increase was primarily due to additions in the six months ended May 31, 2021 as the Company focused on increasing its controlled homesites. To reflect the purchase price of the homesite takedowns, the Company had a net reclass related to option deposits from consolidated inventory not owned to land under development in the accompanying condensed consolidated balance sheet as of May 31, 2021. The liabilities related to consolidated inventory not

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

owned primarily represent the difference between the option exercise prices for the optioned land and the Company's cash deposits.

The Company's exposure to losses on its option contracts with third parties and unconsolidated entities were as follows:

<i>(Dollars in thousands)</i>	May 31, 2021	November 30, 2020
Non-refundable option deposits and pre-acquisition costs	\$ 891,910	414,154
Letters of credit in lieu of cash deposits under certain land and option contracts	138,244	87,537

(11) Commitments and Contingent Liabilities

The Company is party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, the disposition of these matters will not have a material adverse effect on the Company's consolidated financial statements. From time to time, the Company is also a party to various lawsuits involving purchases and sales of real property. These lawsuits include claims regarding representations and warranties made in connection with the transfer of properties and disputes regarding the obligation to purchase or sell properties.

The Company does not believe that the ultimate resolution of these claims or lawsuits will have a material adverse effect on its business or financial position. However, the financial effect of litigation concerning purchases and sales of property may depend upon the value of the subject property, which may have changed from the time the agreement for purchase or sale was entered into.

Leases

The Company has entered into agreements to lease certain office facilities and equipment under operating leases. The Company recognizes lease expense for these leases on a straight-line basis over the lease term. ROU assets and right-of-use lease liabilities are recorded on the balance sheet for all leases, except leases with an initial term of 12 months or less. Many of the Company's leases include options to renew. The exercise of lease renewal options is at the Company's option and therefore renewal option payments have not been included in the ROU assets or lease liabilities. The following table includes additional information about the Company's leases:

<i>(Dollars in thousands)</i>	May 31, 2021	November 30, 2020
Right-of-use assets	\$ 157,444	113,390
Lease liabilities	165,761	122,836
Weighted-average remaining lease term (in years)	8.4	2.9
Weighted-average discount rate	3.0 %	3.1 %

Future minimum payments under the noncancellable leases in effect at May 31, 2021 were as follows:

<i>(In thousands)</i>	Lease Payments
2021	\$ 17,932
2022	32,834
2023	26,699
2024	21,552
2025	17,530
2026 and thereafter	71,177
Total future minimum lease payments (1)	\$ 187,724
Less: Interest (2)	21,963
Present value of lease liabilities (2)	\$ 165,761

- (1) Total future minimum lease payments exclude variable lease costs of \$12.9 million and short-term lease costs of \$1.7 million. This also does not include minimum lease payments for executed and legally enforceable leases that have not yet commenced. As of May 31, 2021, the minimum lease payments for these leases that have not yet commenced were immaterial.
- (2) The Company's leases do not include a readily determinable implicit rate. As such, the Company has estimated the discount rate for these leases to determine the present value of lease payments at the lease commencement date or as of December 1, 2019, which was the effective date of ASU 2016-02. As of May 31, 2021, the weighted average remaining lease term and weighted average discount rate used in calculating the lease liabilities were 8.4 years and 3.0%, respectively. The Company recognized the lease liabilities on its condensed consolidated balance sheets within accounts payable or other liabilities of the respective segments.

The Company's rental expense and payments on lease liabilities were as follows:

	Six months ended	
(In thousands)	May 31, 2021	May 31, 2020
Rental expense	\$ 41,662	41,131
Payment on lease liabilities	18,122	28,958

Lennar Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited) (Continued)

On occasion, the Company may sublease rented space which is no longer used for the Company's operations. For both the six months ended May 31, 2021 and 2020, the Company had an immaterial amount of sublease income.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and accompanying notes included under Item 1 of this Report and our audited consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K, for our fiscal year ended November 30, 2020.

Some of the statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in this Quarterly Report on Form 10-Q, are "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995. 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. Forward-looking statements contained herein may include opinions or beliefs regarding market conditions and similar matters. In many instances, those opinions and beliefs are based upon general observations by members of our management, anecdotal evidence and our experience in the conduct of our businesses, without specific investigation or analyses. Therefore, while they reflect our view of the industries and markets in which we are involved, they should not be viewed as reflecting verifiable views or views that are necessarily shared by all who are involved in those industries or markets. These statements concern expectations, beliefs, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts.

The 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. The most important factors that could cause actual results to differ materially from those anticipated by our forward-looking statements include, but are not limited to: the potential negative impact to our business of the ongoing coronavirus ("COVID-19") pandemic, the duration, impact and severity of which is highly uncertain; increases in operating costs, including costs related to construction materials, labor, real estate taxes and insurance, and our inability to manage our cost structure, both in our Homebuilding and Multifamily businesses; an extended slowdown in the real estate markets across the nation, including a slowdown in the market for single family homes or the multifamily rental market; reduced availability of mortgage financing or increased interest rates; our inability to successfully execute our strategies, including our land lighter strategy and our planned spin-off of certain businesses; changes in general economic and financial conditions that reduce demand for our products and services, lower our profit margins or reduce our access to credit; our inability to acquire land at anticipated prices; the possibility that we will incur nonrecurring costs that affect earnings in one or more reporting periods; decreased demand for our homes or Multifamily rental properties; the possibility that the benefit from our increasing use of technology will not justify its cost; increased competition for home sales from other sellers of new and resale homes; our inability to pay down debt; whether government actions or other factors force us to terminate our program of repurchasing our stock; a decline in the value of our land inventories and resulting write-downs of the carrying value of our real estate assets; the failure of the participants in various joint ventures to honor their commitments; difficulty obtaining land-use entitlements or construction financing; natural disasters and other unforeseen events for which our insurance does not provide adequate coverage; new laws or regulatory changes that adversely affect the profitability of our businesses; our inability to refinance our debt on terms that are acceptable to us; and changes in accounting conventions that adversely affect our reported earnings.

Please see our Form 10-K for the fiscal year ended November 30, 2020 and our other filings with the SEC for a further discussion of these and other risks and uncertainties which could affect our future results. We undertake no obligation, other than those imposed by securities laws, to publicly 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.

Outlook

The housing market remains very strong. Demand has continued to strengthen while the supply of new and existing homes has remained constrained. New home construction cannot ramp up quickly enough to fill the void of the underproduction of homes for the past decade. The bottom line is that supply of homes is short and while land, labor and supply chain are limiting factors in the drive to meet current demand, we believe that the housing shortage is likely to remain for some time to come. Even though home prices have moved much higher and interest rates have ticked up slightly higher, overall affordability remains strong and interest rates are still lower than they were a year ago. Personal savings for deposits are strong and wages seem to be rising faster than monthly payments. Millennials are moving out of their parents' homes and forming families, while apartment dwellers are finding a first-time home. We believe we are uniquely positioned to capitalize and drive even greater growth in our bottom line on this demand given our focus on orderly, targeted growth, with our sales pace tightly matched with our pace of production, which enables price appreciation to offset future cost escalations to maximize margins. We do not currently see the rising cost of homes reducing demand for the homes we build. We believe we are making up for the years of underproduction of homes now, which should keep the housing market thriving for some time to come.

The housing market is not only very strong, but it is also going through some structural changes that will promote stability in the market, and extend housing benefits to the breadth of a diverse society. The iBuyer and single-family for rent participants are providing additional liquidity to the marketplace to purchase and sell homes, as they evolve and provide ever more frictionless transactions. They are also solving important industry problems that have needed solutions for a very long time. The iBuyers, led by Opendoor, are becoming more than just a home sale option. They are an ever more effective and instrumental convenience provider, as the coordination of a new home is being complicated by supply chain disruption. Additionally, in the single-family for rent space, our Upward America Venture facilitates a better time delivery of our homes with reduced cycle times and makes the single-family lifestyle accessible to more families. Professional ownership of homes enables renters to access a single-family lifestyle, while they build the resources to own, and while commercial and professional owners manage the risk profile, which enables better housing for more families, and more diverse families, without weakening the mortgage market. Capitalized with \$1.25 billion of equity from blue-chip institutional investors, the Upward America Venture had a pipeline of 2,534 homes with a total purchase price of \$596 million at the end of the second quarter.

The combined effects of this strong housing market along with structural changes, which we are in position to capitalize on through our strategic investments, puts Lennar in position to continue to drive returns and should position us for consistent continued growth into fiscal 2022. We are focused on cash flow, debt reduction, and stock buyback, land controlled versus owned, return on capital, and return on equity, and on innovative technologies. In addition, we have been carefully managing a stressed supply chain by maintaining our delivery targets for the year rather than increasing them. We still expect to deliver between 62,000 and 64,000 homes in 2021, but with a now higher expected gross margin of 26.5% to 27.0% and expected SG&A of 7.3% to 7.5% for the year. Our return on equity stands now at 18.8%, which is a 550 basis point improvement over last year. Our return on capital is now 15.0%, and a 500-basis point improvement. We have remained focused on our optioned versus owned land strategy, and achieved 50% land controlled through options or similar agreements two quarters earlier than expected. We ended the second quarter with a 3.3 years supply of land owned, compared to a 3.9 years supply of land owned at the same time last year. Among other things, this has enabled us to reduce debt, such that our second quarter homebuilding debt-to-total capital ratio improved to 23.1%, from 31.2% in the prior year.

