

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

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended November 30, 2020

☐ 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

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)
Registrant's telephone number, including area code (305) 559-4000

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

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal controls over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the registrant's Class A and Class B common stock held by non-affiliates of the registrant (269,292,989 shares of Class A common stock and 15,605,760 shares of Class B common stock) as of May 31, 2020, based on the closing sale price per share as reported by the New York Stock Exchange on such date, was \$16,947,808,831.

As of December 31, 2020, the registrant had outstanding 275,059,914 shares of Class A common stock and 37,621,152 shares of Class B common stock.

DOCUMENTS INCORPORATED BY REFERENCE:

Related Section
III

Documents
Definitive Proxy Statement to be filed pursuant to Regulation 14A on or before March 30, 2021.

LENNAR CORPORATION**FORM 10-K****For the fiscal year ended November 30, 2020**

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Item 1. Business

Overview of Lennar Corporation

We are the largest homebuilder in the United States by home sale revenues and net earnings, an originator of residential and commercial mortgage loans, a provider of title insurance and closing services and a developer of multifamily rental properties. In addition, we are involved in a venture that will invest in single family rental homes, and we have interests in companies that are engaged in applying technology to improve the homebuilding industry and real estate related aspects of the financial services industry.

Our homebuilding operations are the most substantial part of our business, generating \$21.0 billion in revenues, or approximately 93% of consolidated revenues, in fiscal 2020.

As of November 30, 2020, our reportable homebuilding segments and Homebuilding Other had divisions located in:

East: Florida, New Jersey, Pennsylvania and South Carolina

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

Texas: Texas

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

Other: Urban divisions

Our other reportable segments are Financial Services, Multifamily and Lennar Other. Financial information about our Homebuilding, Financial Services, Multifamily and Lennar Other operations is contained in Management's Discussion and Analysis of Financial Condition and Results of Operations, which is Item 7 of this Report.

About Our Company

Our company was founded as a local Miami homebuilder in 1954. We completed our initial public offering in 1971 and listed our common stock on the New York Stock Exchange in 1972. During the 1980s and 1990s, we entered and expanded operations in a number of homebuilding markets, including California, Florida and Texas, through both organic growth and acquisitions, such as Pacific Greystone Corporation in 1997. In 2000, we acquired U.S. Home Corporation, which expanded our operations into New Jersey, Maryland, Virginia, Minnesota and Colorado and strengthened our position in other states. From 2002 through 2005, we acquired several regional homebuilders, which brought us into new markets and strengthened our position in several existing markets. From 2010 through 2013, we expanded our homebuilding operations into Georgia, Oregon, Washington and Tennessee. In 2017, we acquired WCI Communities, Inc., a homebuilder of luxury single and multifamily homes, including a small number of luxury high-rise tower units, in Florida. In 2018, we acquired CalAtlantic Group, Inc. ("CalAtlantic"), a major homebuilder which was building homes across the homebuilding spectrum, from entry level to luxury, in 43 metropolitan statistical areas spanning 19 states, and providing mortgage, title and escrow services.

In fiscal 2020, as the coronavirus ("COVID-19") pandemic caused the shutdown of large portions of our national economy, we accelerated various technology initiatives that made our home sale process safer, including selling homes virtually or through self-guided tours and digital closings. As a robust housing market took shape, technology initiatives also helped meet strong housing demand. We are focused on increasing the efficiencies in our building process and reducing selling, general and administrative expenses by using technology, deferring home sale price commitments until construction costs are finalized to protect against anticipated future cost escalations and using innovative strategies to reduce customer acquisition costs. We also continue to focus on divesting non-core assets, possibly including our Multifamily platform, and migrating toward being more of a pure-play homebuilding and financial services company. In addition, we are continuing our pivot to a land light operating model by controlling the timing of land purchases, reducing our years owned supply of homesites and increasing the percentage of land controlled through options or agreements versus owned land. This included entering into arrangements in which third parties or joint ventures will purchase land we designate and give us options to purchase the land in the future. Shortly after the end of fiscal 2020, we entered into a venture that will invest in single family rental homes.

Homebuilding Operations

Overview

Our homebuilding operations 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 entities in which we have investments. New home deliveries, including deliveries from unconsolidated entities, were 52,925 in fiscal 2020, compared to 51,491 in fiscal 2019 and 45,627 in fiscal 2018. We primarily sell homes in communities targeted to first-time, move-up, active adult, and luxury homebuyers. During 2020, we emphasized communities that targeted first time homebuyers, many of whom were moving out of urban locations in response to the COVID-19 pandemic. The average sales price of a Lennar home varies depending on product and geographic location. For fiscal 2020, the average sales price, excluding deliveries from unconsolidated entities, was \$395,000, compared to \$400,000 in fiscal 2019 and \$413,000 in fiscal 2018.

We operate primarily under the Lennar brand name. Our homebuilding mission is focused on the profitable development of residential communities. Key elements of our strategy include:

- *Strong Operating Margins* - We believe our purchasing leverage combined with our focus on reducing selling, general and administrative costs by using technology and innovative strategies and reducing interest expense through paydowns of debt position us for strong operating margins.
- *Everything's Included® Approach* - We are focused on distinguishing our products, including through our Everything's Included® approach, which maximizes our purchasing power, enables us to include luxury features as standard items in our homes and simplifies our homebuilding operations.
- *Innovative Homebuilding* - We are constantly innovating the homes we build to create products that better meet our customers' needs and desires. Our Next Gen® home provides what can be a home within a home to accommodate children or parents or can be an office from which to work remotely.
- *Flexible Operating Structure* - Our local operating structure gives us the flexibility to make operating decisions based on local homebuilding conditions and customer preferences, while our centralized management structure provides oversight for our homebuilding operations.
- *Digital Marketing* - We are increasingly advertising homes through digital channels, which is significantly increasing the efficiency of our marketing efforts.
- *Strategic partners and investments* - We partner with and/or invest in technology companies that are looking to improve the homebuilding and financial services industries to better serve our customers and increase efficiencies.
- *Land light strategy* - We are focused on reducing our years owned supply of homesites and increasing the percentage of land controlled through options or agreements versus owned land.

Diversified Program of Property Acquisition

We generally acquire land for development and for the construction of homes that we sell to homebuyers. Land purchases are subject to specified underwriting criteria and are made through our diversified program of property acquisition, which may consist of:

- Acquiring land directly from individual land owners/developers or homebuilders;
- Acquiring local or regional homebuilders that own, or have options to purchase, land in strategic markets;
- Acquiring land through option contracts, which generally enables us to control portions of properties owned by third parties (including land funds) or entities in which we have investments until we have determined whether to exercise the options;
- Acquiring access to land through joint ventures or partnerships, which among other benefits, limits the amount of our capital invested in land while helping to ensure our access to potential future homesites and allowing us to participate in strategic ventures;
- Investing in regional developers in exchange for preferential land purchase opportunities; and
- Acquiring land in conjunction with Multifamily.

We are in the process of further reducing our reliance on land we own and increasing our access to land through options and joint ventures. At November 30, 2020, 39% of our total homesites were controlled through options and joint ventures compared to 33% at November 30, 2019. For additional information about our investments in and relationships with unconsolidated entities, see Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Report.

Construction and Development

We are involved in all phases of planning and building in our residential communities, including land acquisition, site planning, preparation and improvement of land and design, construction and marketing of homes. We use independent subcontractors for most aspects of home construction. At November 30, 2020, we were actively building and marketing homes in 1,177 communities, including four communities being constructed by unconsolidated entities. This was a decrease from the 1,283 communities, including five communities being constructed by unconsolidated entities, in which we were actively building and marketing homes at November 30, 2019. The decrease was the result of accelerated sales pace and deliveries as well as a result of delayed openings due to the COVID-19 pandemic. We anticipate the community count will increase by about 10% in fiscal 2021.

We generally supervise and control the development of land and the design and building of our residential communities with a relatively small labor force. We hire subcontractors for site improvements and virtually all of the work involved in the construction of homes. Arrangements with our subcontractors generally provide that our subcontractors will complete specified work in accordance with price and time schedules and in compliance with applicable building codes and

laws. The price schedules may be subject to change to meet changes in labor and material costs or for other reasons. Although homebuilders throughout the country have sometimes encountered shortages of materials and skilled labor, because of our size and our builder of choice program, where we work with our trade partners to drive efficiencies, we have been less affected by these shortages than many of our competitors. We believe that the current availability of raw materials and labor to our subcontractors are in most locations adequate for our planned levels of operation. We generally do not own heavy construction equipment. We finance construction and land development activities primarily with cash generated from operations and corporate debt.

Marketing

We offer a diversified line of homes for first-time, move-up, active adult, luxury and multi-generational homebuyers in a variety of locations ranging from urban infill communities to suburban golf course communities. Our Everything's Included[®] marketing program enables us to differentiate our homes from those of our competitors by including luxury items as standard features at competitive prices, while reducing construction and overhead costs through a simplified construction process, product standardization and volume purchasing. In addition, we include built in wireless capability, home automation and solar power in many of the homes we sell, which enhances our brand and improves our ability to generate traffic and sales.

We sell our homes primarily from models that we have designed and constructed. We employ new home consultants who are paid salaries, commissions or both to conduct on-site sales of our homes. We also sell homes through independent realtors. In response to COVID-19, we have made it possible for potential homebuyers to take virtual tours of model homes.

Our marketing strategy has increasingly involved advertising through digital channels including real estate listing sites, paid search, display advertising, social media and e-mail marketing, all of which drive traffic to our website, www.lennar.com. This has allowed us to attract more qualified and knowledgeable homebuyers and has helped us reduce our selling, general and administrative expenses as a percentage of home sales revenues. However, we also continue to advertise through more traditional media on a limited basis, including newspapers, radio advertisements and other local and regional publications and on billboards where appropriate. We tailor our marketing strategy and message based on the community being advertised and the customers being targeted, such as advertising our active adult communities in areas where prospective active adult homebuyers live or will potentially want to purchase.

Quality Service

We continually strive to improve homeowner customer satisfaction throughout the pre-sale, sale, construction, closing and post-closing periods. We strive to create a quality home buying experience for our customers through the participation of sales associates, on-site construction supervisors and customer care associates, all working in a team effort, as well as use of technology to simplify the homebuying and financing process. We believe this leads to enhanced customer retention and referrals. The quality of our homes is substantially affected by the efforts of on-site management and others engaged in the construction process, by the materials we use in particular homes, and by other similar factors.

We warrant our new homes against defective materials and workmanship for a minimum period of one year after the date of closing. Although we subcontract virtually all segments of construction to others and our contracts call for the subcontractors to repair or replace any deficient items related to their trades, we are primarily responsible to the homebuyers for the correction of any deficiencies.

Local Operating Structure and Centralized Management

We balance a local operating structure with centralized corporate level management. Our local operating structure consists of homebuilding divisions across the country, each of which is usually managed by a division president, a controller and personnel focused on land acquisition, entitlement and development, sales, construction, customer service and purchasing. This local operating structure gives our division presidents and their teams, who generally have significant experience in the homebuilding industry, and in most instances, in their particular markets, the flexibility to make local operating decisions, including land identification, entitlement and development, the management of inventory levels for our current sales volume, community development, home design, construction and marketing of our homes. We centralize at the corporate level decisions related to our overall strategy, acquisitions of land and businesses, risk management, financing, cash management and information systems.

Backlog

Backlog represents the number of homes under sales contracts. Homes are sold using sales contracts, which are generally accompanied by deposits. In some instances, purchasers are permitted to cancel sales contracts if they fail to qualify for financing or under certain other circumstances. We experienced a cancellation rate of 15% in 2020 and 16% in 2019. We do not recognize revenue on homes that are the subject of sales contracts until the sales are closed and title passes to the new homeowners.

The backlog dollar value including unconsolidated entities at November 30, 2020 was \$7.8 billion, compared to \$6.3 billion at November 30, 2019. We expect that a substantial portion of all homes currently in backlog will be delivered in fiscal year 2021.

During fiscal year 2020, because of the concern about increasing labor and material costs, we, in many instances, deferred entering into contracts to sell homes and committing to the sales price until the costs of the homes were determined, which usually was shortly before construction began. This had the effect of reducing the number of homes subject to sales contracts at any particular time.

Homebuilding Investments in Unconsolidated Entities

We create and participate in joint ventures that acquire and develop land for our homebuilding operations, for sale to third parties or for use in the ventures' own homebuilding operations. Through these joint ventures, we reduce the amount we invest in potential future homesites, thereby reducing risks associated with land acquisitions and improving the return on our investments, and, in some instances, we obtain access to land to which we could not otherwise have obtained access or could not have obtained access on as favorable terms. As of November 30, 2020 and 2019, we had equity investments in 38 and 36 active homebuilding and land unconsolidated entities, respectively, in which we were participating, and our maximum recourse debt exposure related to Homebuilding unconsolidated joint ventures was \$4.9 million and \$10.8 million, respectively. This is discussed in greater detail in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Report.

FivePoint - We own an approximately 40% interest in FivePoint, which is a publicly traded developer of three large master planned mixed-use developments in California (Newhall Ranch, Great Park Neighborhoods, and the San Francisco Shipyard and Candlestick Point). We sometimes purchase properties from FivePoint for use in our homebuilding operations. Our Executive Chairman is a director of FivePoint. As of November 30, 2020, the carrying amount of our investment in FivePoint was \$392.1 million.

Solar Business

Our solar business is focused on providing homeowners the ability to purchase or lease solar power systems that generate much of a home's annual expected energy needs. In fiscal 2020, our solar business operated in California, Colorado, Florida, Maryland, Nevada, South Carolina, and Texas.

Financial Services Operations

Residential Mortgage Financing

We offer conforming conventional, FHA-insured and VA-guaranteed residential mortgage loan products and other home mortgage products primarily to buyers of our homes through our financial services subsidiary, Lennar Mortgage (formerly Eagle Home Mortgage, LLC), from locations in most of the states in which we have homebuilding operations. In fiscal year 2020, our financial services subsidiaries provided loans to 80% of our homebuyers who obtained mortgage financing in areas where we offered services. Because of the availability of mortgage loans from our financial services subsidiaries, as well as from independent mortgage lenders, we believe almost all creditworthy potential purchasers of our homes have access to financing.

During fiscal year 2020, we originated approximately 40,000 residential mortgage loans totaling \$12.9 billion, compared to 34,800 residential mortgage loans totaling \$10.9 billion during fiscal year 2019. Substantially all of the residential mortgage loans we originate are sold within a short period in the secondary mortgage market, a majority of them on a servicing released, non-recourse basis. After the loans are sold, we retain potential liability for claims by purchasers that we breached certain limited industry-standard representations and warranties in the loan sale agreements. Occasional claims of this type are a normal incident of loan securitization activities. We do not believe that the ultimate resolution of these claims will have a material adverse effect on our business or financial position.

We finance our mortgage loan activities with borrowings under our financial services warehouse facilities or from our operating funds. At November 30, 2020, Financial Services had four warehouse residential facilities maturing at various dates through fiscal 2021 with a total maximum borrowing capacity of \$1.8 billion including an uncommitted amount of \$700 million. We expect the facilities to be renewed or replaced with other facilities when they mature. If they are not renewed or replaced, we would have to find other sources of funding our mortgage originations, which might include our own funds. We have a corporate risk management policy under which we hedge our interest rate risk on rate-locked loan commitments and loans held-for-sale to mitigate exposure to interest rate fluctuations.

We have been using new technology to automate portions of our mortgage loan origination process. This has reduced our origination costs from approximately \$8,400 and \$5,600 per loan in the fourth quarters of 2018 and 2019, respectively, to approximately \$5,500 per loan in the fourth quarter of 2020. This new technology has also made the mortgage financing

process easier for homebuyers and improved the customer experience. In response to COVID-19, this new technology has also enabled us to increase the number of digital closings, with digital document signing and where possible digital notarization.

Title, Insurance and Closing Services

During 2020, we provided title insurance and closing services to our homebuyers and others in approximately 61,100 real estate transactions in 34 states, through Lennar Title (formerly CalAtlantic Title) compared to approximately 59,700 real estate transactions during 2019.

Commercial Mortgage Origination

Our LMF Commercial subsidiary originates and sells into securitizations first mortgage loans, which are secured by income producing commercial properties. LMF Commercial also originates floating rate loans secured by commercial real estate properties, many of which are in transition, undergoing lease-up, sell-out, renovation or repositioning. In order to finance LMF Commercial lending activities, as of November 30, 2020, LMF Commercial had five warehouse repurchase financing agreements maturing between December 2020 and December 2021 with commitments totaling \$800 million, which includes \$50 million for floating rate loans.

Multifamily Operations

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.

Our Multifamily segment is one of the largest developers of apartment communities across the country. At November 30, 2020, it had interests in 65 communities with development costs of approximately \$7.8 billion, of which 34 communities were completed and operating, seven communities were partially completed and leasing, 21 communities were under construction and the remaining communities were owned by the joint ventures. As of November 30, 2020, our Multifamily segment also had a pipeline of potential future projects, which were under contract or had letters of intent, totaling approximately \$4.7 billion in anticipated development costs across a number of states that will be developed primarily by unconsolidated entities. Our Multifamily segment had equity investments in 22 and 19 unconsolidated entities (including the Multifamily Ventures, described below) as of November 30, 2020 and 2019, respectively.

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, participating in and managing ventures that build multifamily properties with the intention of retaining them after they are completed. Our current ventures, Lennar Multifamily Venture Fund I LP ("LMV I") and Lennar Multifamily Venture Fund II LP ("LMV II"), are both long-term multifamily development investment vehicles involved in the development, construction and property management of class-A multifamily assets.

For additional information about our investments in and relationships with unconsolidated entities, see Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Report.

Lennar Other

Strategic Technology Investments

We strategically invest in technology initiatives that, among other things, help us enhance the homebuying experience, reduce our SG&A expenses and stay at the forefront of homebuilding innovation. Our strategic investments include, among others, Opendoor, a company that uses technology to streamline the home buying and selling process; Blend, a company that provides a digital mortgage application platform; Hippo Analytics, a company that provides home insurance in a more efficient and effective way; States Title, a company that built a predictive analytics platform for title insurers; and Notarize, a company that provides online notarizations. At November 30, 2020, our investment in strategic technology ventures was \$324.0 million, which was included in our Lennar Other and Financial Services segments. In December 2020, one of our strategic investments, Opendoor, began trading on the Nasdaq stock market for which we expect to record a significant unrealized gain in the first quarter of fiscal 2021.

Rialto Fund Investments

Until November 30, 2018, we had a group of subsidiaries, including Rialto Capital Management, LLC, that primarily managed real estate related investment funds and other real estate related investment vehicles. We sold the Rialto Management Group on November 30, 2018, however, we retained the right to receive carried interest distributions from some of the funds and other investment vehicles it manages. We also retained limited partner investments in Rialto funds and investment vehicles

that totaled \$190.4 million as of November 30, 2020, and are committed to invest as much as an additional \$3.3 million in Rialto funds.

Seasonality

We historically have experienced, and expect to continue to experience, variability in quarterly results. 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. In 2020, the shutdown of large portions of our national economy in March and April due to the COVID-19 pandemic temporarily reduced our home sales, and therefore altered our normal seasonal pattern.

Competition

The residential homebuilding industry is highly competitive. In each of the market regions where we operate, we compete for homebuyers with numerous national, regional and local homebuilders, as well as with resales of existing homes and with the rental housing market. We compete for homebuyers on the basis of a number of interrelated factors including location, price, reputation, amenities, design, quality and financing. In addition to competition for homebuyers, we also compete with other homebuilders for desirable properties, raw materials and access to reliable, skilled labor. We compete with a wide variety of property owners in our efforts to sell land to homebuilders and others. We believe we are competitive in the market regions where we operate primarily due to our:

- Everything's Included® marketing program, which simplifies the home buying experience by including the most desirable features as standard items;
- Innovative home designs, such as our Next Gen® homes that provide both privacy and togetherness for multi-generational families or a home office to accommodate working from home;
- Inclusion of built-in Wi-Fi, solar power systems and advanced technology in many of our homes;
- Financial position as a result of our ability to finance land purchases and development activities with operating revenues and corporate level borrowing;
- Access to land, particularly in land-constrained markets;
- Pricing to current market conditions;
- Cost efficiencies realized through our national purchasing programs and production of value-engineered homes;
- Quality construction and home warranty programs, which are supported by a responsive customer care team; and
- Size and scale in leading markets.

Our residential financial services operations compete with other mortgage lenders, including national, regional and local mortgage bankers and brokers, banks, savings and loan associations, non-bank mortgage lenders and other financial institutions, in the origination and sale of residential mortgage loans. Principal competitive factors include interest rates and other features of mortgage loan products available to the consumer. We compete with other title insurance agencies and underwriters for closing services and title insurance. Principal competitive factors include service and price.

Our LMF Commercial subsidiary's commercial mortgage origination and sale business competes with a wide variety of banks and other lenders that offer small and mid-sized mortgage loans to commercial enterprises. Competition is based primarily on service, price and relationships with mortgage brokers and other referral sources. LMF Commercial is run by highly seasoned managers who have been originating and securitizing loans for over 28 years and can benefit from long-standing relationships with referral sources, as well as being able to leverage Lennar's infrastructure facilities for rapid market entrances and analysis. We believe these factors give LMF Commercial an advantage over many of the lenders with which it competes. Additionally, we believe access to Lennar's local homebuilding teams provides LMF Commercial with a distinct advantage in its evaluation of real estate assets.

Our multifamily operations compete with other multifamily apartment developers and operators, including REITs, across the United States. In addition, our multifamily operations compete in securing capital, partners and equity, and in securing tenants with the large supply of already existing rental apartments. Principal competitive factors include location, rental price and quality, and management of the apartment buildings.

Regulation

The residential communities and multifamily apartment developments that we build are subject to a large variety of local, state and federal statutes, ordinances, rules and regulations relating to, among other things, zoning, construction permits or entitlements, construction materials, density, building design and property elevation, building codes and handling of waste. These include laws requiring the use of construction materials that reduce the need for energy-consuming heating and cooling systems. These laws and regulations are subject to frequent change and often increase construction costs. For example, the

California Energy Commission adopted a requirement that most newly built homes in California must have rooftop solar panels. In some instances, we must comply with laws that require commitments from us to provide roads and other offsite infrastructure, and may require them to be in place prior to the commencement of new construction. These laws and regulations are usually administered by counties and municipalities and may result in fees and assessments or building moratoriums. In addition, certain new development projects are subject to assessments for schools, parks, streets and highways and other public improvements, the costs of which can be substantial. Also, some states are attempting to make homebuilders responsible for violations of wage and other labor laws by their subcontractors.

Residential homebuilding and apartment development are also subject to a variety of local, state and federal statutes, ordinances, rules and regulations concerning the protection of health and the environment. These environmental laws include such subjects as storm water and surface water management, soil, groundwater and wetlands protection, subsurface conditions and air quality protection and enhancement. Environmental laws may result in delays, may cause us to incur substantial compliance and other costs and may prohibit or severely restrict homebuilding activity in environmentally sensitive regions or areas.

Over the years, several cities and counties in which we have developments have submitted to voters "slow growth" initiatives and other ballot measures that could impact the affordability and availability of land suitable for residential development within those localities. Although many of these initiatives have been defeated, we believe that if similar initiatives were approved, residential construction by us and others within certain cities or counties could be seriously impacted.

In order to make it possible for some of our homebuyers to obtain FHA-insured or VA-guaranteed mortgages, we must construct the homes they buy in compliance with regulations promulgated by those agencies. Various states have statutory disclosure requirements relating to the marketing and sale of new homes. These disclosure requirements vary widely from state-to-state. In some states, we are required to be registered as a licensed contractor and comply with applicable rules and regulations. In various states, our new home consultants are required to be registered as licensed real estate agents and to adhere to the laws governing the practices of real estate agents.

Our mortgage and title subsidiaries must comply with applicable real estate, lending and insurance laws and regulations. The subsidiaries are licensed in the states in which they do business and must comply with laws and regulations in those states. These laws and regulations include provisions regarding capitalization, operating procedures, investments, lending and privacy disclosures, forms of policies and premiums. The Dodd-Frank Wall Street Reform and Consumer Protection Act contains a number of requirements relating to mortgage lending and securitizations. These include, among others, minimum standards for lender practices, limitations on certain fees and a requirement that the originator of loans that are securitized retain a portion of the risk, either directly or by holding interests in the securitizations.

Several federal, state and local laws, rules, regulations and ordinances, including, but not limited to, the Federal Fair Debt Collection Practices Act ("FDCPA") and the Federal Trade Commission Act and comparable state statutes, regulate consumer debt collection activity. Although, for a variety of reasons, we may not be specifically subject to the FDCPA or to some state statutes that govern debt collectors, it is our policy to comply with applicable laws in our collection activities. To the extent that some or all of these laws apply to our collection activities, our failure to comply with such laws could have a material adverse effect on us. We are also subject to regulations promulgated by the Federal Consumer Financial Protection Bureau regarding residential mortgage loans.

Human Capital

Our associates are our most valuable asset, and we are committed to building a workforce that supports each associate's unique professional journey. We believe having an inclusive work environment, where everyone has a sense of belonging, not only drives engagement but fosters innovation, which is critical to driving growth. Our success starts and ends with having the best talent, and, as a result, we are focused on attracting, developing, engaging and retaining our associates. We understand the importance of balance, and offer associates a competitive and comprehensive benefits package, including paid parental leave and resources for whole-self well-being (physical, social, and financial).

We are committed to the health and safety of our associates and trade partners. During fiscal 2020, as a result of the COVID-19 pandemic, we implemented additional safety protocols to protect our associates, trade partners and homebuyers, including protocols regarding social distancing, daily health checks and working remotely. Our experienced teams adapted quickly to the changes and have managed our business successfully during this challenging time. We are also committed to worker safety and regulatory compliance. Our worker safety metrics are measured and reviewed by our Board of Directors so we can ensure that we are successfully managing and improving our safety program.

Although we subcontract the land development and construction aspects of our homebuilding activities, we are highly dependent on our skilled employees for critical aspects of what we do. That includes senior executives who are responsible for our operational strategies and for approving significant land acquisitions and other major investments we make. It also includes the people who head our homebuilding divisions and non-homebuilding segments. And it includes the many people who are

involved in design, construction oversight, marketing and other aspects of our homebuilding business and in carrying out our other activities.

At November 30, 2020, we employed 9,495 individuals of whom 7,309 were involved in the Homebuilding operations, 1,545 were involved in the Financial Services operations and 641 were involved in the Multifamily operations, compared to November 30, 2019, when we employed 10,106 individuals of whom 7,931 were involved in the Homebuilding operations, 1,556 were involved in the Financial Services operations and 619 were involved in the Multifamily operations. We do not have collective bargaining agreements relating to any of our associates. However, we subcontract many phases of our homebuilding operations and some of the subcontractors we use have employees who are represented by labor unions.

NYSE Certification

On April 8, 2020, we submitted our Annual CEO Certification to the New York Stock Exchange ("NYSE") in accordance with NYSE's listing standards. The certification was not qualified in any respect.

Available Information

This Report on Form 10-K and all other reports and amendments we file with or furnish to the SEC are publicly available free of charge on the investor relations section of the Lennar website as soon as reasonably practicable after we file such materials with, or furnish them to, the SEC. Our website is www.lennar.com. We caution you that the information on our website is not part of this or any other report we file with, or furnish to, the SEC.

Item 1A. Risk Factors.

The following are what we believe to be the principal risks that could materially affect us and our businesses.

Market and Economic Risks

Demand for homes we build may be adversely affected by a variety of macroeconomic factors beyond our control.

Demand for our homes is dependent on a variety of macroeconomic factors, such as employment levels, interest rates, changes in stock market valuations, consumer confidence, housing demand, availability of financing for home buyers, availability and prices of new homes compared to existing inventory, and demographic trends. These factors, in particular consumer confidence, can be significantly adversely affected by a variety of factors beyond our control.

Our results of operations and financial condition may be adversely affected by the COVID-19 pandemic and resulting governmental actions.

The COVID-19 pandemic caused the shutdown of large portions of our national economy. While portions of the national economy have reopened, there is still significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as their impact on the U.S. economy and consumer confidence. With the exception of a period in March and April, the COVID-19 pandemic and its effects on the economy do not appear to have adversely affected our home sales through the year ended November 30, 2020. However, this may not continue to be the case. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the continuing severity of COVID-19, whether there are additional outbreaks of COVID-19, and the actions taken to contain it or treat its impact. If the virus continues to cause significant negative impacts to economic conditions or consumer confidence, our results of operations, financial condition and cash flows could be materially adversely impacted.

A downturn in the homebuilding market could adversely affect our operations.

During fiscal 2020, we saw the homebuilding industry stall from mid-March through April as a result of the COVID-19 pandemic, but by May and into June, the market for new homes had steadily strengthened. While the homebuilding industry only paused for a relatively brief period in 2020, the prior economic downturn in 2007-2010 severely affected for more than two years both the number of homes we could sell and the prices for which we could sell them. That required us to write down the carrying value of our land inventory and write off costs of land purchase options. It is possible that another downturn resulting from increasing severity of the COVID-19 pandemic or other factors would result in a decline in demand for new homes which would negatively impact our business, results of operations and financial condition.

Continuing cost increases could affect our operating margins.

During fiscal 2020, although lumber, in particular, labor and other costs were rising, we were able to implement cost saving changes that enabled us to minimize the effect of the cost increases. Further, we actively managed our sales pace so we did not sell homes until construction was ready to start, in order to avoid the possibility of costs increasing after we committed to the prices at which we would sell homes. While we will continue to focus on cost controls, we may not be able to maintain our current level of direct construction costs as a percentage of average sales price. We continue to operate in a labor

constrained market and we cannot predict future inflationary pressures or increases in tariffs on imported building materials. Our inability to pass on future increased costs to homebuyers would put downward pressure on our operating margins in 2021 and subsequent years.

An increase in mortgage interest rates could reduce potential buyers' ability or desire to obtain financing with which to buy homes.

Mortgage rates are very low as compared to most historical periods. However, they could increase in the future, particularly if the Federal Reserve Board raises its benchmark rate. When interest rates increase, the cost of owning a new home increases, which usually reduces the number of potential buyers who can afford, or are willing, to purchase homes we build.

A decline in prices of new homes could require us to write down the carrying value of land we own and to write off option costs.

We are constantly purchasing land, or entering into arrangements to purchase land, for use in our homebuilding operations. The value of land suitable for residential development fluctuates depending on local and national market conditions and other factors that affect demand for new homes. When demand for homes fell during the 2007-2010 recession, we were required to take significant write-downs of the carrying value of our land inventory and we elected not to exercise many options to purchase land, which required us to forfeit deposits and write-off pre-acquisition costs. Although we have reduced our exposure to costs of that type, a certain amount of exposure is inherent in our homebuilding business. If market conditions were to deteriorate significantly in the future, we could again be required to make significant write-downs of the carrying value of our inventory and costs relating to land purchase options.

Operational Risks

Homebuilding, mortgage lending and multifamily rentals are very competitive industries, and competitive conditions could adversely affect our business or financial results.

Homebuilding. The homebuilding industry is highly competitive. Homebuilders compete not only for homebuyers, but also for desirable land, financing, raw materials, skilled management and labor resources. We compete in each of our markets with numerous national, regional and local homebuilders. We also compete with sellers of existing homes, including foreclosed homes, and with rental housing. These competitive conditions can reduce the number of homes we deliver, negatively impact our selling prices, reduce our profit margins, and cause impairments in the value of our inventory or other assets. Competition can also affect our ability to acquire suitable land, raw materials and skilled labor at acceptable prices or other terms.

Financial Services. Our Financial Services residential and commercial lending businesses compete with other residential and commercial mortgage lenders, including national, regional and local banks and other financial institutions. Mortgage lenders who have greater access to low cost funds, superior technologies or different lending criteria than we do may be able to offer more attractive financing to potential customers than we can.

Multifamily. Our multifamily rental business competes with other multifamily apartment developers and operators at locations across the U.S. where we have investments in multifamily rental properties. We also compete in securing partners, equity capital and debt financing, and we compete for tenants with the large supply of already existing or newly built rental apartments, as well as with sellers of homes. These competitive conditions could negatively impact the ability of the ventures in which we are participating to find renters for the apartments they are building or the prices for which those apartments can be rented.

We may be subject to costs of warranty and liability claims in excess of the insurance coverage we can purchase.

As a homebuilder, we are subject in the ordinary course of our business to warranty and construction defect claims. We are also subject to claims for injuries that occur in the course of construction activities. We record warranty and other reserves for the homes we sell based on historical experience in our markets and our judgment of the qualitative risks associated with the types of homes we build. We have, and many of our subcontractors have, general liability, property, workers' compensation and other business insurance. These insurance policies are intended to protect us against risk of loss from claims, subject to self-insured retentions, deductibles and coverage limits. However, it is possible that this insurance will not be adequate to address all warranty, construction defect and liability claims to which we are subject.