These points of improvement have enabled us to reconsider the size of our spin-off and aim for a larger asset base in order to further fortify the new company. Accordingly, we are now targeting an asset base of \$5 billion to \$6 billion, which will leave the remaining pure-play homebuilding and financial services company with an appropriately liquid balance sheet and no material loss of reported earnings. The new company will be an independent and active asset management business that raises third-party capital to support its ongoing business vertical. Two of these verticals, the multifamily platform and LSFR, our single-family rental platform, have already raised third-party capital and are active asset managers. Additionally, we have a dynamic and growing independent land development business, and we have a growing technology investment business, which is part of LEN^X. This separation of these businesses from the homebuilder will enable them to thrive in ways they cannot while they are part of Lennar.

As a company we are recasting the cost structure all the way from hard costs like labor and materials, to the softer costs around SG&A. We are re-wiring the way that this business operates, including through the technologies that we are incorporating into our business, the efficiency of our land program, our just-in-time delivery of land and the emergent inventory management component of our single-family for rent program. Additionally, as we bring debt down, we have less capital cost, and that is continuing to help our margin picture. We believe that we have never been better positioned financially, organizationally and technologically to thrive and grow in an evolving and exciting housing market. The market conditions remain strong for the foreseeable future, and we expect a strong second half of 2021, and continued strength in the market as we begin to look to 2022.

(1) Results of Operations

Overview

We historically have experienced, and expect to continue to experience, variability in quarterly results. Our results of operations for the three and six months ended May 31, 2021 are not necessarily indicative of the results to be expected for the full year. Our homebuilding business is seasonal in nature and generally reflects higher levels of new home order activity in our second and third fiscal quarters and increased deliveries in the second half of our fiscal year. However, a variety of factors can alter seasonal patterns.

Our net earnings attributable to Lennar were \$831.4 million, or \$2.65 per diluted share (\$2.66 per basic share), in the second quarter of 2021, compared to net earnings attributable to Lennar of \$517.4 million, or \$1.65 per diluted share (\$1.66 per basic share), in the second quarter of 2020. Our net earnings attributable to Lennar were \$1.8 billion, or \$5.85 per diluted share (\$5.86 per basic share), in the six months ended May 31, 2021, compared to net earnings attributable to Lennar of \$915.9 million, or \$2.91 per diluted share (\$2.92 per basic share), in the six months ended May 31, 2020.

Financial information relating to our operations was as follows:

(In thousands)	Three Months Ended May 31, 2021					
	Homebuilding	Financial Services	Multifamily	Lennar Other	Corporate	Total
Revenues:						
Sales of homes	\$ 5,980,731	—	—	—	—	5,980,731
Sales of land	38,785	—	—	—	—	38,785
Other revenues	8,525	218,747	177,473	5,984	—	410,729
Total revenues	6,028,041	218,747	177,473	5,984	—	6,430,245
Costs and expenses:						
Costs of homes sold	4,421,373	—	—	—	—	4,421,373
Costs of land sold	32,979	—	—	—	—	32,979
Selling, general and administrative expenses	455,164	—	—	—	—	455,164
Other costs and expenses	—	97,427	168,930	5,732	—	272,089
Total costs and expenses	4,909,516	97,427	168,930	5,732	—	5,181,605
Equity in earnings (loss) from unconsolidated entities, Multifamily other gain and Lennar Other other income (expense), net	(1,688)	—	13,854	63,221	—	75,387
Other expense, net	(4,362)	—	—	—	—	(4,362)
Lennar Other realized and unrealized gain (loss)	—	—	—	(117,570)	—	(117,570)
Operating earnings (loss)	\$ 1,112,475	121,320	22,397	(54,097)	—	1,202,095
Corporate general and administrative expenses	—	—	—	—	90,717	90,717
Charitable foundation contribution	—	—	—	—	14,493	14,493
Earnings (loss) before income taxes	\$ 1,112,475	121,320	22,397	(54,097)	(105,210)	1,096,885

(In thousands)	Three Months Ended May 31, 2020					
	Homebuilding	Financial Services	Multifamily	Lennar Other	Corporate	Total
Revenues:						
Sales of homes	\$ 4,925,081	—	—	—	—	4,925,081
Sales of land	19,833	—	—	—	—	19,833
Other revenues	4,570	196,263	123,117	18,509	—	342,459
Total revenues	4,949,484	196,263	123,117	18,509	—	5,287,373
Costs and expenses:						
Costs of homes sold	3,862,771	—	—	—	—	3,862,771
Costs of land sold	43,369	—	—	—	—	43,369
Selling, general and administrative expenses	407,191	—	—	—	—	407,191
Other costs and expenses	—	110,355	123,473	(1,072)	—	232,756
Total costs and expenses	4,313,331	110,355	123,473	(1,072)	—	4,546,087
Equity in loss from unconsolidated entities	(9,100)	—	(282)	(26,642)	—	(36,024)
Financial Services gain on deconsolidation	—	61,418	—	—	—	61,418
Other income (expense), net	4,308	—	—	(10,960)	—	(6,652)
Operating earnings	\$ 631,361	147,326	(638)	(18,021)	—	760,028
Corporate general and administrative expenses	—	—	—	—	78,183	78,183
Charitable foundation contribution	—	—	—	—	5,268	5,268
Earnings (loss) before income taxes	\$ 631,361	147,326	(638)	(18,021)	(83,451)	676,577

	Six Months Ended May 31, 2021					
<i>(In thousands)</i>	Homebuilding	Financial Services	Multifamily	Lennar Other	Corporate and unallocated	Total
Revenues:						
Sales of homes	\$ 10,871,645	—	—	—	—	10,871,645
Sales of land	86,428	—	—	—	—	86,428
Other revenues	13,024	462,816	308,916	12,884	—	797,640
Total revenues	10,971,097	462,816	308,916	12,884	—	11,755,713
Costs and expenses:						
Costs of homes sold	8,088,235	—	—	—	—	8,088,235
Costs of land sold	74,167	—	—	—	—	74,167
Selling, general and administrative expenses	865,400	—	—	—	—	865,400
Other costs and expenses	—	195,289	299,979	9,984	—	505,252
Total costs and expenses	9,027,802	195,289	299,979	9,984	—	9,533,054
Equity in earnings (loss) from unconsolidated entities and Multifamily other gain	(6,253)	—	12,586	62,174	—	68,507
Other income, net	8,613	—	—	—	—	8,613
Lennar Other realized and unrealized gain (loss)	—	—	—	352,175	—	352,175
Operating earnings	\$ 1,945,655	267,527	21,523	417,249	—	2,651,954
Corporate general and administrative expenses	—	—	—	—	201,248	201,248
Charitable foundation contribution	—	—	—	—	26,807	26,807
Earnings (loss) before income taxes	\$ 1,945,655	267,527	21,523	417,249	(228,055)	2,423,899

	Six Months Ended May 31, 2020					
<i>(In thousands)</i>	Homebuilding	Financial Services	Multifamily	Lennar Other	Corporate and unallocated	Total
Revenues:						
Sales of homes	\$ 9,065,848	—	—	—	—	9,065,848
Sales of land	46,700	—	—	—	—	46,700
Other revenues	9,052	394,924	255,734	20,452	—	680,162
Total revenues	9,121,600	394,924	255,734	20,452	—	9,792,710
Costs and expenses:						
Costs of homes sold	7,154,550	—	—	—	—	7,154,550
Costs of land sold	70,504	—	—	—	—	70,504
Selling, general and administrative	786,083	—	—	—	—	786,083
Other costs and expenses	—	261,699	260,821	1,502	—	524,022
Total costs and expenses	8,011,137	261,699	260,821	1,502	—	8,535,159
Equity in earnings (loss) from unconsolidated entities and Multifamily other gain	(13,646)	—	6,234	(26,523)	—	(33,935)
Financial Services gain on deconsolidation	—	61,418	—	—	—	61,418
Other expense, net	(5,058)	—	—	(9,549)	—	(14,607)
Operating earnings (loss)	\$ 1,091,759	194,643	1,147	(17,122)	—	1,270,427
Corporate general and administrative expenses	—	—	—	—	160,817	160,817
Charitable foundation contribution	—	—	—	—	9,481	9,481
Earnings (loss) before income taxes	\$ 1,091,759	194,643	1,147	(17,122)	(170,298)	1,100,129

Three Months Ended May 31, 2021 versus Three Months Ended May 31, 2020

Revenues from home sales increased 21% in the second quarter of 2021 to \$6.0 billion from \$4.9 billion in the second quarter of 2020. Revenues were higher primarily due to a 14% increase in the number of home deliveries, excluding unconsolidated entities, and a 6% increase in the average sales price. New home deliveries, excluding unconsolidated entities, increased to 14,462 homes in the second quarter of 2021 from 12,653 homes in the second quarter of 2020. The average sales price of homes delivered was \$414,000 in the second quarter of 2021, compared to \$389,000 in the second quarter of 2020.