Additionally, the cost of insurance has increased significantly in recent years. Also, the coverage offered and the availability of general liability insurance for construction defects are currently limited and policies that can be obtained often include exclusions based upon past losses those insurers suffered as a result of use of defective products in homes we and many other homebuilders built. As a result, an increasing number of our subcontractors are unable to obtain insurance, and we have in many cases had to waive our customary insurance requirements, which increases our and our insurers' exposure to claims and increases the possibility that our insurance will not be adequate to protect us against all the costs we incur. This increase in cost and limitation in coverage has also increased our self-insured retentions and decreased our total coverage. It is possible in the future that insurance would not be available at commercially reasonable rates, which may cause us to reduce or eliminate general liability insurance.

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

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

We also can suffer damage to our reputation, and may be exposed to possible liability, if subcontractors fail to comply with applicable laws, including laws involving things that are not within our control. When we learn about possibly improper practices by subcontractors, we try to cause the subcontractors to discontinue them. However, we may not always be able to do that, and even when we can, it may not avoid claims against us relating to work the subcontractors already performed.

Supply shortages and risks related to the demand for skilled labor and building materials could increase costs and delay deliveries.

During 2020, we experienced increases in the prices of some building materials, particularly lumber, and shortages of skilled labor in some areas. We generally are unable to pass on increases in construction costs to customers who have already entered into purchase contracts, as those contracts usually fix the price of the homes at the time the contracts are signed, which in the past has often been well in advance of the construction of the homes. During 2020, in order to reduce the risk of this happening, we focused on not signing a contract relating to sale of a home until construction was ready to start. However, increases in construction costs sometimes exceed our ability to increase home prices, particularly in areas where there is aggressive pricing competition or weak demand. This reduces our operating margins and our net income.

A reduced number of home sales would extend the time it takes us to recover land purchase and property development costs.

We incur many costs even before we begin to build homes in a community. Depending on the stage of development a land parcel is in when we acquire it, these may include costs of preparing land, finishing and entitling lots, installing roads, sewers, water systems and other utilities, and taxes and other costs related to ownership of the land on which we plan to build homes. If the rate at which we sell and deliver homes slows, or if we delay the opening of new home communities, we may incur additional pre-construction costs and it may take longer for us to recover our costs.

Increased interest rates would increase the cost of the homes we build.

Our business requires us to finance much of the cost of developing our residential communities. One of the ways we do this is with bank borrowings. At November 30, 2020, we had a \$2.4 billion revolving credit facility with a group of banks (the "Credit Facility") maturing in 2024. It has a \$400 million accordion feature, subject to additional commitments, thus the maximum borrowings could be \$2.8 billion. The Credit Facility agreement provides that up to \$500 million in commitments may be used for letters of credit. The interest on borrowings under the Credit Facility is at rates based on prevailing short term rates from time to time. At November 30, 2020, we had no borrowings under the Credit Facility. However, if in the future we have a need for significant borrowings under the Credit Facility and interest rates increase, that would increase the cost of the homes we build, which either would make those homes more expensive for homebuyers, which is likely to reduce demand, or would lower our operating margins, or both.

Increases in the rate of cancellations of home sale agreements could have an adverse effect on our business.

Our backlog reflects agreements of sale with our homebuyers for homes that have not yet been delivered. We usually have received a deposit from our home buyer for each home reflected in our backlog, and generally we have the right to retain the deposit if the homebuyer does not complete the purchase. In some cases, however, a homebuyer may cancel the agreement of sale and receive a complete or partial refund of the deposit for reasons such as state and local laws, the homebuyer's inability to obtain mortgage financing, their inability to sell their current home or our inability to complete and deliver the home within the specified time. If there is a downturn in the housing market, or if mortgage financing becomes less available than it currently is, more homebuyers may cancel their agreements of sale with us, which would have an adverse effect on our business and results of operations.

Our success to a substantial extent depends on our ability to acquire land that is suitable for residential homebuilding and meets our land investment criteria.

There is strong competition among homebuilders for land that is suitable for residential development. The future availability of finished and partially finished developed lots and undeveloped land that meet our internal criteria depends on a number of factors outside our control, including land availability in general, competition with other homebuilders and land buyers for desirable property, inflation in land prices, zoning, allowable housing density, and other regulatory requirements. Should suitable lots or land become less available, the number of homes we could build and sell could be reduced, and the cost of land could be increased, perhaps substantially, which could adversely impact our results of operations.

We could be hurt by refusals of owners of land to honor options or contracts to sell the land to us.

We have made a strategic decision to increase the portion of our potential land inventory that we control through options or contracts and reduce the portion we own. This substantially reduces our investment in land. However, if landowners who are parties to the options or contracts were to refuse to honor them, we could lose access to land at the time we want to use it in our homebuilding activities.

The loss of the services of members of our senior management or a significant number of our operating employees could negatively affect our business.

Our success depends to a significant extent upon the performance and active participation of our senior management, many of whom have been with us for 20 or more years. If we were to lose members of our senior management, we might not be able to find appropriate replacements on a timely basis and our operations could be negatively affected. Also, the loss of a significant number of operating employees and our inability to hire qualified replacements could have a material adverse effect on our business.

Natural disasters and severe weather conditions could delay deliveries and increase costs of new homes in affected areas, which could harm our sales and results of operations.

Many of our homebuilding operations are conducted in areas that are subject to natural disasters, including hurricanes, earthquakes, droughts, floods, wildfires and severe weather. The occurrence of natural disasters or severe weather conditions can delay new home deliveries, increase costs by damaging inventories and lead to shortages of labor and materials in areas affected by the disasters, and can negatively impact the demand for new homes in affected areas. Our insurance may not cover business interruptions or losses resulting from these events and our results of operations could be adversely affected by these events.

If our homebuyers are not able to obtain suitable financing, that would reduce demand for our homes and our home sales revenues.

Most purchasers of our homes obtain mortgage loans to finance a substantial portion of the purchase price of the homes they purchase. While the majority of our homebuyers obtain their mortgage financing from our Financial Services segment, others obtain mortgage financing from banks and other independent lenders. Disruptions in the mortgage markets and increased government regulation could adversely affect the ability of potential homebuyers to obtain financing for home purchases, making it difficult for them to purchase our homes. Among other things, changes made by Fannie Mae, Freddie Mac, Ginnie Mae and FHA/VA to sponsored mortgage programs, as well as changes made in recent years by private mortgage insurance companies, have reduced the ability of potential homebuyers to qualify for mortgages. Principal among these are higher income requirements, larger required down payments, increased reserves and higher required credit scores. In addition, there has been uncertainty regarding the future of Fannie Mae, Freddie Mac and Ginnie Mae, including proposals that they reduce or terminate their role as the principal sources of liquidity in the secondary market for mortgage loans. It is not clear how, if Fannie Mae, Freddie Mac and Ginnie Mae were to curtail their secondary market mortgage loan purchases, the liquidity they provide would be replaced. There is a substantial possibility that substituting an alternate source of liquidity would increase mortgage interest rates, which would increase the buyers' effective costs of paying for the homes we sell, and therefore could reduce demand for our homes and adversely affect our results of operations.

Our Financial Services segment can be adversely affected by reduced demand for our homes.

Approximately 93% of the residential mortgage loans made by our Financial Services segment in 2020 were made to buyers of homes we built. Therefore, a decrease in the demand for our homes would adversely affect the revenues of this aspect of our business.

If our ability to sell mortgages into the secondary market is impaired, that could significantly reduce our ability to sell homes unless we are willing to become a long-term investor in loans we originate.

Substantially all of the residential mortgage loans we originate are sold within a short period in the secondary mortgage market on a servicing released, non-recourse basis. If we became unable to sell residential mortgage loans into the secondary mortgage market or directly to Fannie Mae, Freddie Mac and Ginnie Mae, we would have to either curtail our origination of residential mortgage loans, which among other things, could significantly reduce our ability to sell homes, or commit our own funds to long term investments in mortgage loans, which, in addition to requiring us to deploy substantial amounts of our own funds, could delay the time when we recognize revenues from home sales on our statements of operations.

We may be liable for certain limited representations and warranties we make in connection with sale of loans.

While substantially all of the residential mortgage loans we originate are sold within a short period in the secondary mortgage market on a servicing released, non-recourse basis, we remain responsible for certain industry standard limited representations and warranties we make in connection with such sales. Mortgage investors sometimes seek to have us buy back mortgage loans or compensate them for losses incurred on mortgage loans that we have sold based on claims that we breached

our limited representations and warranties. In addition, when LMF Commercial sells loans to securitization trusts or other purchasers, it gives limited industry standard representations and warranties about the loans, which, if incorrect, may require it to repurchase the loans, replace them with substitute loans or indemnify persons for losses or expenses incurred as a result of breaches of representations and warranties. If we have significant liabilities with respect to such claims, it could have an adverse effect on our results of operations, and possibly our financial condition.

Financing Risks

Failure to comply with the covenants and conditions imposed by our borrowing facilities could restrict future borrowing or cause our debt to become immediately due and payable.

The agreement governing our Credit Facility (the "Credit Agreement") makes it a default if we fail to pay principal or interest when it is due (subject in some instances to grace periods) or to comply with various covenants, including covenants regarding financial ratios. In addition, our Financial Services residential mortgage companies have warehouse facilities to finance their mortgage lending activities and our LMF Commercial lending group has warehouse facilities to finance its mortgage origination activities. If we default under the Credit Agreement or our warehouse facilities, the lenders will have the right to terminate their commitments to lend and to require immediate repayment of all outstanding borrowings. This could reduce our available funds at a time when we are having difficulty generating all the funds we need from our operations, in capital markets or otherwise, and restrict our ability to obtain financing in the future. In addition, if we default under the Credit Agreement or our warehouse facilities, it could cause the amounts outstanding under our senior notes to become immediately due and payable, which would seriously adversely impact our consolidated financial condition.

We have a substantial level of indebtedness, which may have an adverse effect on our business or limit our ability to take advantage of business, strategic or financing opportunities.

As of November 30, 2020, our consolidated debt, net of debt issuance costs, and excluding amounts outstanding under our credit facilities, was \$6.0 billion. The indentures governing our senior notes do not restrict our incurrence of future secured or unsecured debt, and the agreement governing our Credit Facility allows us to incur a substantial amount of future unsecured debt. We reduced our outstanding senior indebtedness during fiscal 2020 by \$1.5 billion, but we still have a significant amount of indebtedness. Our reliance on debt to help support our operations exposes us to a number of risks, including:

- we may be more vulnerable to general adverse economic and homebuilding industry conditions;
- we may have to pay higher interest rates upon refinancing indebtedness if interest rates rise, thereby reducing our earnings and cash flows;
- we may find it difficult, or may be unable, to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements that would be in our best long-term interests;
- we may be required to dedicate a substantial portion of our cash flow from operations to the payment of principal and interest on our debt, reducing the cash flow available to fund operations and investments and reducing the amount we can return to our stockholders;
- we may have reduced flexibility in planning for, or reacting to, changes in our businesses or the industries in which they are conducted;
- we may have a competitive disadvantage relative to other companies in our industry that are less leveraged; and
- we may be required to sell debt or equity securities or sell some of our core assets, possibly on unfavorable terms, in order to meet payment obligations.

Our access to capital and our ability to obtain additional financing could be affected by any downgrade of our credit ratings.

Our corporate credit rating and ratings of our senior notes affect, among other things, our ability to access new capital, especially debt, and the costs of that new capital. For a number of years, a substantial portion of our access to capital has been through the issuance of senior notes, of which we have approximately \$5.4 billion outstanding, net of debt issuance costs, as of November 30, 2020. Among other things, we have often relied on proceeds of debt issuances to pay the principal of existing senior notes when they mature. Negative changes in the ratings of our senior notes could make it difficult for us to sell senior notes in the future and could result in more stringent covenants and higher interest rates with regard to new senior notes we issue.

During fiscal year 2021, we will have to replace or renew a total of \$2.4 billion of warehouse lines used by Financial Services, including LMF Commercial, as they mature. If we cannot replace or renew this debt when we need it, our operations could be adversely affected.

Our inability to obtain performance bonds or post letters of credit could adversely affect our operations.

We often are required to provide surety bonds to secure our performance of obligations under construction contracts, development agreements and other arrangements. At November 30, 2020, we had outstanding surety bonds of \$3.1 billion including performance surety bonds related to site improvements at various projects (including certain projects of our joint ventures) and financial surety bonds. Although significant development and construction activities have been completed related to these site improvements, these bonds are generally not released until all development and construction activities to which they relate are completed. Our ability to obtain surety bonds primarily depends upon our credit rating, financial condition, past performance and similar factors, the capacity of the surety market and the underwriting practices of surety bond issuers. Our ability to obtain surety bonds also can be impacted by the willingness of insurance companies to issue performance bonds for construction and development activities. If we were unable to obtain surety bonds when required, our operations could be adversely affected.

Our Financial Services segment, including LMF Commercial, has warehouse facilities that mature in fiscal year 2021, and if we could not renew or replace these facilities, we probably would have to reduce our mortgage lending and origination activities.

Our Financial Services segment's residential mortgage origination subsidiaries have committed and uncommitted borrowing amounts under four warehouse repurchase credit facilities that totaled \$1.8 billion as of November 30, 2020, all of which will mature at various dates through fiscal 2021. Our Financial Services segment uses these facilities to finance its residential mortgage lending activities until the mortgage loans it originates are sold to investors. In addition, LMF Commercial, our commercial mortgage lending subsidiary, which is included in our Financial Services segment, has committed borrowing amounts under five warehouse repurchase credit facilities that totaled \$800 million as of November 30, 2020, all of which will mature within a year after that date. LMF Commercial uses these facilities primarily to finance its commercial mortgage loan origination activities. We expect these facilities to be renewed or replaced with other facilities when they mature. If we were unable to renew or replace these facilities on favorable terms or at all when they mature, that could seriously impede the activities of our Financial Services segment, which would have a material adverse impact on our financial results.

We conduct some of our operations through joint ventures with independent third parties and we can be adversely impacted by our joint venture partners' failures to fulfill their obligations or decisions to act contrary to our wishes.

In our Homebuilding and Multifamily segments, we participate in joint ventures in order to help us acquire attractive land positions, to manage our risk profile and to leverage our capital base. In certain circumstances, joint venture participants, including us, are required to provide guarantees of obligations relating to the joint ventures, such as completion and environmental guarantees. If a joint venture partner does not perform its obligations, we may be required to bear more than our proportional share of the cost of fulfilling them. For example, in connection with our Multifamily business, and its joint ventures, we and the other venture participants have guaranteed obligations to complete construction of multifamily residential buildings at agreed upon costs, which could make us and the other venture participants responsible for cost over-runs. Although all the participants in a venture are normally responsible for sharing the costs of fulfilling obligations of that type, if some of the venture participants are unable or unwilling to meet their share of the obligations, we may be held responsible for some or all of the defaulted payments. In addition, because we do not have a controlling interest in most of the joint ventures in which we participate, we may not be able to cause joint ventures to sell assets, return invested capital or take other actions when such actions might be in our best interest.

Several of the joint ventures in which we participate will in the relatively near future be required to repay, refinance, renegotiate or extend their borrowings. If any of those joint ventures are unable to do this, we could be required to provide at least a portion of the funds the joint ventures need to be able to repay the borrowings and to finance the activities for which they were incurred, which could adversely impact our financial position.

Regulatory Risks

Changes in U.S. trade policies and retaliatory responses from other countries may substantially increase the costs or limit supplies of building materials and products used in our homes.

During the past couple of years, the U.S. government has imposed new, or increased existing, tariffs on an array of imported materials and products that are used in the homes we build, including lumber, steel, aluminum, solar panels and washing machines, which increases the costs of those items, and it has threatened additional new or increased tariffs. The tariffs that have been imposed or increased have impacted our construction costs and caused disruptions in our supply chains, and new or increased tariffs could result in further cost increases. These cost increases will either require us to increase prices or negatively impact our profit margins. The new or increased tariffs could also negatively affect U.S. national or regional economies, which could affect the demand for the homes we build.

We may be adversely impacted by legal and regulatory changes.

We are subject with regard to almost all of our activities to a variety of federal, state and local laws and regulations. Laws and regulations, and policies under or interpretations of existing laws and regulations, change frequently. Our businesses could be adversely affected by changes in laws, regulations, policies or interpretations or by our inability to comply with them without making significant changes in our businesses.

Governmental regulations regarding land use and environmental matters could increase the cost and limit the availability of our development and homebuilding projects and adversely affect our business or financial results.

We are subject to extensive and complex laws and regulations that affect land development, homebuilding and apartment development processes, including laws and regulations related to zoning, permitted land uses, levels of density, building design, elevation of properties, water and waste disposal and use of open spaces. These regulations often provide broad discretion to the administering governmental authorities as to the conditions that must be met prior to development or construction being approved, if they are approved at all. We are also subject to determinations by governmental authorities as to the adequacy of water or sewage facilities, roads and other local services with regard to particular residential communities. New housing developments may also be subject to various assessments for schools, parks, streets and other public improvements. In addition, in many markets government authorities have implemented no growth or growth control initiatives. Any of these can limit, delay, or increase the costs of land development or home construction.