Gross margin on home sales were \$1.6 billion, or 26.1%, in the second quarter of 2021, compared to \$1.1 billion, or 21.6%, in the second quarter of 2020. The gross margin percentage on home sales increased primarily as a result of pricing power as the increase in revenue per square foot outpaced the increase in cost per square foot. Additionally, we continued to focus on controlling construction costs. Gross margin on land sales in the second quarter of 2021 was \$5.8 million compared to a loss of \$23.5 million in the second quarter of 2020. The loss in the second quarter of 2020 was primarily due to a write-off of costs as a result of us not moving forward with a naval base development in Concord, California, northeast of San Francisco.

Selling, general and administrative expenses were \$455.2 million in the second quarter of 2021, compared to \$407.2 million in the second quarter of 2020. As a percentage of revenues from home sales, selling, general and administrative expenses improved to 7.6% in the second quarter of 2021, from 8.3% in the second quarter of 2020. This was the lowest percentage for a second quarter in our history primarily due to a decrease in broker commissions and benefits of our technology efforts.

Operating earnings for the Financial Services segment were \$121.2 million in the second quarter of 2021, compared to \$150.6 million in the second quarter of 2020 (which included \$147.3 million of operating earnings and an add back of \$3.3 million of net loss attributable to noncontrolling interests). The second quarter of 2020 included a \$61.4 million gain on the deconsolidation of a previously consolidated entity. Excluding this gain, the improvement in operating earnings was primarily due to an increase in margin in the mortgage business and an increase in volume and margin in the title business.

Operating earnings for the Multifamily segment were \$22.4 million in the second quarter of 2021, compared to an operating loss of \$0.6 million in the second quarter of 2020. Operating loss for the Lennar Other segment was \$54.1 million in the second quarter of 2021, compared to \$18.0 million in the second quarter of 2020. In the second quarter of 2021, we recorded mark to market losses on our Opendoor Technologies, Inc ("Opendoor") and Sunnova Energy International Inc. ("Sunnova") investments of \$234.3 million and \$38.3 million, respectively. This was partially offset by a gain of \$151.5 million recognized during the quarter related to the sale of our solar business to Sunnova.

Six Months Ended May 31, 2021 versus Six Months Ended May 31, 2020

Revenues from home sales increased 20% in the six months ended May 31, 2021 to \$10.9 billion from \$9.1 billion in the six months ended May 31, 2020. Revenues were higher primarily due to a 17% increase in the number of home deliveries, excluding unconsolidated entities. New home deliveries, excluding unconsolidated entities, increased to 26,764 homes in the six months ended May 31, 2021 from 22,966 homes in the six months ended May 31, 2020. The average sales price of homes delivered was \$406,000 in the six months ended May 31, 2021, compared to \$395,000 in the six months ended May 31, 2020.

Gross margin on home sales were \$2.8 billion, or 25.6%, in the six months ended May 31, 2021, compared to \$1.9 billion or 21.1%, in the six months ended May 31, 2020. The gross margin percentage on home sales increased primarily as a result of pricing power as the increase in revenue per square foot outpaced the increase in cost per square foot. Additionally, we continued to focus on controlling construction costs. Gross margin on land sales in the six months ended May 31, 2021 was \$12.3 million, compared to a loss of \$23.8 million in the six months ended May 31, 2020. The loss in the six months ended May 31, 2020 was primarily due to a write-off of costs in the second quarter of 2020 as a result of us not moving forward with a naval base development in Concord, California, northeast of San Francisco.

Selling, general and administrative expenses were \$865.4 million in the six months ended May 31, 2021, compared to \$786.1 million in the six months ended May 31, 2020. As a percentage of revenues from home sales, selling, general and administrative expenses improved to 8.0% in the six months ended May 31, 2021, from 8.7% in the six months ended May 31, 2020. The improvement was primarily due to a decrease in broker commissions and benefits of our technology efforts.

Operating earnings for the Financial Services segment were \$267.4 million in the six months ended May 31, 2021, compared to \$208.8 million in the six months ended May 31, 2020 (which included \$194.6 million in operating earnings and an add back of \$14.1 million net loss attributable to noncontrolling interests). The six months ended May 31, 2020 included a \$61.4 million gain on the deconsolidation of a previously consolidated entity. Excluding this gain, the improvement in operating earnings was primarily due to an increase in volume and margin in the mortgage and title businesses.

Operating earnings for the Multifamily segment were \$21.5 million in the six months ended May 31, 2021, compared to operating earnings of \$1.1 million in the six months ended May 31, 2020. Operating earnings for the Lennar Other segment were \$417.2 million in the six months ended May 31, 2021, compared to an operating loss of \$17.1 million in the six months ended May 31, 2020. The operating earnings for the six months ended May 31, 2021 were primarily due to the net gain related to the mark to market of our shareholdings in Opendoor, which began trading on the Nasdaq stock market in December 2020, and the gain on the sale of our solar business to Sunnova.

Homebuilding Segments

At May 31, 2021, our reportable Homebuilding segments and Homebuilding Other are outlined in Note 2 of the Notes to Condensed Consolidated Financial Statements. The following tables set forth selected financial and operational information related to our homebuilding operations for the periods indicated:

Selected Financial and Operational Data

Three Months Ended May 31, 2021									
(\$ in thousands)	Gross Margins			Operating Earnings (Loss)					
	Sales of Homes Revenue	Costs of Sales of Homes	Gross Margin %	Net Margins on Sales of Homes (1)	Gross Margins on Sales of Land	Other Revenue	Equity in Earnings (Loss) from Unconsolidated Entities	Other Income (Expense), net	Operating Earnings (Loss)
East	\$ 1,551,030	1,115,010	28.1 %	307,978	1,335	1,768	(59)	(1,195)	309,827
Central	1,093,190	846,427	22.6 %	157,429	774	579	317	(51)	159,048
Texas	790,391	551,067	30.3 %	173,803	1,837	562	387	(532)	176,057
West	2,543,263	1,893,148	25.6 %	491,223	1,860	1,311	(921)	(662)	492,811
Other (2)	2,857	15,721	(450.3)%	(26,239)	—	4,305	(1,412)	(1,922)	(25,268)
Totals	\$ 5,980,731	4,421,373	26.1 %	1,104,194	5,806	8,525	(1,688)	(4,362)	1,112,475

Three Months Ended May 31, 2020									
(\$ in thousands)	Gross Margins			Operating Earnings (Loss)					
	Sales of Homes Revenue	Costs of Sales of Homes	Gross Margin %	Net Margins on Sales of Homes (1)	Gross Margins (Loss) on Sales of Land	Other Revenue	Equity in Earnings (Loss) from Unconsolidated Entities	Other Income (Expense), net	Operating Earnings (Loss)
East	\$ 1,276,275	978,677	23.3 %	185,194	(1,126)	1,156	218	7,445	192,887
Central	984,248	800,736	18.6 %	102,873	280	1,074	19	(342)	103,904
Texas	694,110	530,004	23.6 %	98,566	1,524	250	1	(454)	99,887
West	1,957,435	1,533,513	21.7 %	279,509	(776)	1,914	(40)	(513)	280,094
Other (2)	13,013	19,841	(52.5)%	(11,023)	(23,438)	176	(9,298)	(1,828)	(45,411)
Totals	\$ 4,925,081	3,862,771	21.6 %	655,119	(23,536)	4,570	(9,100)	4,308	631,361

Six Months Ended May 31, 2021									
(In thousands)	Gross Margins			Operating Earnings (Loss)					
	Sales of Homes Revenue	Costs of Sales of Homes	Gross Margin %	Net Margins on Sales of Homes (1)	Gross Margins on Sales of Land	Other Revenue	Equity in Earnings (Loss) from Unconsolidated Entities	Other Income (Expense), net	Operating Earnings (Loss)
East	\$ 2,898,641	2,103,873	27.4 %	549,512	6,411	3,186	(551)	13,352	571,910
Central	2,019,628	1,559,973	22.8 %	289,528	751	984	415	(607)	291,071
Texas	1,426,801	1,002,264	29.8 %	302,964	2,871	820	541	(1,496)	305,700
West	4,520,071	3,400,875	24.8 %	809,213	2,228	2,361	41	674	814,517
Other (2)	6,504	21,250	(226.7)%	(33,207)	—	5,673	(6,699)	(3,310)	(37,543)
Totals	\$ 10,871,645	8,088,235	25.6 %	1,918,010	12,261	13,024	(6,253)	8,613	1,945,655

Six Months Ended May 31, 2020									
(In thousands)	Gross Margins			Operating Earnings (Loss)					
	Sales of Homes Revenue	Costs of Sales of Homes	Gross Margin %	Net Margins on Sales of Homes (1)	Gross Margins on Sales of Land	Other Revenue	Equity in Earnings (Loss) from Unconsolidated Entities	Other Income (Expense), net	Operating Earnings (Loss)
East	\$ 2,426,996	1,859,895	23.4 %	340,019	(1,577)	2,618	577	4	341,641
Central	1,770,945	1,458,018	17.7 %	157,277	(647)	1,525	572	900	159,627
Texas	1,157,907	890,278	23.1 %	151,693	3,197	767	204	(2,901)	152,960
West	3,688,948	2,912,803	21.0 %	498,016	(1,339)	3,728	3,900	696	505,001
Other (2)	21,052	33,556	(59.4)%	(21,790)	(23,438)	414	(18,899)	(3,757)	(67,470)
Totals	\$ 9,065,848	7,154,550	21.1 %	1,125,215	(23,804)	9,052	(13,646)	(5,058)	1,091,759

(1) Net margins on sales of homes include selling, general and administrative expenses.