We are also subject to a variety of local, state and federal laws and regulations concerning protection of the environment. In some of the markets where we operate, we are required by law to pay environmental impact fees, use energy-saving construction materials and give commitments to municipalities to provide infrastructure such as roads and sewage systems. We generally are required to obtain permits, entitlements and approvals from local authorities to commence and carry out residential development or home construction. These permits, entitlements and approvals sometimes are opposed or challenged by local governments, environmental advocacy groups, neighboring property owners or other possibly interested parties, adding delays, costs and risks of non-approval to the process. Violations of environmental laws and regulations can result in injunctions, civil penalties, remediation expenses, and other costs. In addition, some environmental laws impose strict liability, which means that we may be held liable for unlawful environmental conditions on property we own which we did not create.

We are also subject to laws and regulations related to workers' health and safety, and there are efforts to subject homebuilders like us to other labor related laws or rules, some of which may make us responsible for things done by our subcontractors over which we have little or no control.

In addition, our residential mortgage subsidiary is subject to various state and federal statutes, rules and regulations, including those that relate to lending operations and other areas of mortgage origination and loan servicing. The impact of those statutes, rules and regulations can increase our homebuyers' costs of financing, and our cost of doing business, as well as restricting our homebuyers' access to some types of loans.

Our obligation to comply with the laws and regulations under which we operate, and our need to ensure that our associates, subcontractors and other agents comply with these laws and regulations, could result in delays in construction and land development, cause us to incur substantial costs and prohibit or restrict land development and homebuilding activity in certain areas in which we operate. Budget reductions by state and local governmental agencies may increase the time it takes to obtain required approvals and therefore may aggravate the delays we encounter. Shutdowns of government offices in response to the COVID-19 pandemic have further delayed the time it is taking to obtain required approvals. Government agencies also routinely initiate audits, reviews or investigations of our business practices to ensure compliance with applicable laws and regulations, which can cause us to incur costs or create other disruptions in our businesses that can be significant.

We can be injured by improper acts of persons over whom we do not have control.

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

We could be held responsible for obligations of, and labor law violations by, our subcontractors and other contract parties.

The homes we sell are built by employees of subcontractors and other contract parties. We do not have the ability to control what these contract parties pay their employees or the work rules they impose on their employees. However, various

governmental agencies have sought, and in the future may seek, to hold contract parties like us responsible for violations of wage and hour laws, workers' compensation and other work-related laws by firms whose employees are performing contracted for services. While the future of joint employer liability remains uncertain, if we were deemed to be a joint employer of our subcontractors' employees, we could become responsible for collective bargaining obligations of, and labor law violations by, our subcontractors. Governmental rulings that make us responsible for labor practices by our subcontractors could create substantial exposures for us in situations that are not within our control.

Other Risks

We have substantial investments in real estate related businesses in which we are a minority investor.

We have investments in funds and other investment vehicles managed by Rialto Capital Management, a company we sold in November 2018, investments in a number of companies that are applying technology to various aspects of building and marketing homes and real estate related aspects of the financial services industry, and investments in FivePoint Holdings, a publicly traded company that has ownership interests in, and is managing the development of, three large multi-use master planned communities in California. As a minority investor, we have limited influence over decisions made with regard to these funds and businesses. However, we could suffer significant losses of our investments as a result of decisions that are made by the funds and businesses.

Our results of operations could be adversely affected if legal claims against us are not resolved in our favor.

In the ordinary course of our business, we are subject to legal claims by homebuyers, borrowers against whom we have instituted foreclosure proceedings, persons with whom we have land purchase contracts and a variety of other claimants. We establish reserves against legal claims and we believe that, in general, the outcome of legal claims will not have a material adverse effect on our business or financial condition. However, if the amounts we are required to pay as a result of claims against us substantially exceed the sums anticipated by our reserves, the need to pay those amounts could have an adverse effect on our results of operations for the periods when we are required to make the payments.

Information technology failures and data security breaches could harm our business.

We rely extensively on information technology ("IT") systems, including Internet sites, data hosting facilities and other hardware and software platforms, some of which are hosted by third parties, to assist in conducting our businesses. Our IT systems, like those of most companies, may be vulnerable to a variety of disruptions, including, but not limited to, those caused by natural disasters, telecommunications failures, hackers, and other security issues. Moreover, our computer systems, like those of most companies, are subject to possibility of computer viruses or other malicious codes, and to cyber or phishing-attacks. We have installed and continually upgrade an array of protections against cyber intrusions. The risk of cyber intrusion is one of the areas of risk as to which there are regular periodic presentations to our Board. However, cyber intrusion efforts are becoming increasingly sophisticated, and it is possible that the controls we have installed could at some time be breached in a material respect. Further, there has been a surge in widespread cyber-attacks during the COVID-19 pandemic. The increase in the frequency and scope of cyber-attacks during the pandemic exacerbates data security risks. While, to date, we have not had a significant cybersecurity breach or attack that had a material impact on our business or results of operations, if we were to be subject to a material successful cyber intrusion, that could result in remediation or service restoration costs, increased cyber protection costs, lost revenues or loss of customers, litigation or regulatory actions by governmental authorities, increased insurance premiums, reputational damage and damage to our competitiveness, our stock price and our long-term stockholder value.

Failure to maintain the security of personally identifiable information could adversely affect us.

In connection with our business we collect and retain personally identifiable information (e.g., information regarding our customers, suppliers and employees), and there is an expectation that we will adequately protect that information. The U.S. regulatory environment surrounding information security and privacy is increasingly demanding. A significant theft, loss or fraudulent use of the personally identifiable information we maintain, or of our data, by cyber-criminals or otherwise could adversely impact our reputation and could result in significant costs, fines and litigation.

International activities subject us to risks inherent in international operations.

While there has been a pause as a result of the coronavirus pandemic, we historically have sold significant numbers of homes in communities in the United States to people who are not residents of the United States, and some large investors in our multifamily development and single-family rental ventures are located outside the United States. Dealings with people or institutions located outside the United States create risks related to currencies and to political affairs in various countries. In some instances, the government may review the possible effects of investments by non-U.S. entities on U.S. national security. We must also be careful to comply with U.S. anti-corruption laws. Also, we have to be aware of tax issues involved in doing business outside the United States or with people who are not residents of the United States, both under U.S. tax laws and under the tax laws of the countries in which we do business.

We experience variability in our operating results on a quarterly basis.

Our homebuilding business is seasonal in nature and generally reflects higher levels of new home order activity in our second fiscal quarter and increased deliveries in the second half of our fiscal year. The shutdown of large portions of our national economy in the second quarter of 2020 as a result of the COVID-19 pandemic changed this pattern with regard to 2020, but we expect it to resume in 2021 and subsequent years. Our quarterly results of operations may continue to fluctuate in the future as a result of a variety of factors, including, among others, seasonal home buying patterns, the timing of home closings and land sales and weather-related problems.

We could suffer significant losses with regard to our investments in technology companies.

In connection with our effort to use new technology to reduce selling costs and improve the experience of our homebuyers, we have made substantial investments in companies that are developing new technology that we are using. In many instances those companies have not yet achieved profitability or their ability to survive market downturns has not yet been tested. While we hope at least most of the investments we have made will prove to be profitable, it is possible that will not be the case, and that we at some time will have to write down significant portions of our investments in technology companies.

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

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

Risks Related to Ownership of our Stock

We have a stockholder who can exercise significant influence over matters that are brought to a vote of our stockholders.

Stuart Miller, our Executive Chairman, through family and personal holdings of Class B, and to a lesser extent Class A, common stock, has the power to cast approximately 34% of the votes that can be cast by the holders of all our outstanding Class A and Class B common stock combined. This gives Mr. Miller substantial influence regarding the election of our directors and the approval of most other matters that are presented to our stockholders. Mr. Miller's voting power might discourage someone from making a significant equity investment in us, even if we needed the investment to meet our obligations or to operate our business. Also, because of his voting power, Mr. Miller may be able to cause our stockholders to approve actions that are contrary to many of our other stockholders' desires.

The trading price of our Class B common stock has been substantially lower than that of our Class A common stock.

The only significant difference between our Class A common stock and our Class B common stock is that the Class B common stock entitles the holders to ten votes per share, while the Class A common stock entitles holders to only one vote per share. However, for many years, the trading price of the Class B common stock on the NYSE has been substantially lower than the NYSE trading price of our Class A common stock. We believe this is because only a relatively small number of shares of Class B common stock are available for trading, which reduces the liquidity of the market for our Class B common stock to a point where many investors are reluctant to invest in it. The limited liquidity could make it difficult for a holder of even a relatively small number of shares of our Class B common stock to dispose of the stock without materially reducing the trading price of the Class B common stock.

General Risk Factors

The risk factors described above are those that we think may be material with regard to an investment in us that are not applicable generally to all business enterprises. However, we are subject to the many risks that affect all or most business enterprises in the United States or internationally, and our business or financial condition could be materially affected by those risks.

Item 1B. Unresolved Staff Comments.

Not applicable.

Information about our Executive Officers

The following individuals are our executive officers as of January 22, 2021:

Name	Position	Age
Stuart Miller	Executive Chairman	63
Rick Beckwitt	Co-Chief Executive Officer and Co-President	61
Jonathan M. Jaffe	Co-Chief Executive Officer and Co-President	61
Diane J. Bessette	Vice President, Chief Financial Officer and Treasurer	60
Mark Sustana	Vice President, General Counsel and Secretary	59
David M. Collins	Vice President and Controller	51
Jeff J. McCall	Executive Vice President	49

Mr. Miller has served as our Executive Chairman since April 2018. Before that time, Mr. Miller served as our Chief Executive Officer from 1997 to April 2018 and our President from 1997 to April 2011. Before 1997, Mr. Miller held various executive positions with us. Mr. Miller also serves on the Board of Directors of Five Point Holdings, LLC.

Mr. Beckwitt is one of our Directors, and has served as our Co-Chief Executive Officer and Co-President since November 2020. Before that time, Mr. Beckwitt served as our Chief Executive Officer from April 2018 to November 2020, President from April 2011 to April 2018, and our Executive Vice President from March 2006 to 2011. Mr. Beckwitt also serves on the Board of Directors of Eagle Materials Inc.

Mr. Jaffe is one of our Directors, and has served as our Co-Chief Executive Officer and Co-President since November 2020. Before that time, Mr. Jaffe served as our President from April 2018 to November 2020 and our Chief Operating Officer from December 2004 to January 2019. Mr. Jaffe served as Vice President from 1994 to April 2018 and prior to then, Mr. Jaffe served as a Regional President in our Homebuilding operations. Mr. Jaffe also serves on the Board of Directors of Opendoor Technologies, Inc.

Ms. Bessette has served as our Chief Financial Officer since April 2018, our Treasurer since February 2008, and as a Vice President since 2000. Ms. Bessette initially joined us in 1995 and served as our Controller from 1997 to 2008.

Mr. Sustana has served as Vice President since April 2018, and as our Secretary and General Counsel since 2005.

Mr. Collins joined us in 1998 and has served as Vice President since January 2021, and as our Controller since February 2008.

Mr. McCall has served as our Executive Vice President since January 2020. Before that, Mr. McCall served as our Senior Vice President from February 2018 to January 2020. From June 2011 to February 2018, Mr. McCall served as Executive Vice President and Chief Financial Officer of CalAtlantic Group, Inc., or a predecessor.

Item 2. Properties.

We lease and maintain our executive offices in an office complex in Miami, Florida. Our homebuilding, financial services and multifamily offices are located in the markets where we conduct business, primarily in leased space. We believe that our existing facilities are adequate for our current and planned levels of operation.

Because of the nature of our homebuilding operations, we hold significant amounts of property as inventory in connection with our homebuilding business. We discuss these properties in the discussion of our homebuilding operations in Items 1 and 7 of this Report.

Item 3. 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. 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.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our Class A and Class B common stock are listed on the New York Stock Exchange ("NYSE") under the symbols "LEN" and "LEN.B," respectively. As of December 31, 2020, the last reported sale price of our Class A and Class B common stock on the NYSE was \$76.23 and \$61.20, respectively. As of December 31, 2020, there were approximately 1,736 and 876 holders of record of our Class A and Class B common stock, respectively.

On January 14, 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 February 12, 2021 to holders of record at the close of business on January 29, 2021.

The following table provides information about our repurchases of common stock during the three months ended November 30, 2020:

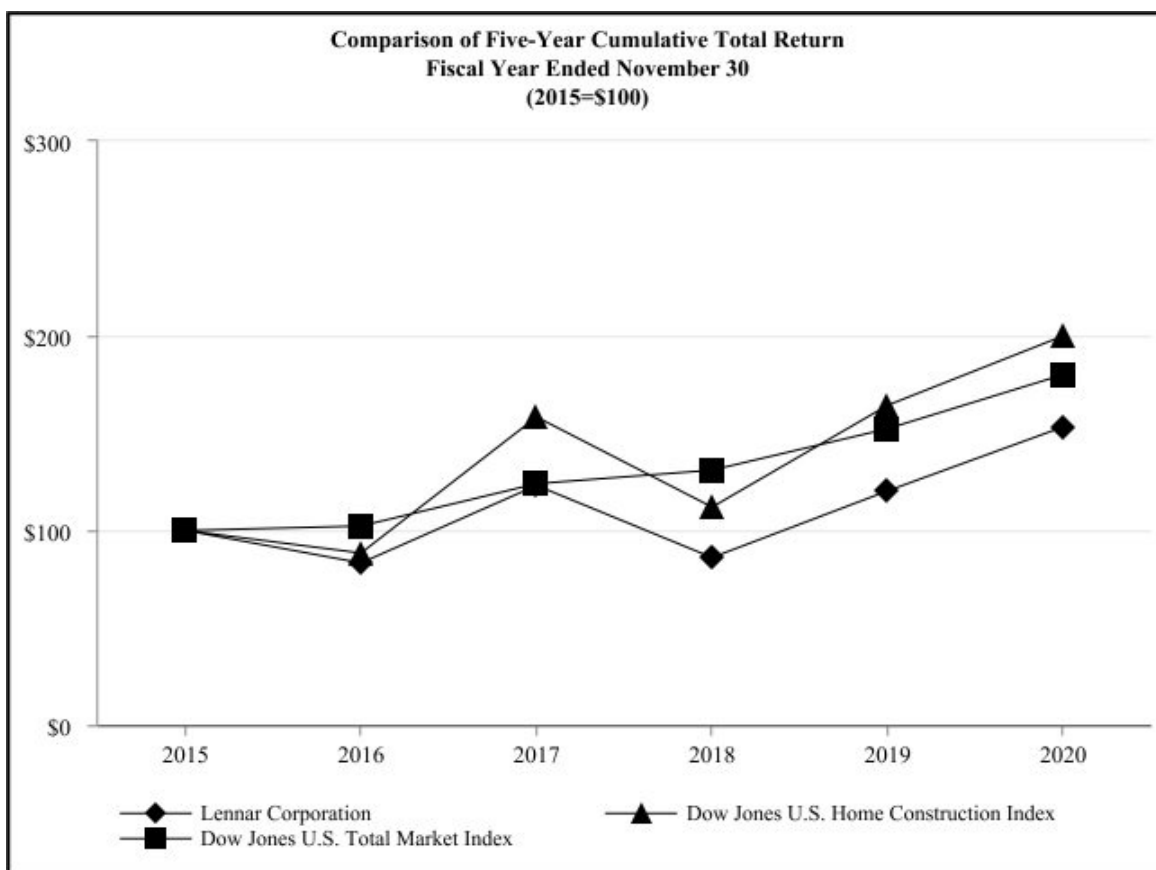
Period:	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that may yet be Purchased under the Plans or Programs (2)
September 1 to September 30, 2020	—	\$ —	—	10,860,271
October 1 to October 31, 2020	—	\$ —	—	10,860,271
November 1 to November 30, 2020	12,407	\$ 77.92	—	10,860,271

- (1) Includes shares of Class A and Class B common stock withheld by us to cover withholding taxes due with market value approximating the amount of withholding taxes due.
- (2) In January 2019, our Board of Directors authorized a stock repurchase program, under which we are authorized to purchase up to the lesser of \$1.0 billion in value, or 25 million in shares, of our outstanding Class A or Class B common stock. This repurchase authorization has no expiration. Subsequent to November 30, 2020, our Board of Directors authorized a stock repurchase program, which replaced the January 2019 stock repurchase program, under which we are authorized to purchase up to the lesser of \$1 billion in value, or 25 million in shares of our outstanding Class A or Class B common stock. This repurchase authorization has no expiration.

The information required by Item 201(d) of Regulation S-K relating to equity compensation plans is provided in Item 12 of this Report.