(2) Negative gross and net margins were due to period costs and impairments in Urban divisions that impact costs of homes sold without sufficient sales of homes revenue to offset those costs.

Summary of Homebuilding Data

Deliveries:

	Three Months Ended					
	Homes		Dollar Value (In thousands)		Average Sales Price	
	May 31,		May 31,		May 31,	
	2021	2020	2021	2020	2021	2020
East	4,480	3,814	\$ 1,560,934	1,282,553	\$ 348,000	336,000
Central	2,761	2,579	1,093,190	984,247	396,000	382,000
Texas	2,747	2,462	790,391	694,110	288,000	282,000
West	4,502	3,804	2,543,263	1,957,435	565,000	515,000
Other	3	13	2,857	13,013	952,000	1,001,000
Total	14,493	12,672	\$ 5,990,635	4,931,358	\$ 413,000	389,000

Of the total homes delivered listed above, 31 homes with a dollar value of \$9.9 million and an average sales price of \$319,000 represent home deliveries from unconsolidated entities for the three months ended May 31, 2021, compared to 19 home deliveries with a dollar value of \$6.3 million and an average sales price of \$330,000 for the three months ended May 31, 2020.

	Six Months Ended					
	Homes		Dollar Value (In thousands)		Average Sales Price	
	May 31,		May 31,		May 31,	
	2021	2020	2021	2020	2021	2020
East	8,400	7,202	\$ 2,912,235	2,436,268	\$ 347,000	338,000
Central	5,180	4,622	2,019,628	1,770,945	390,000	383,000
Texas	5,096	4,039	1,426,802	1,157,907	280,000	287,000
West	8,124	7,108	4,520,071	3,688,948	556,000	519,000
Other	7	22	6,504	21,052	929,000	957,000
Total	26,807	22,993	\$ 10,885,240	9,075,120	\$ 406,000	395,000

Of the total homes delivered listed above, 43 homes with a dollar value of \$13.6 million and an average sales price of \$316,000 represent home deliveries from unconsolidated entities for the six months ended May 31, 2021, compared to 27 home deliveries with a dollar value of \$9.3 million and an average sales price of \$343,000 for the six months ended May 31, 2020.

New Orders (1):

	Three Months Ended							
	Active Communities		Homes		Dollar Value (In thousands)		Average Sales Price	
	May 31,		May 31,		May 31,		May 31,	
	2021	2020	2021	2020	2021	2020	2021	2020
East	351	344	5,351	4,126	\$ 1,987,929	1,360,519	\$ 372,000	330,000
Central	297	325	3,416	2,699	1,399,730	1,024,724	410,000	380,000
Texas	232	221	3,250	2,582	1,000,013	670,139	308,000	260,000
West	342	352	5,135	3,608	3,172,569	1,802,705	618,000	500,000
Other	3	3	5	—	5,146	—	1,029,000	—
Total	1,225	1,245	17,157	13,015	\$ 7,565,387	4,858,087	\$ 441,000	373,000

Of the total homes listed above, 32 homes with a dollar value of \$9.9 million and an average sales price of \$373,000 represent homes in four active communities from unconsolidated entities for the three months ended May 31, 2021, compared to 25 homes with a dollar value of \$9.0 million and an average sales price of \$361,000 in four active communities for the three months ended May 31, 2020.

(1) Homes represent the number of new sales contracts executed with homebuyers, net of cancellations, during the three and six months ended May 31, 2021 and May 31, 2020.

	Six Months Ended					
	Homes		Dollar Value (In thousands)		Average Sales Price	
	May 31,		May 31,		May 31,	
	2021	2020	2021	2020	2021	2020
East	10,165	7,857	\$ 3,688,041	2,634,872	\$ 363,000	335,000
Central	6,742	5,366	2,733,356	2,043,167	405,000	381,000
Texas	6,025	4,581	1,812,182	1,243,218	301,000	271,000
West	9,787	7,573	5,864,964	3,928,337	599,000	519,000
Other	8	14	8,121	13,581	1,015,000	970,000
Total	32,727	25,391	\$ 14,106,664	9,863,175	\$ 431,000	388,000

Of the total homes listed above, 67 homes with a dollar value of \$23.5 million and an average sales price of \$351,000 represent homes from unconsolidated entities for the six months ended May 31, 2021, compared to 51 homes with a dollar value of \$17.1 million and an average sales price of \$335,000 for the six months ended May 31, 2020.

Backlog:

	At					
	Homes		Dollar Value (In thousands)		Average Sales Price	
	May 31,		May 31,		May 31,	
	2021	2020	2021	2020	2021	2020
East	7,778	6,345	\$ 3,086,740	2,224,974	\$ 397,000	351,000
Central	5,933	3,894	2,475,900	1,516,188	417,000	389,000
Texas	3,752	2,712	1,209,965	798,648	322,000	294,000
West	7,275	5,023	4,258,324	2,547,649	585,000	507,000
Other	3	1	3,465	1,138	1,155,000	1,138,000
Total	24,741	17,975	\$ 11,034,394	7,088,597	\$ 446,000	394,000

Of the total homes in backlog listed above, 62 homes with a backlog dollar value of \$21.4 million and an average sales price of \$345,000 represent the backlog from unconsolidated entities at May 31, 2021, compared to 55 homes with a backlog dollar value of \$18.0 million and an average sales price of \$327,000 at May 31, 2020.

Backlog represents the number of homes under sales contracts. Homes are sold using sales contracts, which are generally accompanied by sales deposits. In some instances, purchasers are permitted to cancel sales if they fail to qualify for financing or under certain other circumstances. Various state and federal laws and regulations may sometimes give purchasers a right to cancel homes in backlog. We do not recognize revenue on homes under sales contracts until the sales are closed and title passes to the new homeowners.

Three Months Ended May 31, 2021 versus Three Months Ended May 31, 2020

Homebuilding East: Revenues from home sales increased in the second quarter of 2021 compared to the second quarter of 2020, primarily due to an increase in the number of home deliveries in all the states of the segment except in Pennsylvania and an increase in the average sales price of homes delivered in all the states of the segment except in New Jersey. The increase in the number of home deliveries was primarily due to higher demand as the number of deliveries per active community increased. The decrease in the number of home deliveries in Pennsylvania was primarily due to a decrease in the number of communities due to the timing of opening and closing of communities. The increase in the average sales price of homes delivered was primarily due to favorable market conditions. The decrease in the average sales price of homes delivered in New Jersey was primarily driven by a change in product mix due to a higher percentage of deliveries in lower-priced communities. Gross margin percentage on home deliveries in the second quarter of 2021 increased compared to the same period last year primarily due to an increase in the revenue per square foot of homes delivered, which outpaced increases in costs per square foot.

Homebuilding Central: Revenues from home sales increased in the second quarter of 2021 compared to the second quarter of 2020, primarily due to an increase in the number of home deliveries in all the states of the segment except in Georgia, Tennessee and Virginia, and an increase in the average sales price of homes delivered in all the states of the segment. The increase in the number of home deliveries was primarily due to higher demand as the number of deliveries per active community increased. The decrease in the number of home deliveries in Georgia, Tennessee and Virginia was primarily due to a decrease in the number of communities due to the timing of opening and closing of communities. The increase in the average sales price of homes delivered was primarily due to favorable market conditions. Gross margin percentage on home deliveries in the second quarter of 2021 increased compared to the same period last year primarily due to an increase in revenue per square foot of homes delivered, which outpaced increases in cost per square foot.

Homebuilding Texas: Revenues from home sales increased in the second quarter of 2021 compared to the second quarter of 2020, primarily due to an increase in the number of home deliveries and an increase in the average sales price of homes delivered. The increase in the number of deliveries was primarily due to higher demand as the number of deliveries per active community increased. The increase in the average sales price of homes delivered was primarily due to favorable market conditions. Gross margin percentage on home deliveries in the second quarter of 2021 increased compared to the same period last year primarily due to an increase in revenue per square foot of homes delivered, which outpaced increases in cost per square foot.

Homebuilding West: Revenues from home sales increased in the second quarter of 2021 compared to the second quarter of 2020, primarily due to an increase in the number of home deliveries in all the states of the segment except in Oregon and an increase in the average sales price of homes delivered in all the states of the segment except in Colorado. The increase in the number of home deliveries was primarily due to higher demand as the number of deliveries per active community increased during the quarter. The decrease in the number of home deliveries in Oregon was primarily due to a decrease in the number of

deliveries per active community due to the timing of opening and closing of communities. The increase in the average sales price of homes delivered was primarily due to favorable market conditions. The decrease in the average sales price of homes delivered in Colorado was primarily driven by a change in product mix due to a higher percentage of deliveries in lower-priced communities. Gross margin percentage on home deliveries in the second quarter of 2021 increased compared to the same period last year primarily due to an increase in revenue per square foot of homes delivered, which outpaced increases in cost per square foot.

Six Months Ended May 31, 2021 versus Six Months Ended May 31, 2020

Homebuilding East: Revenues from home sales increased in the six months ended May 31, 2021 compared to the six months ended May 31, 2020, primarily due to an increase in the number of home deliveries in all the states of the segment except in Pennsylvania and an increase in the average sales price of homes delivered in all the states of the segment except in New Jersey. The increase in the number of home deliveries was primarily due to higher demand as the number of deliveries per active community increased. The decrease in the number of home deliveries in Pennsylvania was primarily due to a decrease in the number of communities due to the timing of opening and closing of communities. The increase in the average sales price of homes delivered was primarily due to favorable market conditions. The decrease in the average sales price of homes delivered in New Jersey was primarily driven by a change in product mix due to a higher percentage of deliveries in lower-priced communities. Gross margin percentage on home deliveries in the six months ended May 31, 2021 increased compared to the same period last year primarily due to an increase in the revenue per square foot of homes delivered while cost per square foot were unchanged.

Homebuilding Central: Revenues from home sales increased in the six months ended May 31, 2021 compared to the six months ended May 31, 2020, primarily due to an increase in the number of home deliveries in all the states of the segment except in Georgia, Maryland and Virginia, and an increase in the average sales price of homes delivered in all the states of the segment except in North Carolina and Indiana. The increase in the number of home deliveries was primarily due to higher demand as the number of deliveries per active community increased. The decrease in the number of home deliveries in Georgia, Maryland and Virginia was primarily due to a decrease in the number of communities due to the timing of opening and closing of communities. The increase in the average sales price of homes delivered was primarily due to favorable market conditions. The decrease in the average sales price of homes delivered in North Carolina and Indiana was primarily driven by a change in product mix due to a higher percentage of deliveries in lower-priced communities. Gross margin percentage on home deliveries in the six months ended May 31, 2021 increased compared to the same period last year primarily due to an increase in revenue per square foot of homes delivered.

Homebuilding Texas: Revenues from home sales increased in the six months ended May 31, 2021 compared to the six months ended May 31, 2020, primarily due to an increase in the number of home deliveries, partially offset by a decrease in the average sales price of homes delivered. The increase in the number of deliveries was primarily due to higher demand as the number of deliveries per active community increased. The decrease in average sales price of homes delivered was primarily due to closing out higher priced communities and shifting into lower priced communities. Gross margin percentage on home deliveries in the six months ended May 31, 2021 increased compared to the same period last year primarily due to an increase in revenue per square foot of homes delivered while cost per square foot were unchanged.

Homebuilding West: Revenues from home sales increased in the six months ended May 31, 2021 compared to the six months ended May 31, 2020, primarily due to an increase in the number of home deliveries in all states of the segment and an increase in the average sales price of homes delivered in all the states of the segment except in Colorado. The increase in the number of home deliveries in all states of the segment was primarily due to higher demand as the number of deliveries per active community increased during the quarter. The increase in the average sales price of homes delivered was primarily due to favorable market conditions. The decrease in average sales price of homes delivered in Colorado was primarily due to closing out higher priced communities and shifting into lower priced communities. Gross margin percentage on home deliveries in the six months ended May 31, 2021 increased compared to the same period last year primarily due to an increase in revenue per square foot of homes delivered, which outpaced increases in cost per square foot.

Financial Services Segment

Our Financial Services reportable segment provides mortgage financing, title and closing services primarily for buyers of our homes. The segment also originates and sells into securitizations commercial mortgage loans through its LMF Commercial business. Our Financial Services segment sells substantially all of the residential loans it originates within a short period in the secondary mortgage market, the majority of which are sold on a servicing released, non-recourse basis. After the loans are sold, we retain potential liability for possible claims by purchasers that we breached certain limited industry-standard representations and warranties in the loan sale agreements.

The following table sets forth selected financial and operational information related to the residential mortgage and title activities of our Financial Services segment:

	Three Months Ended May 31,				Six Months Ended May 31,				
<i>(Dollars in thousands)</i>	2021		2020		2021		2020		
Dollar value of mortgages originated	\$	3,186,000		3,258,000		5,947,000		5,478,000	
Number of mortgages originated		9,500		10,100		17,900		17,000	
Mortgage capture rate of Lennar homebuyers		74	%	82	%	75	%	79	%
Number of title and closing service transactions		17,100		14,400		32,100		25,500	

At May 31, 2021 and November 30, 2020, the carrying value of Financial Services' commercial mortgage-backed securities ("CMBS") was \$162.9 million and \$164.2 million, respectively. Details of these securities and related debt are within Note 2 of the Notes to Condensed Consolidated Financial Statements.

Multifamily Segment

We have been actively involved, primarily through unconsolidated entities, in the development, construction and property management of multifamily rental properties. Our Multifamily segment focuses on developing a geographically diversified portfolio of institutional quality multifamily rental properties in select U.S. markets.

Originally, our Multifamily segment focused on building multifamily properties and selling them shortly after they were completed. However, more recently we have focused on creating and participating in ventures that build multifamily properties with the intention of retaining them after they are completed.

The following tables provide information related to our investment in the Multifamily segment:

Balance Sheets

(In thousands)	May 31, 2021	November 30, 2020
Multifamily investments in unconsolidated entities	\$ 691,330	724,647
Lennar's net investment in Multifamily	936,941	906,632

Statements of Operations

(Dollars in thousands)	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
Number of operating properties/investments sold through joint ventures	1	—	1	2
Lennar's share of gains on the sale of operating properties/investments	\$ 14,784	—	14,784	3,000

Lennar Other Segment

At May 31, 2021 and November 30, 2020, we had \$1.1 billion and \$521.7 million, respectively, of assets in our Lennar Other segment, which included investments in unconsolidated entities of \$379.2 million and \$387.1 million, respectively. The increase in assets during the six months ended May 31, 2021 was due to an increase in the value of our strategic technology investments, primarily managed by our LEN^x subsidiary. This increase was largely related to our strategic investments in Opendoor and Sunnova. During the three months ended May 31, 2021, we completed the sale of our residential solar business to Sunnova for shares in the entity. The following is a detail of Lennar Other realized and unrealized gain (loss):

(In thousands)	Three Months Ended May 31,		Six Months Ended May 31,	
	2021	2020	2021	2020
Opendoor (OPEN) mark to market	\$ (234,290)	—	235,455	—
Sunnova (NOVA) mark to market	(38,335)	—	(38,335)	—
Gain on sale of solar business	151,475	—	151,475	—
Other realized gain	3,580	—	3,580	—
	\$ (117,570)	—	352,175	—

(2) Financial Condition and Capital Resources

At May 31, 2021, we had cash and cash equivalents and restricted cash related to our homebuilding, financial services, multifamily and other operations of \$2.8 billion, compared to \$2.9 billion at November 30, 2020 and \$1.7 billion at May 31, 2020.

We finance all of our activities, including homebuilding, financial services, multifamily, other and general operating needs, primarily with cash generated from our operations, debt issuances and cash borrowed under our warehouse lines of credit and our unsecured revolving credit facility (the "Credit Facility").

Operating Cash Flow Activities

During the six months ended May 31, 2021 and May 31, 2020, cash provided by operating activities totaled \$718.1 million and \$1.3 billion, respectively. During the six months ended May 31, 2021, cash provided by operating activities was impacted primarily by our net earnings, a decrease in loans held-for-sale of \$444.4 million primarily related to the sale of loans originated by our Financial Services segment, an increase in accounts payable and other liabilities of \$184.7 million, and a decrease in receivables of \$117.9 million, partially offset by an increase in inventories due to strategic land purchases, and land development and construction costs of \$1.6 billion.

During the six months ended May 31, 2020, cash provided by operating activities was impacted primarily by our net earnings and a decrease in loans held-for-sale of \$479.4 million primarily related to the sale of loans originated by our Financial Services segment, partially offset by an increase in inventories due to strategic land purchases, land development and construction costs of \$159.1 million and increase in other assets of \$148.1 million.