Performance Graph

The following graph compares the five-year cumulative total return of our Class A common stock with the Dow Jones U.S. Home Construction Index and the Dow Jones U.S. Total Market Index. The graph assumes \$100 invested on November 30, 2015 in our Class A common stock, the Dow Jones U.S. Home Construction Index and the Dow Jones U.S. Total Market Index, and the reinvestment of all dividends.



	2015	2016	2017	2018	2019	2020
Lennar Corporation	\$ 100	83	123	86	120	153
Dow Jones U.S. Home Construction Index	\$ 100	88	158	112	164	200
Dow Jones U.S. Total Market Index	\$ 100	102	124	131	152	180

Item 6. Selected Financial Data.

The following table sets forth our selected consolidated financial and operating information as of or for each of the years ended November 30, 2016 through 2020. The information presented below is based upon our historical financial statements.

(Dollars in thousands, except per share amounts)	As of or for the Years Ended November 30,				
	2020	2019	2018	2017	2016
Results of Operations:					
Revenues:					
Homebuilding	\$ 20,981,136	20,793,216	19,077,597	11,188,876	9,741,337
Financial Services	\$ 890,311	824,810	954,631	891,957	809,694
Multifamily	\$ 576,328	604,700	421,132	394,771	287,441
Lennar Other	\$ 41,079	36,835	118,271	170,761	111,527
Total revenues	\$ 22,488,854	22,259,561	20,571,631	12,646,365	10,949,999
Operating earnings (loss):					
Homebuilding	\$ 2,988,907	2,502,905	2,254,487	1,264,394	1,344,740
Financial Services	\$ 480,952	224,642	199,716	195,307	207,439
Multifamily	\$ 22,681	16,390	42,695	73,432	71,174
Lennar Other	\$ (10,334)	31,469	(33,707)	(57,633)	(60,322)
Gain on sale of Rialto investment and asset management platform	\$ —	—	296,407	—	—
Acquisition and integration costs related to CalAtlantic	\$ —	—	152,980	—	—
Corporate general and administrative expenses	\$ 358,418	341,114	343,934	285,889	232,562
Earnings before income taxes	\$ 3,123,788	2,434,292	2,262,684	1,189,611	1,330,469
Net earnings attributable to Lennar	\$ 2,465,036	1,849,052	1,695,831	810,480	911,844
Diluted earnings per share	\$ 7.85	5.74	5.44	3.38	3.86
Cash dividends declared per each - Class A and Class B common stock	\$ 0.625	0.16	0.16	0.16	0.16
Financial Position:					
Total assets	\$ 29,935,177	29,359,511	28,566,181	18,745,034	15,361,781
Debt:					
Homebuilding	\$ 5,955,758	7,776,638	8,543,868	6,410,003	4,575,977
Financial Services	\$ 1,463,919	1,745,755	1,558,702	1,191,344	1,300,704
Lennar Other	\$ 1,906	15,178	14,488	371,168	398,859
Multifamily	\$ —	36,125	—	—	—
Stockholders' equity	\$ 17,994,856	15,949,517	14,581,535	7,872,317	7,026,042
Total equity	\$ 18,099,401	16,033,830	14,682,957	7,986,132	7,211,567
Shares outstanding (000s)	312,699	315,893	324,238	239,964	239,133
Stockholders' equity per share	\$ 57.55	50.49	44.97	32.81	29.38
Homebuilding Data (including unconsolidated entities):					
Number of homes delivered	52,925	51,491	45,627	29,394	26,563
New orders	56,169	51,439	45,826	30,348	27,372
Backlog of home sales contracts	18,821	15,577	15,616	8,935	7,623
Backlog dollar value	\$ 7,812,971	6,300,542	6,570,123	3,550,366	2,891,538

Item 7. 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 "Selected Financial Data" and our audited consolidated financial statements and accompanying notes included elsewhere in this Report.

Special Note Regarding Forward-Looking Statements

This annual report on Form 10-K contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements concern expectations, beliefs, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. These forward-looking statements typically include the words "anticipate," "believe," "consider," "estimate," "expect," "forecast," "intend," "objective," "plan," "predict," "projection," "seek," "strategy," "target," "will" or other words of similar meaning. Some of them are opinions formed based upon general observations, anecdotal evidence and industry experience, but that are not supported by specific investigation or analysis.

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from what is anticipated by our forward-looking statements. 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; slowdowns in the residential real estate markets across the nation or in regions where we have significant homebuilding or multifamily development activities; reduced availability of mortgage financing or increased interest rates; our inability to successfully execute our strategies, including our land lighter strategy, our even flow production strategy and our strategy to better position our non-core assets; 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 related to COVID-19 force us to further delay or 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 "Item 1A-Risk Factors" of this Annual Report for a further discussion of these and other risks and uncertainties which could affect our future results. We undertake no obligation to revise any forward-looking statements to reflect events or circumstances after the date of those statements or to reflect the occurrence of anticipated or unanticipated events, except to the extent we are legally required to disclose certain matters in SEC filings or otherwise.

Outlook

With the exception of a relatively brief period in March and April, the single family housing market was strong during 2020, and we expect it to continue to be strong during 2021. The underproduction of homes for the past 10 years has created a housing shortage that, combined with strong demand, has pushed home prices higher. Demand is growing as the millennial generation has begun moving towards traditional family formation trends. Concurrently, the proposition of home as more of an essential part of the way we live, not just a place to live, is becoming a way of life rather than a COVID-driven reaction.

Our measured growth strategy in the current market is to focus on selling homes when we begin construction which improves our inventory turn, while being patient with longer-term sales. This enables price appreciation to offset future cost escalations to maximize margin. Our deliveries are expected to grow faster in 2021 than they did in 2020. We expect continued price appreciation and leverage from field expenses throughout the year, somewhat offset by higher lumber prices and other anticipated cost increases. We anticipate that our community count will be growing through 2021, and that our new communities will be larger than the communities that sold out during 2020. We are expecting strong margins for the foreseeable future and throughout 2021, and we expect our bottom line to grow faster than our top line. We expect to deliver between 62,000 and 64,000 homes in 2021 with between a 23.75% and 24% gross margin as compared to the 22.8% full year gross margin in 2020. Our technology initiatives have contributed meaningfully to our readiness for current economic and structural shifts while helping to improve our core business and drive our SG&A to a historic low of 8.1% for 2020. Our results and our expectations for next year are solid in all respects, and they reflect our focused strategy to balance growth, margin, cash flow and returns.

We have remained focused on our optioned versus owned land strategy and believe we are in an excellent position to achieve our target of 50% owned land and 50% land controlled through options or similar agreements by the end of 2021. At the end of fiscal 2020, the portion of land we controlled through options or similar agreements was 39%, up from 33% at the start of the year. We ended fiscal 2020 with a 3.5 year supply of land owned, compared to a 4.1 year supply of land owned at the start of fiscal 2020, which put us well on the way to our goal of a 3.0 year supply by the end of 2021. Among other things, this has increased our cash flow, which enabled us to reduce debt, including prepaying all of our senior debt that was scheduled to become due in fiscal 2021, such that our year-end homebuilding debt-to-total capital ratio improved to 24.9%, the lowest in our history. We expect to be in a strong cash and liquidity position in 2021, and plan to continue with our strategies of reducing our debt balances and leverage ratio, and focusing on total shareholder return.

While we continue to refine and grow our ancillary business divisions, they are becoming a decidedly smaller part of the overall company picture. We continue to work on strategies to better position our Multifamily platform, our emerging single-family home for rent platform, our strategic investment in FivePoint Holdings entities and our growing technology investments platform.

With a solid balance sheet, leading positions in almost all of our homebuilding markets and continued execution of our core operating strategies, we believe that we are well positioned to meet demand, drive strong margins and cash flow and continue to grow with the market.

Results of Operations

Overview

Our net earnings attributable to Lennar were \$2.5 billion, or \$7.85 per diluted share (\$7.88 per basic share) in 2020 and \$1.8 billion, or \$5.74 per diluted share (\$5.76 per basic share) in 2019.

Financial information relating to our operations was as follows:

Year ended November 30, 2020						
(In thousands)	Homebuilding	Financial Services	Multifamily	Lennar Other	Corporate	Total
Revenues:						
Sales of homes	\$ 20,840,159	—	—	—	—	20,840,159
Sales of land	123,365	—	—	—	—	123,365
Other revenues	17,612	890,311	576,328	41,079	—	1,525,330
Total revenues	20,981,136	890,311	576,328	41,079	—	22,488,854
Costs and expenses:						
Costs of homes sold	16,092,069	—	—	—	—	16,092,069
Costs of land sold	172,480	—	—	—	—	172,480
Selling, general and administrative	1,697,095	—	—	—	—	1,697,095
Other costs and expenses	—	470,777	575,581	6,744	—	1,053,102
Total costs and expenses	17,961,644	470,777	575,581	6,744	—	19,014,746
Equity in earnings (loss) from unconsolidated entities and Multifamily other gain	(836)	—	21,934	(35,037)	—	(13,939)
Financial Services gain on deconsolidation	—	61,418	—	—	—	61,418
Other expense, net	(29,749)	—	—	(9,632)	—	(39,381)
Operating earnings (loss)	2,988,907	480,952	22,681	(10,334)	—	3,482,206
Corporate general and administrative expenses	—	—	—	—	358,418	358,418
Earnings (loss) before income taxes	\$ 2,988,907	480,952	22,681	(10,334)	(358,418)	3,123,788
Year ended November 30, 2019						
(In thousands)	Homebuilding	Financial Services	Multifamily	Lennar Other	Corporate	Total
Revenues:						
Sales of homes	\$ 20,560,147	—	—	—	—	20,560,147
Sales of land	203,567	—	—	—	—	203,567
Other revenues	29,502	824,810	604,700	36,835	—	1,495,847
Total revenues	20,793,216	824,810	604,700	36,835	—	22,259,561
Costs and expenses:						
Costs of homes sold	16,323,989	—	—	—	—	16,323,989
Costs of land sold	206,526	—	—	—	—	206,526
Selling, general and administrative	1,715,185	—	—	—	—	1,715,185
Other costs and expenses	—	600,168	599,604	11,794	—	1,211,566
Total costs and expenses	18,245,700	600,168	599,604	11,794	—	19,457,266
Equity in earnings (loss) from unconsolidated entities and Multifamily other gain	(13,273)	—	11,294	15,372	—	13,393
Other expense, net	(31,338)	—	—	(8,944)	—	(40,282)
Operating earnings	2,502,905	224,642	16,390	31,469	—	2,775,406
Corporate general and administrative expenses	—	—	—	—	341,114	341,114
Earnings before income taxes	\$ 2,502,905	224,642	16,390	31,469	(341,114)	2,434,292

2020 versus 2019

Revenues from home sales increased 1% in the year ended November 30, 2020 to \$20.8 billion from \$20.6 billion in the year ended November 30, 2019. Revenues were higher primarily due to a 3% increase in the number of home deliveries, excluding unconsolidated entities, partially offset by a 1% decrease in the average sales price of homes delivered. New home deliveries, excluding unconsolidated entities, increased to 52,813 homes in the year ended November 30, 2020 from 51,412 homes in the year ended November 30, 2019, as a result of an increase in home deliveries in the Texas and West segments. The average sales price of homes delivered, excluding unconsolidated entities, decreased to \$395,000 in the year ended November 30, 2020 from \$400,000 in the year ended November 30, 2019. The decrease in average sales price primarily resulted from continuing to shift to lower-priced communities and regional product mix.

Gross margins on home sales were \$4.7 billion, or 22.8%, in the year ended November 30, 2020, compared to \$4.2 billion, or 20.6%, in the year ended November 30, 2019. The gross margin percentage on home sales increased primarily due to our continued focus on reducing construction costs combined with favorable market conditions. Loss on land sales in the year ended November 30, 2020 was \$49.1 million, primarily due to a write-off of costs in the second quarter as a result of us not moving forward with a naval base development in Concord, California, northeast of San Francisco and a change in strategy with three land assets that resulted in impairments in the fourth quarter.

Selling, general and administrative expenses were \$1.7 billion in both years ended November 30, 2020 and 2019. As a percentage of revenues from home sales, selling, general and administrative expenses improved to 8.1% in the year ended November 30, 2020, from 8.3% in the year ended November 30, 2019, due to improved operating leverage as a result of an increase in home deliveries combined with the benefits of our technology initiatives.

Operating earnings for the Financial Services segment were \$481.0 million (\$495.0 million net of noncontrolling interests) in the year ended November 30, 2020, compared to \$224.6 million (\$244.3 million net of noncontrolling interests) in the year ended November 30, 2019. Operating earnings increased due to an improvement in the mortgage and title businesses as a result of an increase in volume and margin, as well as reductions in loan origination costs. Additionally, in the second quarter of 2020, the Financial Services segment recorded a \$61.4 million gain on the deconsolidation of a previously consolidated entity.

Operating earnings for the Multifamily segment were \$22.7 million in the year ended November 30, 2020, compared to operating earnings of \$16.4 million (\$18.1 million net of noncontrolling interests) in the year ended November 30, 2019. Operating loss for the Lennar Other segment was \$10.3 million in the year ended November 30, 2020, compared to operating earnings of \$31.5 million (\$32.0 million net of noncontrolling interests) in the year ended November 30, 2019.

In the fourth quarter of 2020, we retired \$1.2 billion of senior notes which included the redemption of \$300 million aggregate principal amount of our 2.95% senior notes due November 2020, and early retirement of \$400 million aggregate principal amount of our 8.375% senior notes due January 2021 and \$500 million aggregate principal amount of our 4.75% senior notes due April 2021.

During the year ended November 30, 2020, we retired \$1.5 billion of senior notes which included the redemptions and retirements described above and the redemption of \$300 million aggregate principal amount of our 6.625% senior notes due May 2020. The redemption price for each issue of senior notes, which was paid in cash, was 100% of the principal amount plus accrued but unpaid interest and prepayment premiums.

For the years ended November 30, 2020 and 2019, we had a tax provision of \$656.2 million and \$592.2 million, respectively, which resulted in an overall effective income tax rate of 21.0% and 24.3%, respectively. The reduction in the overall effective income tax rate was primarily due to the extension of the new energy efficient home tax credit during the first quarter of 2020.

At November 30, 2020, we had \$2.7 billion of Homebuilding cash and cash equivalents and no outstanding borrowings under our \$2.4 billion revolving credit facility, thereby providing \$5.1 billion of available capacity.

Homebuilding Segments

At November 30, 2020, our homebuilding operating segments and Homebuilding Other consisted of homebuilding divisions located in:

East: Florida, New Jersey, Pennsylvania and South Carolina

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

Texas: Texas

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

Other: Urban divisions and other homebuilding related investments primarily in California, including FivePoint

The following tables set forth selected financial and operational information related to our homebuilding operations for the years indicated:

Selected Financial and Operational Data

Year Ended November 30, 2020									
(Dollars 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 Revenues	Equity in Earnings (Loss) from Unconsolidated Entities	Other Income (Expenses), net	Operating Earnings (Loss)
East	\$ 5,689,419	4,269,452	25.0 %	\$ 929,181	2,587	6,404	4,189	(9,064)	933,297
Central	4,084,514	3,265,086	20.1 %	481,697	(544)	2,787	792	(1,803)	482,929
Texas	2,640,762	1,974,375	25.2 %	416,520	6,994	1,292	782	(3,994)	421,594
West	8,400,942	6,535,718	22.2 %	1,268,716	(34,713)	6,083	4,635	(3,227)	1,241,494
Other (2)	24,522	47,438	(93.5)%	(45,119)	(23,439)	1,046	(11,234)	(11,661)	(90,407)

Year Ended November 30, 2019									
(Dollars 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 Revenues	Equity in Earnings (Loss) from Unconsolidated Entities	Other Income (Expenses), net	Operating Earnings (Loss)
East	\$ 5,688,262	4,406,966	22.5 %	\$ 792,144	5,170	18,553	(793)	15,545	830,619
Central	4,089,841	3,335,324	18.4 %	416,910	6,266	1,946	178	6,072	431,372
Texas	2,526,364	2,003,650	20.7 %	278,121	9,378	2,256	569	(4,450)	285,874
West	8,203,790	6,520,975	20.5 %	1,062,701	(23,900)	4,495	1,263	6,291	1,050,850
Other (2)	51,890	57,074	(10.0)%	(28,903)	127	2,252	(14,490)	(54,796)	(95,810)

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

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

Summary of Homebuilding Data

Deliveries:

	Years Ended November 30,					
	Homes		Dollar Value (In thousands)		Average Sales Price	
	2020	2019	2020	2019	2020	2019
East	16,976	17,251	\$ 5,725,481	5,708,859	\$ 337,000	331,000
Central	10,684	10,799	4,084,514	4,089,840	382,000	379,000
Texas	9,425	8,193	2,640,762	2,526,364	280,000	308,000
West	15,814	15,178	8,400,943	8,203,790	531,000	541,000
Other	26	70	24,522	67,439	943,000	963,000
Total	52,925	51,491	\$ 20,876,222	20,596,292	\$ 394,000	400,000

Of the total homes delivered listed above, 112 homes with a dollar value of \$36.1 million and an average sales price of \$322,000 represent home deliveries from unconsolidated entities for the year ended November 30, 2020 and 79 home deliveries with a dollar value of \$36.1 million and an average sales price of \$458,000 for the year ended November 30, 2019.

New Orders (1):

	At November 30,		Years Ended November 30,					
	Active Communities		Homes		Dollar Value (In thousands)		Average Sales Price	
	2020	2019	2020	2019	2020	2019	2020	2019
East	323	346	17,299	17,196	\$ 6,010,047	5,720,017	\$ 347,000	333,000
Central	285	337	11,905	10,620	4,602,720	4,032,899	387,000	380,000
Texas	213	238	10,078	8,215	2,752,008	2,478,981	273,000	302,000
West	353	359	16,868	15,335	9,005,958	8,024,755	534,000	523,000
Other	3	3	19	73	17,917	66,903	943,000	916,000
Total	1,177	1,283	56,169	51,439	\$ 22,388,650	20,323,555	\$ 399,000	395,000

Of the total new orders listed above, 119 represent the dollar value of new orders from unconsolidated entities with a dollar value of \$37.3 million and an average sales price of \$314,000 for the year ended November 30, 2020 and 103 new orders with a dollar value of \$43.7 million and an average sales price of \$424,000 for the year ended November 30, 2019.

(1) New orders represent the number of new sales contracts executed with homebuyers, net of cancellations, during the years ended November 30, 2020 and 2019.

Backlog:

	November 30,					
	Homes		Dollar Value (In thousands)		Average Sales Price	
	2020	2019	2020	2019	2020	2019
East (1)	6,013	5,690	\$ 2,310,935	2,026,369	\$ 384,000	356,000
Central	4,371	3,150	1,762,172	1,243,966	403,000	395,000
Texas	2,823	2,170	824,584	713,337	292,000	329,000
West	5,612	4,558	2,913,432	2,308,417	519,000	506,000
Other	2	9	1,848	8,453	924,000	939,000
Total	18,821	15,577	\$ 7,812,971	6,300,542	\$ 415,000	404,000

Of the total homes in backlog listed above, 38 homes with a backlog dollar value of \$11.5 million and an average sales price of \$302,000 represent homes in backlog from unconsolidated entities at November 30, 2020 and 31 homes with a dollar value of \$10.2 million and an average sales price of \$328,000 represent homes in backlog from unconsolidated entities at November 30, 2019.

(1) During the year ended November 30, 2019, we acquired 13 homes in backlog.

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. We do not recognize revenue on homes under sales contracts until the sales are closed and title passes to the new homeowners.

Homebuilding East: Revenues from home sales increased in 2020 compared to 2019, primarily due to an increase in the average sales price in all the states of the segment, except in Pennsylvania and South Carolina, partially offset by a decrease in the number of home deliveries in Florida and Pennsylvania. The decrease in the number of home deliveries in Florida and Pennsylvania was primarily due to the effects of COVID-19 and the economic shutdown. The increase in the average sales price of homes delivered in Florida and New Jersey was primarily due to favorable market conditions. The decrease in the average sales price of homes delivered in South Carolina and Pennsylvania 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 sales for the year ended November 30, 2020 increased compared to the same period last year primarily due to reducing our construction costs and an increase in the average sales price of homes delivered.

Homebuilding Central: Revenues from home sales decreased in 2020 compared to 2019, primarily due to a decrease in the number of home deliveries in Minnesota, North Carolina and Virginia, partially offset by an increase in the average sales price in all the states of the segment, except in Indiana, North Carolina and Tennessee. The decrease in the number of deliveries was primarily due to the effects of COVID-19 and the economic shutdown. 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 Indiana, North Carolina and Tennessee 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 sales for the year ended November 30, 2020 increased compared to the same period last year primarily due to reducing our construction costs, partially offset by valuation adjustments taken in a few communities.

Homebuilding Texas: Revenues from home sales increased in 2020 compared to 2019, primarily due to an increase in the number of home deliveries, partially offset by a decrease in the average sales price. 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 the 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 sales for the year ended November 30, 2020 increased compared to the same period last year primarily due to reducing our construction costs.

Homebuilding West: Revenues from home sales increased in 2020 compared to 2019, primarily due to an increase in the number of home deliveries in Arizona, California and Utah. The increase in revenues was partially offset by a decrease in the average sales price in all the states of the segment, except in Arizona, Oregon and Utah. The increase in the number of deliveries in Arizona, California and Utah was primarily due to higher demand as the number of deliveries per active community increased. The decrease in the number of home deliveries in Colorado, Nevada, Oregon and Washington was primarily due to the effects of COVID-19 and the economic shutdown and a decrease in active communities due to timing of opening and closing of communities. The decrease in the average sales price of homes delivered in Nevada, California, Colorado and Washington was primarily driven by a change in product mix due to a higher percentage of deliveries in lower-

priced communities. The increase in the average sales price of homes delivered in Arizona, Oregon and Utah was primarily due to favorable market conditions. Gross margin percentage on home sales for the year ended November 30, 2020 increased compared to the same period last year primarily due to reducing our construction costs.

Financial Services Segment

Our Financial Services reportable segment primarily provides mortgage financing, title and closing services primarily for buyers of our homes, as well as property and casualty insurance. 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:

	Years Ended November 30,	
	2020	2019
<i>(Dollars in thousands)</i>		
Dollar value of mortgages originated	\$ 12,939,200	10,930,900
Number of mortgages originated	40,000	34,800
Mortgage capture rate of Lennar homebuyers	80%	76%
Number of title and closing service transactions	61,100	59,700

At November 30, 2020 and 2019, the carrying value of Financial Services' commercial mortgage-backed securities ("CMBS") was \$164.2 million and \$166.0 million, respectively. These securities were purchased at discounts ranging from 6% to 84% with coupon rates ranging from 2.0% to 5.3%, stated and assumed final distribution dates between October 2027 and December 2028, and stated maturity dates between October 2050 and December 2051. Our Financial Services segment classifies these securities as held-to-maturity based on its intent and ability to hold the securities until maturity.

LMF Commercial

LMF Commercial originates and sells into securitizations five, seven and ten year commercial first mortgage loans, which are secured by income producing properties.

During the year ended November 30, 2020, LMF Commercial originated loans with a total principal balance of \$703.8 million, all of which were recorded as loans held-for-sale, and sold \$705.1 million of loans into 5 separate securitizations. As of November 30, 2020 there were no unsettled transactions.

During the year ended November 30, 2019, LMF Commercial originated loans with a principal balance of \$1.6 billion nearly all of which were recorded as loans held-for-sale, except \$15.3 million which were recorded as accrual loans within loans receivables, net, and sold \$1.4 billion of loans into 11 separate securitizations. As of November 30, 2019, originated loans with an unpaid balance of \$158.4 million which were sold into a securitization trust but not settled and thus were included as receivables, net.

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 Sheet

	November 30,	
	2020	2019
<i>(Dollars in thousands)</i>		
Multifamily investments in unconsolidated entities	\$ 724,647	561,190
Lennar's net investment in Multifamily	906,632	829,537

Statement of Operations

	November 30,	
	2020	2019
<i>(Dollars in thousands)</i>		
Number of operating properties/investments sold through joint ventures	5	3
Lennar's share of gains on the sale of operating properties/investments	\$ 21,114	28,128

The Multifamily segment includes Multifamily Venture Fund I (the "LMV I") and Multifamily Venture Fund II LP (the "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 year ended November 30, 2020 are included below:

(In thousands)	November 30, 2020	
	LMV I	LMV II
Lennar's carrying value of investments	\$ 328,365	288,476
Equity commitments	2,204,016	1,257,700
Equity commitments called	2,139,322	995,206
Lennar's equity commitments	504,016	381,000
Lennar's equity commitments called	496,483	300,393
Lennar's remaining commitments	7,533	80,607
Distributions to Lennar during the year ended November 30, 2020	39,988	—

Our Multifamily segment had equity investments in unconsolidated entities. The details of the Multifamily segment's equity investments in unconsolidated entities and the development activities as of November 30, 2020 were as follows:

(Dollars in thousands)	November 30, 2020
Under construction/owned	24
Partially completed and leasing	7
Completed and operating	34
Total unconsolidated joint ventures	65
Total development costs	\$ 7,839,358

As of November 30, 2020, our Multifamily segment also had a pipeline of potential future projects, which were under contract or had letters of intent, totaling approximately \$4.7 billion in anticipated development costs across a number of states that will be developed primarily by unconsolidated entities.

Despite widespread reductions in economic activity due to the COVID-19 pandemic, the properties in which the Multifamily segment has investments did not, overall, experience significant increases in vacancies or in delinquent rent payments to date.

Lennar Other Segment

Our Lennar Other segment includes fund investments we retained subsequent to the sale of the Rialto investment and asset management platform as well as strategic investments in technology companies that are looking to improve the homebuilding and financial services industries to better serve our customers and increase efficiencies. As of November 30, 2020 and 2019, our balance sheet had \$452.9 million and \$495.4 million, respectively, of assets in the Lennar Other segment, which included investments in unconsolidated entities of \$387.0 million and \$403.7 million, respectively.

At November 30, 2020 and 2019, the carrying value of Lennar Other's commercial mortgage-backed securities ("CMBS") was \$53.5 million and \$54.1 million, respectively. These securities were purchased at discount rates ranging from 28% to 55% with coupon rates ranging from 2.8% to 4.0%, stated and assumed final distribution dates between November 2020 and October 2026, and stated maturity dates between November 2049 and March 2059. We review changes in estimated cash flows periodically to determine if an other-than-temporary impairment has occurred on our CMBS. Based on management's assessment, no impairment charges were recorded during the years ended November 30, 2020 and 2019. We classify these securities as held-for-sale at November 30, 2020 and held-to-maturity at November 30, 2019. We have financing agreements to finance CMBS that have been purchased as investments by the segment. At November 30, 2020 and 2019, the carrying amount, net of debt issuance costs, of outstanding debt in these agreements was \$1.9 million and \$13.3 million, respectively, and the interest is incurred at a rate of 3.0% and 3.9%, respectively.

Financial Condition and Capital Resources

At November 30, 2020, we had cash and cash equivalents and restricted cash related to our homebuilding, financial services, multifamily and other operations of \$2.9 billion, compared to \$1.5 billion at November 30, 2019.

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 investor funds as well as cash borrowed under our warehouse lines of credit and our unsecured revolving credit facility (the "Credit Facility").

Operating Cash Flow Activities

During 2020 and 2019, cash provided by operating activities totaled \$4.2 billion and \$1.5 billion, respectively. During

2020, cash provided by operating activities was positively impacted by our net earnings, a decrease in inventories of \$781.4 million, an increase in accounts payable and other liabilities of \$266.5 million and a decrease in loans held-for-sale of \$154.9 million primarily related to the sale of loans originated by Financial Services.

During 2019, cash provided by operating activities was positively impacted by our net earnings and a decrease in receivables of \$312.3 million, partially offset by an increase in inventories due to strategic land purchases, land development and construction costs of \$623.6 million and an increase in Financial Services loans held-for-sale of \$431.3 million.

Investing Cash Flow Activities

During 2020 and 2019, cash (used in) provided by investing activities totaled (\$280.2) million and \$19.6 million, respectively. During 2020, our cash used in investing activities was primarily due to cash contributions of \$486.2 million to unconsolidated entities and the deconsolidation of a previously consolidated entity, which included (1) \$166.6 million to Multifamily unconsolidated entities, (2) \$104.4 million to Homebuilding unconsolidated entities, (3) \$62.7 million to the strategic technology investments included in the Lennar Other segment; and (4) the 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 \$220.7 million, which primarily included (1) \$93.4 million from Multifamily unconsolidated entities, (2) \$74.7 million from Homebuilding unconsolidated entities, (3) \$0.7 million from strategic technology ventures and (4) \$43.7 million from the unconsolidated Rialto real estate funds included in our Lennar Other segment.

During 2019, our cash provided by investing activities was primarily due to \$52.6 million of proceeds from sales of securities, \$70.4 million of proceeds from the sale of two Homebuilding operating properties and other assets, and distributions of capital from unconsolidated entities of \$405.7 million. This was partially offset by net additions to operating properties and equipment of \$86.5 million and cash contributions of \$436.2 million to unconsolidated entities.

Financing Cash Flow Activities

During 2020 and 2019, our cash used in financing activities totaled \$2.4 billion and \$1.6 billion, respectively. During 2020, our cash used in financing activities was primarily impacted by (1) redemption of \$300 million aggregate principal amount of our 2.95% senior notes due November 2020, (2) redemption of \$400 million aggregate principal amount of our 8.375% senior notes due January 2021, (3) redemption of \$500 million aggregate principal amount redemption of our 4.75% senior notes due April 2021, (4) redemption of \$300 million aggregate principal amount of our 6.625% senior notes due May 2020, (5) \$605.0 million principal payments on notes payable and other borrowings, (6) repurchase of our common stock for \$321.5 million, which included \$288.5 million of repurchases of our stock under our repurchase program and \$32.9 million of repurchases related to our equity compensation plan and (7) \$281.8 million of net repayments under our Financial Services warehouse facilities. This was partially offset by (1) proceeds from other liabilities of \$346.4 million, (2) receipts related to noncontrolling interests of \$176.6 million, and (3) \$92.7 million of proceeds from other borrowings.

During 2019, our cash used in financing activities was primarily impacted by (1) \$600 million aggregate principal amount redemption of our 4.50% senior notes due November 2019, (2) \$500 million aggregate principal amount redemption of our 4.500% senior notes due June 2019, (3) \$189.5 million principal payments on other borrowings, and (4) repurchase of our common stock for \$523.1 million, which included \$492.9 million of repurchases of our stock under our repurchase program and \$29.0 million of repurchases related to our equity compensation plan. This was partially offset by \$166.6 million of net borrowings under our Financial Services warehouse facilities and \$88.8 million of proceeds from other borrowings.

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 were calculated as follows:

	November 30,	
	2020	2019
<i>(Dollars in thousands)</i>		
Homebuilding debt	\$ 5,955,758	7,776,638
Stockholders' equity	17,994,856	15,949,517
Total capital	\$ 23,950,614	23,726,155
Homebuilding debt to total capital	24.9%	32.8%
Homebuilding debt	\$ 5,955,758	7,776,638
Less: Homebuilding cash and cash equivalents	2,703,986	1,200,832
Net Homebuilding debt	\$ 3,251,772	6,575,806
Net Homebuilding debt to total capital (1)	15.3%	29.2%

- (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). Our management believes 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 our 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 November 30, 2020, Homebuilding debt to total capital was lower compared to November 30, 2019, primarily as a result of a decrease in Homebuilding debt and 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 are summarized within Note 4 of the Notes to the Consolidated Financial Statements.

At November 30, 2020, we had an unsecured revolving credit facility (the "Credit Facility") with maximum borrowings of \$2.4 billion maturing in 2024. The credit agreement provides that up to \$500 million in commitments may be used for letters of credit. Subsequent to November 30, 2020, our Credit Facility maximum borrowings were increased by \$100 million to \$2.5 billion and included a \$300 million accordion feature, subject to additional commitments, thus the maximum borrowings could be \$2.8 billion. As of both November 30, 2020 and 2019, we had no outstanding borrowings under the Credit Facility. Under the Credit Facility agreement, we are required to maintain a minimum consolidated tangible net worth, a maximum leverage ratio and either a liquidity or an interest coverage ratio. These ratios are calculated per the Credit Facility agreement, which involves adjustments to GAAP financial measures. We believe we were in compliance with our debt covenants at November 30, 2020. In addition to the Credit Facility, we have other letter of credit facilities with different financial institutions.

Our outstanding letters of credit and surety bonds are described below:

<i>(In thousands)</i>	November 30,	
	2020	2019
Performance letters of credit	\$ 752,096	715,793
Surety bonds	3,087,711	2,946,167
Anticipated future costs primarily for site improvements related to performance surety bonds	1,584,642	1,427,145

Currently, substantially all of our 100% owned homebuilding subsidiaries are guaranteeing all our senior notes (the "Guaranteed Notes"). The guarantees are full and unconditional. However, they will be suspended as to a subsidiary any time it is not directly or indirectly guaranteeing at least \$75 million of Lennar Corporation debt (other than senior notes) and be released when the subsidiary is sold. These guarantees are outlined in the Supplemental Financial Information below.