Investing Cash Flow Activities

During the six months ended May 31, 2021 and May 31, 2020, cash used in investing activities totaled \$50.1 million and \$174.0 million, respectively. During the six months ended May 31, 2021, our cash used in investing activities was primarily due to cash contributions of \$282.2 million to unconsolidated entities, which included (1) \$178.6 million to Homebuilding unconsolidated entities, (2) \$57.8 million to Multifamily unconsolidated entities, and (3) \$45.8 million to the strategic technology investments included in the Lennar Other segment. This was partially offset by distributions of capital from unconsolidated entities of \$231.5 million, which primarily included (1) \$134.2 million from Homebuilding unconsolidated entities, (2) \$80.1 million from Multifamily unconsolidated entities, and (3) \$17.2 million from the unconsolidated Rialto real estate funds included in our Lennar Other segment.

During the six months ended May 31, 2020, our cash used in investing activities was primarily due to \$302.8 million of investments in and contributions to unconsolidated entities and deconsolidation of a previously consolidated entity, which included (1) \$31.2 million to Homebuilding unconsolidated entities; (2) \$79.7 million to Multifamily unconsolidated entities; (3) \$39.3 million in strategic technology investments included in our Lennar Other segment; and (4) derecognition of \$152.5 million of cash as of the date of deconsolidation of a previously consolidated Financial Services entity. This was partially offset by distributions of capital from unconsolidated entities of \$115.1 million, which primarily included (1) \$33.4 million from Multifamily unconsolidated entities, (2) \$36.4 million from the unconsolidated Rialto real estate funds included in our Lennar Other segment and (3) \$45.3 million from Homebuilding unconsolidated entities.

Financing Cash Flow Activities

During the six months ended May 31, 2021 and May 31, 2020, cash used in financing activities totaled \$817.8 million and \$948.6 million, respectively. During the six months ended May 31, 2021, cash used in financing activities was primarily impacted by (1) \$535.7 million of net repayments under our Financial Services' warehouse facilities, which included the LMF Commercial warehouse repurchase facilities; (2) \$156.3 million of dividend payments; and (3) repurchases of our common stock for \$173.6 million, which included \$141.6 million of repurchases under our repurchase program and \$32.1 million of repurchases related to our equity compensation plan. These were partially offset by \$301.9 million of proceeds from liabilities related to consolidated inventory not owned due to land sales to land banks.

During the six months ended May 31, 2020, cash used in financing activities was primarily impacted by (1) \$310.2 million of net repayments under our Financial Services' warehouse facilities, which included the LMF Commercial warehouse repurchase facilities; (2) the redemption of \$300.0 million aggregate principal amount of our 6.625% senior notes due May 2020; (3) repurchases of our common stock, which included \$288.5 million of repurchases under our repurchase program and \$7.5 million of repurchases related to our equity compensation plan; and (4) \$174.4 million of principal payments on notes payable and other borrowings. These were partially offset by \$169.1 million of receipts related to noncontrolling interests.

Debt to total capital ratios are financial measures commonly used in the homebuilding industry and are presented to assist in understanding the leverage of our homebuilding operations. Homebuilding debt to total capital and net Homebuilding debt to total capital are calculated as follows:

<i>(Dollars in thousands)</i>	May 31, 2021		November 30, 2020		May 31, 2020	
Homebuilding debt	\$	5,894,342		5,955,758		7,495,674
Stockholders' equity		19,576,108		17,994,856		16,542,703
Total capital	\$	25,470,450		23,950,614		24,038,377
Homebuilding debt to total capital		23.1 %		24.9 %		31.2 %
Homebuilding debt	\$	5,894,342		5,955,758		7,495,674
Less: Homebuilding cash and cash equivalents		2,581,583		2,703,986		1,398,682
Net Homebuilding debt	\$	3,312,759		3,251,772		6,096,992
Net Homebuilding debt to total capital (1)		14.5 %		15.3 %		26.9 %

(1) Net homebuilding debt to total capital is a non-GAAP financial measure defined as net homebuilding debt (homebuilding debt less homebuilding cash and cash equivalents) divided by total capital (net homebuilding debt plus stockholders' equity). We believe the ratio of net homebuilding debt to total capital is a relevant and a useful financial measure to investors in understanding the leverage employed in homebuilding operations. However, because net homebuilding debt to total capital is not calculated in accordance with GAAP, this financial measure should not be considered in isolation or as an alternative to financial measures prescribed by GAAP. Rather, this non-GAAP financial measure should be used to supplement our GAAP results.

At May 31, 2021, Homebuilding debt to total capital was lower compared to May 31, 2020, primarily as a result of a decrease in Homebuilding debt and an increase in stockholders' equity due to net earnings. At May 31, 2021, Homebuilding debt to total capital was lower compared to November 30, 2020, primarily as a result of an increase in stockholders' equity due to net earnings.

We are continually exploring various types of transactions to manage our leverage and liquidity positions, take advantage of market opportunities and increase our revenues and earnings. These transactions may include the issuance of additional indebtedness, the repurchase of our outstanding indebtedness, the repurchase of our common stock, the acquisition of homebuilders and other companies, the purchase or sale of assets or lines of business, the issuance of common stock or securities convertible into shares of common stock, and/or the pursuit of other financing alternatives. In connection with some of our non-homebuilding businesses, we are also considering other types of transactions such as sales, restructurings, joint ventures, spin-offs or initial public offerings as we continue to move back towards being a pure play homebuilding company.

Our Homebuilding senior notes and other debts payable as well as letters of credit and surety bonds are summarized within Note 7 of the Notes to Condensed Consolidated Financial Statements. Our Homebuilding average debt outstanding and the average rates of interest was as follows:

<i>(Dollars in thousands)</i>	Six Months Ended			
	May 31,			
	2021		2020	
Homebuilding average debt outstanding	\$	5,981,490	\$	8,171,686
Average interest rate		4.9 %		4.9 %
Interest incurred	\$	142,517	\$	184,198

As of May 31, 2021, the maximum borrowings on our Credit Facility were \$2.5 billion and included a \$300 million accordion feature, subject to additional commitments, thus the maximum borrowings could be \$2.8 billion maturing in 2024. The Credit Facility agreement (the "Credit Agreement") provides that up to \$500 million in commitments may be used for letters of credit. Under the Credit Agreement, we are subject to debt covenants. The maturity, details and debt covenants of the Credit Facility are unchanged from the disclosure in the Financial Condition and Capital Resources section of our Form 10-K for the year ended November 30, 2020. The following summarizes our debt covenant requirements and our actual levels or ratios with respect to those covenants as calculated per the Credit Agreement as of May 31, 2021:

<i>(Dollars in thousands)</i>	Covenant Level		Level Achieved as of May 31, 2021	
Minimum net worth test	\$	9,290,371		13,075,167
Maximum leverage ratio		65.0 %		18.8 %
Liquidity test		1.00		9.09

Financial Services Warehouse Facilities

Our Financial Services segment uses the residential facilities to finance its residential lending activities until the mortgage loans are sold to investors and the proceeds are collected. The facilities are non-recourse to us and are expected to be renewed or replaced with other facilities when they mature. The LMF Commercial facilities finance LMF Commercial loan origination and securitization activities and were secured by up to an 80% interest in the originated commercial loans financed. These facilities and the related borrowings and collateral are detailed in Note 2 of the Notes to Condensed Consolidated Financial Statements.

Changes in Capital Structure

In January 2021, our Board of Directors authorized the repurchase of up to the lesser of \$1.0 billion in value, or 25 million in shares, of our outstanding Class A and Class B common stock. The repurchase authorization replaced a January 2019 authorization and has no expiration date. The details of our Class A and Class B common stock under this program for both the three and six months ended May 31, 2021 and 2020 are included in Note 4 of the Notes to Condensed Consolidated Financial Statements.

During the six months ended May 31, 2021, treasury stock increased due to our repurchase of 1.9 million shares of Class A and Class B common stock due primarily to our repurchase of 1.5 million shares of Class A and Class B common stock through our stock repurchase program. During the six months ended May 31, 2020, treasury stock increased due to our repurchase of 4.4 million shares of Class A and Class B common stock through our stock repurchase program.

On June 18, 2021, our Board of Directors declared a quarterly cash dividend of \$0.25 per share on both our Class A and Class B common stock, payable on July 19, 2021 to holders of record at the close of business on July 2, 2021. On May 5, 2021, we paid cash dividends of \$0.25 per share on both our Class A and Class B common stock to holders of record at the close of business on April 21, 2021, as declared by our Board of Directors on April 7, 2021. We approved and paid cash dividends of \$0.125 per share for each of the first three quarters of 2020 and \$0.25 per share in fourth quarter of 2020 on both our Class A and Class B common stock and first two quarter of 2021 on both its Class A and Class B common stock.

Based on our current financial condition and credit relationships, we believe that our operations and borrowing resources will provide for our current and long-term capital requirements at our anticipated levels of activity.

Supplemental Financial Information

Currently, substantially all of our 100% owned homebuilding subsidiaries are guaranteeing all our senior notes. The guarantees are full and unconditional.

The indentures governing our senior notes require that, if any of our 100% owned subsidiaries, other than our finance company subsidiaries and foreign subsidiaries, directly or indirectly guarantee at least \$75 million principal amount of debt of Lennar Corporation (other than senior notes), those subsidiaries must also guarantee Lennar Corporation's obligations with regard to its senior notes. Included in the following tables as part of "Obligors" together with Lennar Corporation are subsidiary entities that are not finance company subsidiaries or foreign subsidiaries and were guaranteeing the senior notes because at May 31, 2021 they were guaranteeing Lennar Corporation's letter of credit facilities and its Credit Facility, disclosed in Note 7 of the Notes to Condensed Consolidated Financial Statements. The guarantees are full, unconditional and joint and several and the guarantor subsidiaries are 100% directly or indirectly owned by Lennar Corporation. A subsidiary's guarantee of Lennar senior notes will be suspended at any time when it is not directly or indirectly guaranteeing at least \$75 million principal amount of debt of Lennar Corporation (other than senior notes), and a subsidiary will be released from its guarantee and any other obligations it may have regarding the senior notes if all or substantially all its assets, or all of its capital stock, are sold or otherwise disposed.

Supplemental information for the Obligors, which excludes non-guarantor subsidiaries and intercompany transactions, at May 31, 2021 is included in the following tables. Intercompany balances and transactions within the Obligors have been eliminated and amounts attributable to the Obligor's investment in consolidated subsidiaries that have not issued or guaranteed the senior notes have been excluded. Amounts due from and transactions with nonobligor subsidiaries and related parties are separately disclosed:

(In thousands)	May 31, 2021	November 30, 2020
Due from non-guarantor subsidiaries	\$ 3,501,212	2,655,503
Equity method investments	1,008,979	951,579
Total assets	29,645,023	27,695,067
Total liabilities	9,824,021	9,599,718

(In thousands)	Six Months Ended	
	May 31, 2021	
Total revenues	\$	11,065,793
Operating earnings		2,009,860
Earnings before income taxes		1,784,336
Net earnings attributable to Lennar		1,363,838

Off-Balance Sheet Arrangements

Homebuilding: Investments in Unconsolidated Entities

As of May 31, 2021, we had equity investments in 42 active homebuilding and land unconsolidated entities (of which three had recourse debt, 13 had non-recourse debt and 26 had no debt) compared to 38 active homebuilding and land unconsolidated entities at November 30, 2020. Historically, we have invested in unconsolidated entities that acquired and developed land (1) for our homebuilding operations or for sale to third parties or (2) for the construction of homes for sale to third-party homebuyers. Through these entities, we have primarily sought to reduce and share our risk by limiting the amount of our capital invested in land, while obtaining access to potential future homesites and allowing us to participate in strategic ventures. The use of these entities also, in some instances, has enabled us to acquire land to which we could not otherwise obtain access, or could not obtain access on as favorable terms, without the participation of a strategic partner. Participants in these joint ventures have been land owners/developers, other homebuilders and financial or strategic partners. Joint ventures with land owners/developers have given us access to homesites owned or controlled by our partners. Joint ventures with other homebuilders have provided us with the ability to bid jointly with our partners for large land parcels. Joint ventures with financial partners have allowed us to combine our homebuilding expertise with access to our partners' capital. Joint ventures with strategic partners have allowed us to combine our homebuilding expertise with the specific expertise (e.g. commercial or infill experience) of our partners. Each joint venture is governed by an executive committee consisting of members from the partners. Details regarding these investments, balances and debt are included in Note 3 of the Notes to Condensed Consolidated Financial Statements.

The following table summarizes the principal maturities of our Homebuilding unconsolidated entities ("JVs") debt as per current debt arrangements as of May 31, 2021 and it does not represent estimates of future cash payments that will be made to reduce debt balances. Many JV loans have extension options in the loan agreements that would allow the loans to be extended into future years.

(In thousands)	Principal Maturities of Unconsolidated JVs by Period					
	Total JV Debt	2021	2022	2023	Thereafter	Other
Debt without recourse to Lennar	\$ 1,204,527	97,054	224,668	19,255	863,550	—
Land seller and CDD and other debt	11,208	—	—	—	—	11,208
Maximum recourse debt exposure to Lennar	3,599	—	3,599	—	—	—
Debt issuance costs	(13,118)	—	—	—	—	(13,118)
Total	\$ 1,206,216	97,054	228,267	19,255	863,550	(1,910)

Multifamily: Investments in Unconsolidated Entities

At May 31, 2021, Multifamily had equity investments in 16 unconsolidated entities that are engaged in multifamily residential developments (of which 10 had non-recourse debt and six had no debt), compared to 22 unconsolidated entities at November 30, 2020. We invest in unconsolidated entities that acquire and develop land to construct multifamily rental properties. Through these entities, we are focusing on developing a geographically diversified portfolio of institutional quality multifamily rental properties in select U.S. markets. Initially, we participated in building multifamily developments and selling them soon after they were completed. Recently, however, we have been focused on developing properties with the intention of retaining them. Participants in these joint ventures have been financial partners. Joint ventures with financial partners have allowed us to combine our development and construction expertise with access to our partners' capital. Each joint venture is governed by an operating agreement that provides significant substantive participating voting rights on major decisions to our partners.

The Multifamily segment includes LMV I and LMV II, which are long-term multifamily development investment vehicles involved in the development, construction and property management of class-A multifamily assets. Details of each as of and during the six months ended May 31, 2021 are included in Note 3 of the Notes to Condensed Consolidated Financial Statements.

We regularly monitor the results of both our Homebuilding and Multifamily unconsolidated joint ventures and any trends that may affect their future liquidity or results of operations. We also monitor the performance of joint ventures in which we have investments on a regular basis to assess compliance with debt covenants. For those joint ventures not in compliance with

the debt covenants, we evaluate and assess possible impairment of our investment. We believe all of the joint ventures were in compliance with applicable debt covenants at May 31, 2021.

The following table summarizes the principal maturities of our Multifamily unconsolidated entities debt as per current debt arrangements as of May 31, 2021 and it does not represent estimates of future cash payments that will be made to reduce debt balances.

(In thousands)	Principal Maturities of Unconsolidated JVs by Period					
	Total JV Debt	2021	2022	2023	Thereafter	Other
Debt without recourse to Lennar	\$ 2,865,860	288,422	529,886	758,597	1,288,955	—
Debt issuance costs	(26,220)	—	—	—	—	(26,220)
Total	\$ 2,839,640	288,422	529,886	758,597	1,288,955	(26,220)

Lennar Other: Investments in Unconsolidated Entities

As part of the sale of the Rialto investment and asset management platform, we retained our ability to receive a portion of payments with regard to carried interests if funds meet specified performance thresholds. We periodically receive advance distributions related to the carried interests in order to cover income tax obligations resulting from allocations of taxable income to the carried interests. These distributions are not subject to clawbacks but will reduce future carried interest payments to which we become entitled from the applicable funds and have been recorded as revenues.

As of May 31, 2021 and November 30, 2020, we had strategic technology investments in unconsolidated entities of \$178.2 million and \$196.7 million, respectively.

Option Contracts

We often obtain access to land through option contracts, which generally enable us to control portions of properties owned by third parties (including land funds) and unconsolidated entities until we have determined whether to exercise the options.

The table below indicates the number of homesites owned and homesites to which we had access through option contracts with third parties ("optioned") or unconsolidated JVs (i.e., controlled homesites):

May 31, 2021	Controlled Homesites			Owned Homesites	Total Homesites	Years of Supply Owned (1)
	Optioned	JVs	Total			
East	55,537	5,750	61,287	55,218	116,505	
Central	24,283	92	24,375	41,816	66,191	
Texas	43,447	—	43,447	38,332	81,779	
West	52,347	3,444	55,791	51,336	107,127	
Other	4	7,569	7,573	2,235	9,808	
Total homesites	175,618	16,855	192,473	188,937	381,410	3.3
% of total homesites			50 %	50 %		

May 31, 2020	Controlled Homesites			Owned Homesites	Total Homesites	Years of Supply Owned (1)
	Optioned	JVs	Total			
East	22,812	13,608	36,420	63,932	100,352	
Central	13,271	122	13,393	43,203	56,596	
Texas	23,164	—	23,164	36,179	59,343	
West	12,355	2,900	15,255	59,777	75,032	
Other	—	8,681	8,681	2,071	10,752	
Total homesites	71,602	25,311	96,913	205,162	302,075	3.9
% of total homesites			32 %	68 %		

(1) Based on trailing twelve months of home deliveries.

Details on option contracts and related consolidated inventory not owned and exposure are included in Note 10 of the Notes to Condensed Consolidated Financial Statements.