Our Homebuilding average debt outstanding and the average rates of interest were as follows:

<i>(Dollars in thousands)</i>	November 30,	
	2020	2019
Homebuilding average debt outstanding	\$ 7,594,961	\$ 9,072,286
Average interest rate	4.9%	4.8%
Interest incurred	\$ 353,403	\$ 422,710

Under our Credit Facility agreement (the "Credit Agreement"), we are required to maintain a minimum consolidated tangible net worth, a maximum leverage ratio and either a liquidity or an interest coverage ratio. These ratios are calculated per the Credit Agreement, which involves adjustments to GAAP financial measures. As of the end of each fiscal quarter, we are required to maintain minimum consolidated tangible net worth of approximately \$7.1 billion plus the sum of 50% of the cumulative consolidated net income for each completed fiscal quarter subsequent to February 28, 2019, if positive, and 50% of the net cash proceeds from any equity offerings from and after February 28, 2019, minus the lesser of 50% of the amount paid after April 11, 2019 to repurchase common stock and \$375 million. We are required to maintain a leverage ratio that shall not exceed 65% and may be reduced by 2.5% per quarter if our interest coverage ratio is less than 2.25:1.00 for two consecutive fiscal calendar quarters. The leverage ratio will have a floor of 60%. If our interest coverage ratio subsequently exceeds 2.25:1.00 for two consecutive fiscal calendar quarters, the leverage ratio we will be required to maintain will be increased by 2.5% per quarter to a maximum of 65%. As of the end of each fiscal quarter, we are also required to maintain either (1) liquidity in an amount equal to or greater than 1.00x consolidated interest incurred for the last twelve months then ended or (2) an interest coverage ratio equal to or greater than 1.50:1.00 for the last twelve months then ended. We believe that we were in compliance with our debt covenants at November 30, 2020.

The following summarizes our required debt covenants and our actual levels or ratios with respect to those covenants as calculated per the Credit Agreement as of November 30, 2020:

<i>(Dollars in thousands)</i>	Covenant Level	Level Achieved as of November 30, 2020
Minimum net worth test	\$ 8,614,526	12,284,420
Maximum leverage ratio	65.0%	18.5%
Liquidity test (1)	1.00	7.97

(1) We are only required to maintain either (1) liquidity in an amount equal to or greater than 1.00x consolidated interest incurred for the last twelve months then ended or (2) an interest coverage ratio of equal to or greater than 1.50:1.00 for the last twelve months then ended. Although we are in compliance with our debt covenants for both calculations, we have only disclosed our liquidity test.

At November 30, 2020, 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:

<i>(In thousands)</i>	Maximum Aggregate Commitment
Residential facilities maturing:	
January 2021 (1)	\$ 500,000
March 2021	500,000
June 2021	600,000
July 2021	200,000
Total - Residential facilities	\$ 1,800,000
LMF Commercial facilities maturing:	
December 2020 (2)	\$ 500,000
November 2021	100,000
December 2021	200,000
Total - LMF Commercial facilities	\$ 800,000
Total	\$ 2,600,000

(1) Subsequent to November 30, 2020, the maturity date was extended to December 2021.

(2) Includes \$50 million LMF Commercial warehouse repurchase facility used to finance the origination of floating rate accrual loans, which are reported as accrual loans within loans held-for-investment, net. There were borrowings under this facility of \$11.4 million as of November 30, 2020.

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 us 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 an up to 80% interest in the originated commercial loans financed.

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

<i>(In thousands)</i>	November 30,	
	2020	2019
Borrowings under the residential facilities	\$ 1,185,797	\$1,374,063
Collateral under the residential facilities	1,231,619	1,423,650
Borrowings under the LMF Commercial facilities	124,617	216,870

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.

LMF Commercial - loans held-for-sale

During the year ended November 30, 2020, LMF Commercial originated commercial loans with a total principal balance of \$703.8 million, all of which were recorded as loans held-for-sale and sold \$705.1 million of commercial loans into five separate securitizations. As of November 30, 2020, there were no unsettled transactions.

During the year ended November 30, 2019, LMF Commercial originated commercial loans with a total principal balance of \$1.6 billion, nearly all of which were recorded as loans held-for-sale except \$15.3 million which were recorded as accrual loans receivables, net, and sold \$1.4 billion of loans into 11 separate securitizations. As of November 30, 2019,

originated loans with an unpaid balance of \$158.4 million which were sold into a securitization trust but not settled and thus were included as receivables, net.

Changes in Capital Structure

In January 2019, our Board of Directors authorized a stock repurchase program, under which we are authorized to purchase up to the lesser of \$1 billion in value, or 25 million in shares, of our outstanding Class A or Class B common stock. The repurchase authorization has no expiration date. The following table shows the repurchase of our Class A and Class B common stock, under this program, for the years ended November 30, 2020 and 2019:

	November 30,			
	2020		2019	
	Class A	Class B	Class A	Class B
<i>(Dollars in thousands, except price per share)</i>				
Shares repurchased	4,250,000	115,000	9,774,729	0
Principal	\$ 282,274	\$ 6,155	\$ 492,938	\$0
Average price per share	\$ 66.42	\$ 53.52	\$ 50.41	\$0

During the year ended November 30, 2020, treasury stock increased by 4.5 million shares of Class A common stock due primarily to 4.4 million shares of common stock repurchased during the year through our stock repurchase program. During the year ended November 30, 2019, treasury stock increased by 10.5 million shares of Class A common stock primarily due to 9.8 million shares of common stock repurchased during the year through our stock repurchase program.

During the years ended November 30, 2020 and 2019, our Class A and Class B common stockholders received an aggregate per share annual dividend of \$0.625 and \$0.16, respectively. On January 14, 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 February 12, 2021 to holders of record at the close of business on January 29, 2021.

Based on our current financial condition and credit relationships, we believe that, assuming the effects of the COVID-19 pandemic and resulting governmental actions on our operations do not significantly worsen for a protracted period, 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 November 30, 2020 they were guaranteeing Lennar Corporation's letter of credit facilities and its Credit Facility, disclosed in Note 4 of the Notes to the 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 November 30, 2020 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:

<i>(In thousands)</i>	November 30, 2020
Due from non-guarantor subsidiaries	\$ 2,655,503
Equity method investments	951,579
Total assets	27,695,067
Total liabilities	9,599,718

	Year Ended November 30, 2020
<i>(In thousands)</i>	
Total revenues	\$ 21,087,434
Operating earnings	3,100,491
Earnings before income taxes	2,747,134
Net earnings attributable to Lennar	2,185,585

Off-Balance Sheet Arrangements

Homebuilding - Investments in Unconsolidated Entities

At November 30, 2020, we had equity investments in 38 active homebuilding and land unconsolidated entities (of which 3 had recourse debt, 9 had non-recourse debt and 26 had no debt), compared to 36 active homebuilding and land unconsolidated entities at November 30, 2019. 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 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 partner. Each joint venture is governed by an executive committee consisting of members from the partners.

As of November 30, 2020 and 2019, our recorded investments in Homebuilding unconsolidated entities were \$953.2 million and \$1.0 billion, respectively, while the underlying equity in Homebuilding unconsolidated entities partners' net assets as of both November 30, 2020 and 2019 was \$1.3 billion. The basis difference was primarily as a result of us contributing our 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 us. Included in our recorded investments in Homebuilding unconsolidated entities is our 40% ownership of FivePoint. As of November 30, 2020 and 2019, the carrying amount of our investment was \$392.1 million and \$374.0 million, respectively.

The total debt of the Homebuilding unconsolidated entities in which we have investments was \$1.1 billion as of both November 30, 2020 and 2019, of which our maximum recourse exposure was \$4.9 million and \$10.8 million as of November 30, 2020 and 2019, respectively. In most instances in which we have guaranteed debt of an unconsolidated entity, our partners have also guaranteed that debt and are required to contribute their share of the guarantee payment. In a repayment guarantee, we and our venture partners guarantee repayment of a portion or all of the debt in the event of a default before the lender would have to exercise its rights against the collateral.

In connection with many of the loans to Homebuilding unconsolidated entities, we and our joint venture partners (or entities related to them) have been required to give guarantees of completion to the lenders. Those completion guarantees may require that the guarantors complete the construction of the improvements for which the financing was obtained. If the construction is to be done in phases, the guarantee generally is limited to completing only the phases as to which construction has already commenced and for which loan proceeds were used. If we are required to make a payment under any guarantee, the payment would generally constitute a capital contribution or loan to the Homebuilding unconsolidated entity and increase our share of any funds the unconsolidated entity distributes.

As of both November 30, 2020 and 2019, the fair values of our repayment, maintenance and completion guarantees were not material. We believe that as of November 30, 2020, in the event we become legally obligated to perform under a guarantee of an obligation of a Homebuilding unconsolidated entity due to a triggering event under a guarantee, the collateral should be sufficient to repay at least a significant portion of the obligation or we and our partners would contribute additional capital into the venture. In certain instances, we have placed performance letters of credit and surety bonds with municipalities for our joint ventures (see Note 4 of the notes to our Consolidated Financial Statements).

The following table summarizes the principal maturities of our Homebuilding unconsolidated entities ("JVs") debt as per current debt arrangements as of November 30, 2020 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 Homebuilding Unconsolidated JVs Debt by Period					
	Total JV Debt	2021	2022	2023	Thereafter	Other
Debt without recourse to Lennar	\$ 1,085,071	252,593	164,396	—	668,082	—
Land seller and CDD debt	7,470	—	—	—	—	7,470
Maximum recourse debt exposure to Lennar	4,932	—	4,932	—	—	—
Debt issuance costs	(11,834)	—	—	—	—	(11,834)
Total	\$ 1,085,639	252,593	169,328	—	668,082	(4,364)

Financial Services - Investment in an Unconsolidated Entity

In connection with the sale of the majority of its retail title agency business and title insurance underwriter in the first quarter of 2019, we provided seller financing and received a substantial minority equity ownership stake in the buyer. The combination of both the equity and debt components of this transaction caused the transaction not to meet the accounting requirements for sale treatment and, therefore, we were required to consolidate the buyer's results at that time. During the year ended November 30, 2020, there was a significant equity raise that was completed, which resulted in the entity's deconsolidation. Upon deconsolidation, we recorded a gain of \$61.4 million. As of November 30, 2020, our recorded investment in the Financial Services unconsolidated entity was \$68.9 million.

Multifamily - Investments in Unconsolidated Entities

At November 30, 2020, Multifamily had equity investments in 22 unconsolidated entities that are engaged in multifamily residential developments (of which 7 had non-recourse debt and 15 had no debt), compared to 19 unconsolidated entities at November 30, 2019. 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. 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 year ended November 30, 2020 are included below:

(In thousands)	November 30, 2020	
	LMV I	LMV II
Lennar's carrying value of investments	\$ 328,365	288,476
Equity commitments	2,204,016	1,257,700
Equity commitments called	2,139,322	995,206
Lennar's equity commitments	504,016	381,000
Lennar's equity commitments called	496,483	300,393
Lennar's remaining commitments	7,533	80,607
Distributions to Lennar during the year ended November 30, 2020	39,988	—

We regularly monitor the results of our 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 their debt covenants at November 30, 2020.

The following table summarizes the principal maturities of our Multifamily unconsolidated entities debt as per current debt arrangements as of November 30, 2020 and does not represent estimates of future cash payments that will be made to reduce debt balances.

(In thousands)	Principal Maturities of Multifamily Unconsolidated JVs Debt by Period					
	Total JV Debt	2021	2022	2023	Thereafter	Other
Debt without recourse to Lennar	\$ 2,550,714	383,104	495,279	554,764	1,117,567	—
Debt issuance costs	(31,147)	—	—	—	—	(31,147)
Total	\$ 2,519,567	383,104	495,279	554,764	1,117,567	(31,147)

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 November 30, 2020 and 2019, we had strategic technology investments in unconsolidated entities of \$196.6 million and \$167.0 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. In fiscal year 2020 and beyond, we anticipate increasing the percentage of our total homesites that we control through options rather than own.

As a continuation of our focus on strategic partnerships to further enhance our land lighter strategy, we have entered into arrangements with a land bank investor group and a joint venture in which we are a 20% participant. These arrangements have specified time periods (12 to 18 months in one instance and three years in the other). Under these arrangements, in most instances when we want to acquire a property for use in our for-sale single family home business, we will offer the investor group or the joint venture the opportunity to acquire the property and give us an option to purchase all or a portion of it in the future back, if it is mutually beneficial to both parties. The maximum amount the investor group and the joint venture are committed to spend is \$2.5 billion, but that may be increased. To the extent the investor group or the joint venture does not elect to purchase properties we identify, we can purchase them directly. The arrangement with the investor group and the joint venture, together with existing and other strategic partnerships we are discussing, are significant steps in our strategy to migrate to a higher percentage of our homesites which we control but do not own, which we expect will result in greater cash flow and higher returns on assets and equity.

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) at November 30, 2020 and 2019:

	Controlled Homesites			Owned Homesites	Total Homesites	Years of Supply Owned (1)
	Optioned	JVs	Total			
November 30, 2020						
East	33,877	8,397	42,274	58,561	100,835	
Central	17,525	110	17,635	41,950	59,585	
Texas	23,156	—	23,156	34,497	57,653	
West	24,714	2,848	27,562	49,357	76,919	
Other	1,137	7,519	8,656	2,242	10,898	
Total homesites	100,409	18,874	119,283	186,607	305,890	3.5
% of total homesites			39 %	61 %		
	Controlled Homesites			Owned Homesites	Total Homesites	Years of Supply Owned (1)
	Optioned	JVs	Total			
November 30, 2019						
East	32,971	16,613	49,584	65,181	114,765	
Central	13,267	132	13,399	42,891	56,290	
Texas	21,766	—	21,766	36,443	58,209	
West	8,144	3,267	11,411	62,424	73,835	
Other	5,739	2,311	8,050	2,093	10,143	
Total homesites	81,887	22,323	104,210	209,032	313,242	4.1
% of total homesites			33 %	67 %		

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

We evaluate all option contracts for land to determine whether they are variable interest entities ("VIEs") and, if so, whether we are the primary beneficiary of certain of these option contracts. Although we do not have legal title to the optioned land, if we are deemed to be the primary beneficiary or make a significant deposit for optioned land, we may need to consolidate the land under option at the purchase price of the optioned land.

During the year ended November 30, 2020, consolidated inventory not owned increased by \$523.4 million with a corresponding increase to liabilities related to consolidated inventory not owned in the accompanying consolidated balance sheet. The increase was primarily due to homesites sold to the investor group. This strategic relationship is a continuation of our land light strategy and allows us to offer the investor group the opportunity to acquire the property and give us an option to purchase all or a portion of it in the future. The liabilities related to consolidated inventory not owned primarily represent the difference between the option exercise prices for the optioned land and our cash deposits.

Our exposure to loss related to our option contracts with third parties and unconsolidated entities consisted of our non-refundable option deposits and pre-acquisition costs totaling \$414.2 million and \$320.5 million at November 30, 2020 and 2019, respectively. Additionally, we had posted \$87.5 million and \$75.0 million of letters of credit in lieu of cash deposits under certain land and option contracts as of November 30, 2020 and 2019, respectively.

Contractual Obligations and Commercial Commitments

The following table summarizes certain of our contractual obligations at November 30, 2020:

(In thousands)	Total	Payments Due by Period			
		Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Homebuilding - Senior notes and other debts payable (1)	\$ 5,933,262	293,177	1,864,698	2,102,548	1,672,839
Financial Services - Notes and other debts payable	1,463,919	1,310,414	—	—	153,505
Lennar Other - Notes and other debts payable	1,906	1,906	—	—	—
Interest commitments under interest bearing debt (2)	1,144,118	296,404	448,383	260,116	139,215
Operating leases obligations	133,499	33,616	49,126	28,048	22,709
Other contractual obligations (3)	88,141	66,268	21,873	—	—
Total contractual obligations (4)	\$ 8,764,845	2,001,785	2,384,080	2,390,712	1,988,268

- (1) The amounts presented in the table above exclude debt issuance costs and any discounts/premiums and purchase accounting adjustments.
- (2) Interest commitments on variable interest-bearing debt are determined based on the interest rate as of November 30, 2020.
- (3) Amounts include \$7.5 million and \$80.6 million remaining equity commitment to fund the LMV I and LMV II, respectively, for future expenditures related to the construction and development of the projects.
- (4) Total contractual obligations exclude our gross unrecognized tax benefits and accrued interest and penalties totaling \$70.0 million as of November 30, 2020, because we are unable to make reasonable estimates as to the period of cash settlement with the respective taxing authorities.