Contractual Obligations and Commercial Commitments

Our contractual obligations and commercial commitments have not changed materially from those reported in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended November 30, 2020. There were no outstanding borrowings under our Credit Facility as of May 31, 2021.

(3) New Accounting Pronouncements

See Note 1 of the Notes to Condensed Consolidated Financial Statements included under Item 1 of this Report for a discussion of new accounting pronouncements applicable to our company.

(4) Critical Accounting Policies

We believe that there have been no significant changes to our critical accounting policies during the six months ended May 31, 2021 as compared to those we disclosed in 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 November 30, 2020.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks related to fluctuations in interest rates on our investments, debt obligations, loans held-for-sale and loans held-for-investment. We utilize forward commitments and option contracts to mitigate the risks associated with our mortgage loan portfolio.

As of May 31, 2021, we had no outstanding borrowings under our Credit Facility.

As of May 31, 2021, our borrowings under Financial Services' warehouse repurchase facilities totaled \$671.5 million under residential facilities and \$104.2 million under LMF Commercial facilities.

Information Regarding Interest Rate Sensitivity Principal (Notional) Amount by Expected Maturity and Average Interest Rate May 31, 2021

	Six Months Ending November 30,	Years Ending November 30,							Fair Value at May 31,
(Dollars in millions)	2021	2022	2023	2024	2025	2026	Thereafter	Total	2021
LIABILITIES:									
Homebuilding:									
Senior Notes and other debts payable:									
Fixed rate	\$ 355.2	1,539.7	99.0	1,557.2	591.8	402.9	1,297.5	5,843.3	6,381.0
Average interest rate	5.6 %	4.5 %	4.2 %	5.0 %	4.8 %	5.2 %	4.7 %	4.8 %	—
Variable rate	\$ 33.0	—	—	—	—	—	—	33.0	33.3
Average interest rate	4.6 %	—	—	—	—	—	—	4.6 %	—
Financial Services:									
Notes and other debts payable:									
Fixed rate	\$ —	—	—	—	—	—	152.4	152.4	153.3
Average interest rate	—	—	—	—	—	—	3.4 %	3.4 %	—
Variable rate	\$ 775.8	—	—	—	—	—	—	775.8	775.8
Average interest rate	2.4 %	—	—	—	—	—	—	2.4 %	—
Lennar Other:									
Notes and other debts payable:									
Fixed rate	\$ 1.9	—	—	—	—	—	—	1.9	1.9
Average interest rate	3.0 %	—	—	—	—	—	—	3.0 %	—

For additional information regarding our market risk refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our Annual Report on Form 10-K for the year ended November 30, 2020.

Item 4. Controls and Procedures

Each of our Co-Chief Executive Officers and Co-Presidents ("Co-CEOs") and Chief Financial Officer participated in an evaluation by our management of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on their participation in that evaluation, our Co-CEOs and CFO concluded that our disclosure controls and procedures were effective as of May 31, 2021 to ensure that information required to be disclosed in our reports filed or

submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed in our reports filed or furnished under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including both of our Co-CEOs and CFO, as appropriate, to allow timely decisions regarding required disclosures.

Both of our Co-CEOs and CFO also participated in an evaluation by our management of any changes in our internal control over financial reporting that occurred during the quarter ended May 31, 2021. That evaluation did not identify any changes that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

We are party to various claims and lawsuits which arise in the ordinary course of business, but we do not consider the volume of our claims and lawsuits unusual given the number of homes we deliver and the fact that the lawsuits often relate to homes delivered several years before the lawsuits are commenced. Although the specific allegations in the lawsuits differ, they most commonly involve claims that we failed to construct homes in particular communities in accordance with plans and specifications or applicable construction codes and seek reimbursement for sums allegedly needed to remedy the alleged deficiencies, assert contract issues or relate to personal injuries. Lawsuits of these types are common within the homebuilding industry. We are a plaintiff in a number of cases in which we seek contribution from our subcontractors for home repair costs. The costs incurred by us in construction defect lawsuits may be offset by warranty reserves, our third-party insurers, subcontractor insurers or indemnity contributions from subcontractors. From time to time, we are also a party to lawsuits involving purchases and sales of real property. These lawsuits often include claims regarding representations and warranties made in connection with the transfer of the property and disputes regarding the obligation to purchase or sell the property. From time-to-time, we also receive notices from environmental agencies or other regulators regarding alleged violations of environmental or other laws. We typically settle these matters before they reach litigation for amounts that are not material to us.

We do not believe that the ultimate resolution of these claims or lawsuits will have a material adverse effect on our business or financial position.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the year ended November 30, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about our repurchases of common stock during the three months ended May 31, 2021:

Period:	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that may yet be Purchased under the Plans or Programs (2)
March 1 to March 31, 2021	67,370	\$ 82.60	—	24,490,000
April 1 to April 30, 2021	—	\$ —	—	24,490,000
May 1 to May 31, 2021	1,001,313	\$ 98.45	1,000,000	23,490,000

- (1) Includes shares of Class A common stock withheld by us to cover withholding taxes due, at the election of certain holders of nonvested shares, with market value approximating the amount of withholding taxes due.
- (2) In January 2021, our Board of Directors authorized a stock repurchase program, which replaced a January 2019 stock repurchase program, under which we are authorized to purchase up to the lesser of \$1.0 billion in value, excluding commission, or 25 million in shares, of our outstanding Class A or Class B common stock. This repurchase authorization has no expiration.

Items 3 - 5. Not Applicable

Item 6. Exhibits

- 10.1*** [2021 Award Agreements under the Company's 2016 Incentive Compensation Plan for Mr. Miller, Mr. Beckwitt, Mr. Jaffe, Ms. Bessette, Mr. McCall and Mr. Sustana - Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, dated February 26, 2021.](#)
- 10.2*** [Form of 2021 Award Agreement under the Company's 2016 Equity Incentive Plan for Mr. Miller, Mr. Beckwitt, Mr. Jaffe, Ms. Bessette and Mr. McCall - Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, dated February 26, 2021.](#)
- 31.1* [Rule 13a-14\(a\) certification by Rick Beckwitt.](#)
- 31.2* [Rule 13a-14\(a\) certification by Jonathan M. Jaffe.](#)
- 31.3* [Rule 13a-14\(a\) certification by Diane Bessette.](#)
- 32.* [Section 1350 certifications by Rick Beckwitt, Jonathan M. Jaffe, and Diane Bessette.](#)
- 101.* The following financial statements from Lennar Corporation's Quarterly Report on Form 10-Q for the quarter ended May 31, 2021, filed on July 2, 2021, were formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Cash Flows and (iv) the Notes to Condensed Consolidated Financial Statements.
- 101.INS* iXBRL Instance Document.
- 101.SCH* iXBRL Taxonomy Extension Schema Document.
- 101.CAL* iXBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF* iXBRL Taxonomy Extension Definition.
- 101.LAB* iXBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE* iXBRL Taxonomy Presentation Linkbase Document.
- 104** The cover page from Lennar Corporation's Quarterly Report on Form 10-Q for the quarter ended May 31, 2021 was formatted in iXBRL.

* Filed herewith.

** Included in Exhibit 101.

*** Management contract or compensatory plan or arrangement.

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.

Lennar Corporation
(Registrant)

Date: July 2, 2021

/s/ Diane Bessette
Diane Bessette
Vice President, Chief Financial Officer and Treasurer

Date: July 2, 2021

/s/ David Collins
David Collins
Vice President and Controller

Chief Executive Officer's Certification

I, Rick Beckwitt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lennar Corporation;
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: July 2, 2021

/s/ Rick Beckwitt

Name: Rick Beckwitt

Title: Co-Chief Executive Officer and Co-President

Chief Executive Officer's Certification

I, Jonathan M. Jaffe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lennar Corporation;
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: July 2, 2021

/s/ Jonathan M. Jaffe

Name: Jonathan M. Jaffe

Title: Co-Chief Executive Officer and Co-President

Chief Financial Officer's Certification

I, Diane Bessette, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lennar Corporation;
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: July 2, 2021

/s/ Diane Bessette

Name: Diane Bessette

Title: Vice President, Chief Financial Officer and Treasurer

Officers' Section 1350 Certifications

Each of the undersigned officers of Lennar Corporation, a Delaware corporation (the “Company”), hereby certifies that (i) the Company's Quarterly Report on Form 10-Q for the period ended May 31, 2021 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and (ii) the information contained in the Company's Quarterly Report on Form 10-Q for the period ended May 31, 2021 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 2, 2021

/s/ Rick Beckwitt

Name: Rick Beckwitt

Title: Co-Chief Executive Officer and Co-President

Date: July 2, 2021

/s/ Jonathan M. Jaffe

Name: Jonathan M. Jaffe

Title: Co-Chief Executive Officer and Co-President

Date: July 2, 2021

/s/ Diane Bessette

Name: Diane Bessette

Title: Vice President, Chief Financial Officer and Treasurer