We are subject to the usual obligations associated with entering into contracts (including option contracts) for the purchase, development and sale of real estate in the routine conduct of our business. Option contracts for the purchase of land generally reduces our financial risk and costs of capital associated with land holdings. At November 30, 2020, we had access to 119,283 homesites through option contracts with third parties and unconsolidated entities in which we have investments. At November 30, 2020, we had \$414.2 million of non-refundable option deposits and pre-acquisition costs related to certain of these homesites and had posted \$87.5 million of letters of credit in lieu of cash deposits under certain land and option contracts.

At November 30, 2020, we had letters of credit outstanding in the amount of \$1.0 billion (which included the \$87.5 million of letters of credit discussed above). These letters of credit are generally posted either with regulatory bodies to guarantee our performance of certain development and construction activities, or in lieu of cash deposits on option contracts, for insurance risks, credit enhancements and as other collateral. Additionally, at November 30, 2020, we had outstanding surety bonds of \$3.1 billion including performance surety bonds related to site improvements at various projects (including certain projects of our joint ventures) and financial surety bonds. Although significant development and construction activities have been completed related to these site improvements, these bonds are generally not released until all of the development and construction activities are completed. As of November 30, 2020, there were approximately \$1.6 billion, or 51%, of anticipated future costs to complete related to these site improvements. We do not presently anticipate any draws upon these bonds or letters of credit, but if any such draws occur, we do not believe they would have a material adverse effect on our financial position, results of operations or cash flows.

Our Financial Services segment had a pipeline of loan applications in process of \$4.7 billion at November 30, 2020. Loans in process for which interest rates were committed to the borrowers totaled approximately \$798.8 million as of November 30, 2020. Substantially all of these commitments were for periods of 60 days or less. Since a portion of these commitments is expected to expire without being exercised by the borrowers or borrowers may not meet certain criteria at the time of closing, the total commitments do not necessarily represent future cash requirements.

Our Financial Services segment uses mandatory mortgage-backed securities ("MBS") forward commitments, option contracts, futures contracts and investor commitments to hedge our mortgage-related interest rate exposure. These instruments involve, to varying degrees, elements of credit and interest rate risk. Credit risk associated with MBS forward commitments,

option contracts, futures contracts and loan sales transactions is managed by limiting our counterparties to investment banks, federally regulated bank affiliates and other investors meeting our credit standards. Our risk, in the event of default by the purchaser, is the difference between the contract price and fair value of the MBS forward commitments and the option contracts. At November 30, 2020, we had open commitments amounting to \$1.8 billion to sell MBS with varying settlement dates through February 2021 and there were no open futures contracts.

The following sections discuss market and financing risk, seasonality and interest rates and changing prices that may have an impact on our business:

Market and Financing Risk

We finance our contributions to JVs, land acquisition and development activities, construction activities, financial services activities, Multifamily activities and general operating needs primarily with cash generated from operations, debt and equity issuances, as well as borrowings under our Credit Facility and warehouse repurchase facilities. We also purchase land under option agreements, which enables us to control homesites until we have determined whether to exercise the options. We try to manage the financial risks of adverse market conditions associated with land holdings by what we believe to be prudent underwriting of land purchases in areas we view as desirable growth markets, careful management of the land development process and limitation of risks by using partners to share the costs of purchasing and developing land as well as obtaining access to land through option contracts. Although we believed our land underwriting standards were conservative, we did not anticipate the severe decline in land values and the sharply reduced demand for new homes encountered in the prior economic downturn.

Seasonality

We historically have experienced, and expect to continue to experience, variability in quarterly results. 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. In 2020, the shutdown of large portions of our national economy in March and April due to the COVID-19 pandemic temporarily reduced our home sales, and therefore altered our normal seasonal pattern.

Interest Rates and Changing Prices

Inflation can have a long-term impact on us because increasing costs of land, materials and labor result in a need to increase the sales prices of homes. In addition, inflation is often accompanied by higher interest rates, which can have a negative impact on housing demand and increase the costs of financing land development activities and housing construction. Rising interest rates as well as increased material and labor costs, may reduce gross margins. An increase in materials and labor costs is particularly a problem during a period of declining home prices. Conversely, deflation can impact the value of real estate and make it difficult for us to recover our land costs. Therefore, either inflation or deflation could adversely impact our future results of operations.

New Accounting Pronouncements

See Note 1 of the notes to our consolidated financial statements for a comprehensive list of new accounting pronouncements.

Critical Accounting Policies and Estimates

Our accounting policies are more fully described in Note 1 of the notes to our consolidated financial statements included in Item 8 of this document. As discussed in Note 1, the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events that affect the amounts reported in our consolidated financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and such differences may be material to our consolidated financial statements. Listed below are those policies and estimates that we believe are critical and require the use of significant judgment in their application.

Goodwill

We have recorded a significant amount of goodwill in connection with the recent acquisition of CalAtlantic. We record goodwill associated with acquisitions of businesses when the purchase price of the business exceeds the fair value of the net tangible and identifiable assets acquired. In accordance with ASC Topic 350, *Intangibles-Goodwill and Other* ("ASC 350"), we evaluate goodwill for potential impairment on at least an annual basis. We evaluate potential impairment by comparing the carrying value of each of our reporting units to their estimated fair values. We believe that the accounting estimate for goodwill is a critical accounting estimate because of the judgment required in assessing the fair value of each of our reporting units. We estimate fair value through various valuation methods, including the use of discounted expected future cash flows of each

reporting unit. The expected future cash flows for each segment are significantly impacted by current market conditions. If these market conditions and resulting expected future cash flows for each reporting unit decline significantly, the actual results for each segment could differ from our estimate, which would cause goodwill to be impaired. Our accounting for goodwill represents our best estimate of future events.

Homebuilding Revenue Recognition

Homebuilding revenues and related profits from sales of homes are recognized at the time of the closing of a sale, when title to and possession of the property are transferred to the homebuyer. Our performance obligation, to deliver the agreed-upon home, is generally satisfied in less than one year from the original contract date. Cash proceeds from home closings held in escrow for our benefit, typically for approximately three days, are included in Homebuilding cash and cash equivalents in the Consolidated Balance Sheets and disclosed in the notes to consolidated balance sheets. Contract liabilities include customer deposits liabilities related to sold but undelivered homes that are included in other liabilities in the Consolidated Balance Sheets. We periodically elect to sell parcels of land to third parties. Cash consideration from land sales is typically due on the closing date, which is generally when performance obligations are satisfied and revenue is recognized as title to and possession of the property are transferred to the buyer.

Multifamily Revenue Recognition

Our Multifamily segment provides management services with respect to the development, construction and property management of rental projects in joint ventures in which we have investments. As a result, our Multifamily segment earns and receives fees, which are generally based upon a stated percentage of development and construction costs and a percentage of gross rental collections. These fees are recorded over the period in which the services are performed using an input method, which properly depicts the level of effort required to complete the management services. In addition, our Multifamily segment provides general contractor services for the construction of some of its rental projects and recognizes the revenue over the period in which the services are performed using an input method, which properly depicts the level of effort required to complete the construction services. These customer contracts require us to provide management and general contractor services which represents a performance obligation that we satisfy over time. Management fees and general contractor services in the Multifamily segment are included in Multifamily revenue.

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. Inventory costs include land, land development and home construction costs, real estate taxes, deposits on land purchase contracts and interest related to development and construction. We review our inventory for indicators of impairment by evaluating each community during each reporting period. If the undiscounted cash flows expected to be generated by a community are less than its carrying amount, an impairment charge is recorded to write down the carrying amount of such community to its estimated fair value.

In conducting our review for indicators of impairment on a community level, we evaluate, among other things, the margins on homes that have been delivered, margins on homes under sales contracts in backlog, projected margins with regard to future home sales over the life of the community, projected margins with regard to future land sales, and the estimated fair value of the land itself.

We estimate the fair value of our communities using a discounted cash flow model. The projected cash flows for each community are significantly impacted by estimates related to market supply and demand, product type by community, homesite sizes, sales pace, sales prices, sales incentives, construction costs, sales and marketing expenses, the local economy, competitive conditions, labor costs, costs of materials and other factors for that particular community. Every division evaluates the historical performance of each of its communities as well as current trends in the market and economy impacting the community and its surrounding areas. These trends are analyzed for each of the estimates listed above.

Since the estimates and assumptions included in our cash flow models are based upon historical results and projected trends, they do not anticipate unexpected changes in market conditions or strategies that may lead to us incurring additional impairment charges in the future.

Using all the available information, we calculate our best estimate of projected cash flows for each community. While many of the estimates are calculated based on historical and projected trends, all estimates are subjective and change from market to market and community to community as market and economic conditions change. The determination of fair value also requires discounting the estimated cash flows at a rate we believe a market participant would determine to be commensurate with the inherent risks associated with the assets and related estimated cash flow streams. The discount rate used in determining each asset's fair value depends on the community's projected life and development stage.

We estimate 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 our assumptions change.

We believe that the accounting related to inventory valuation and impairment is a critical accounting policy because: (1) assumptions inherent in the valuation of our inventory are highly subjective and susceptible to change and (2) the impact of recognizing impairments on our inventory has been and could continue to be material to our consolidated financial statements.

Product Warranty

Although we subcontract virtually all aspects of construction to others and our contracts call for the subcontractors to repair or replace any deficient items related to their trades, we are primarily responsible to homebuyers to correct any deficiencies. Additionally, in some instances, we may be held responsible for the actions of or losses incurred by subcontractors. 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 upon historical data and trends with respect to similar product types and geographical areas. We believe the accounting estimate related to the reserve for warranty costs is a critical accounting estimate because the estimate requires a large degree of judgment. While we believe that the reserve for warranty costs is adequate, there can be no assurances that historical data and trends will accurately predict our actual warranty costs. Additionally, there can be no assurances that future economic or financial developments might not lead to a significant change in the reserve.

Investments in Unconsolidated Entities

We strategically invest in unconsolidated entities that acquire and develop land (1) for our homebuilding operations or for sale to third parties, (2) for construction of homes for sale to third-party homebuyers or (3) for the construction and sale of multifamily rental properties. Our Homebuilding partners generally are unrelated homebuilders, land owners/developers and financial or other strategic partners. Additionally, in recent years, we have invested in technology companies that are looking to improve the homebuilding and financial services industry in order to better serve our customers and increase efficiencies. Our Multifamily partners are all financial partners.

Most of the unconsolidated entities through which we acquire and develop land are accounted for by the equity method of accounting because we are not the primary beneficiary or a de-facto agent, and we have a significant, but less than controlling, interest in the entities. We record our investments in these entities in our consolidated balance sheets as Investments in Unconsolidated Entities and our pro-rata share of the entities' earnings or losses in our consolidated statements of operations as Equity in Earnings (Loss) from Unconsolidated Entities within each of the respective segments. For most unconsolidated entities, we generally have the right to share in earnings and distributions on a pro-rata basis based upon ownership percentages. However, certain Homebuilding unconsolidated entities and all of our Multifamily unconsolidated entities provide for a different allocation of profit and cash distributions if and when cumulative results of the joint venture exceed specified targets (such as a specified internal rate of return). Advances to these entities are included in the investment balance.

Management looks at specific criteria and uses its judgment when determining if we are the primary beneficiary of, or have a controlling interest in, an unconsolidated entity. Factors considered in determining whether we have significant influence or we have control include risk and reward sharing, experience and financial condition of the other partners, voting rights, involvement in day-to-day capital and operating decisions and continuing involvement. The accounting policy relating to the use of the equity method of accounting is a critical accounting policy due to the judgment required in determining whether the entity is a VIE or a voting interest entity and then whether we are the primary beneficiary or have control or significant influence. We believe that the equity method of accounting is appropriate for our investments in unconsolidated entities where we are not the primary beneficiary and we do not have a controlling interest, but rather share control with our partners.

We evaluate the long-lived assets in unconsolidated entities for indicators of impairment during each reporting period. A series of operating losses of an investee or other factors may indicate that a decrease in the fair value of our investment in the unconsolidated entity below its carrying amount has occurred which is other-than-temporary. The amount of impairment recognized is the excess of the investment's carrying amount over its estimated fair value.

The evaluation of our investment in unconsolidated entities for other-than-temporary impairment includes certain critical assumptions: (1) projected future distributions from the unconsolidated entities, (2) discount rates applied to the future distributions and (3) various other factors. Our assumptions on the projected future distributions from unconsolidated entities are dependent on market conditions.

We believe our assumptions on discount rates are critical accounting policies because the selection of the discount rates affects the estimated fair value of our investments in unconsolidated entities. A higher discount rate reduces the estimated fair value of our investments in unconsolidated entities, while a lower discount rate increases the estimated fair value of our investments in unconsolidated entities. Because of changes in economic conditions, actual results could differ materially from

management's assumptions and may require material valuation adjustments to our investments in unconsolidated entities to be recorded in the future.

Consolidation of Variable Interest Entities

GAAP requires the assessment of whether an entity is a VIE and, if so, if we are the primary beneficiary at the inception of the entity or at a reconsideration event. Additionally, GAAP requires the consolidation of VIEs in which we have a controlling financial interest. A controlling financial interest will have both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our variable interest in VIEs may be in the form of (1) equity ownership, (2) contracts to purchase assets, (3) management services and development agreements between us and a VIE, (4) loans provided by us to a VIE or other partner and/or (5) guarantees provided by members to banks and other third parties. We examine specific criteria and use our judgment when determining if we are the primary beneficiary of a VIE. Factors considered in determining whether we are the primary beneficiary include risk and reward sharing, experience and financial condition of other partner(s), voting rights, involvement in day-to-day capital and operating decisions, representation on a VIE's executive committee, existence of unilateral kick-out rights or voting rights, level of economic disproportionality between us and the other partner(s) and contracts to purchase assets from VIEs.

Generally, all major decision making in our joint ventures is shared among all partners. In particular, business plans and budgets are generally required to be unanimously approved by all partners. Usually, management and other fees earned by us are nominal and believed to be at market and there is no significant economic disproportionality between us and other partners. Generally, we purchase less than a majority of the JV's assets and the purchase prices under our option contracts are believed to be at market.

Generally, our unconsolidated entities become VIEs and consolidate when the other partner(s) lack the intent and financial wherewithal to remain in the entity. As a result, we continue to fund operations and debt paydowns through partner loans or substituted capital contributions. The accounting policy relating to variable interest entities is a critical accounting policy because the determination of whether an entity is a VIE and, if so, whether we are primary beneficiary may require us to exercise significant judgment.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to a number of market risks in the ordinary course of business. Our primary market risk exposure relates to fluctuations in interest rates on our investments, loans held-for-sale, loans held-for-investment and outstanding variable rate debt.

For fixed rate debt, such as our senior notes, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. For variable rate debt such as our unsecured revolving credit facility and Financial Services' and LMF Commercial's warehouse repurchase facilities, changes in interest rates generally do not affect the fair value of the outstanding borrowings on the debt facilities, but do affect our earnings and cash flows.

In our Financial Services operations, we utilize mortgage backed securities forward commitments, option contracts and investor commitments to protect the value of rate-locked commitments and loans held-for-sale from fluctuations in mortgage-related interest rates.

To mitigate interest risk associated with LMF Commercial's loans held-for-sale, we use derivative financial instruments to hedge our exposure to risk from the time a borrower locks a loan until the time the loan is securitized. We hedge our interest rate exposure through entering into interest rate swap futures. We also manage a portion of our credit exposure by buying protection within the CMBX and CDX markets.

We do not enter into or hold derivatives for trading or speculative purposes.

The table below provides information at November 30, 2020 about our significant instruments that are sensitive to changes in interest rates. For loans held-for-investment, net and investments held-to-maturity, senior notes and other debts payable and notes and other debts payable, the table presents principal cash flows and related weighted average effective interest rates by expected maturity dates and estimated fair values at November 30, 2020. Weighted average variable interest rates are based on the variable interest rates at November 30, 2020.

See Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 and Notes 1 and 7 of the notes to the consolidated financial statements in Item 8 for a further discussion of these items and our strategy of mitigating our interest rate risk.

**Information Regarding Interest Rate Sensitivity
Principal (Notional) Amount by
Expected Maturity and Average Interest Rate
November 30, 2020**

(Dollars in millions)	Years Ending November 30,						Total	Fair Value at November 30, 2020
	2021	2022	2023	2024	2025	Thereafter		
ASSETS								
Financial Services:								
Loans held-for-investment, net and investments held-to-maturity:								
Fixed rate	\$	1.5	1.6	1.6	1.7	1.8	48.0	54.1
Average interest rate		4.3 %	4.3 %	4.3 %	4.3 %	4.3 %	4.2 %	—
Variable rate	\$	0.1	15.2	0.1	0.1	0.1	0.8	16.7
Average interest rate		2.5 %	6.5 %	2.5 %	2.5 %	2.5 %	2.5 %	—
LIABILITIES								
Homebuilding:								
Senior notes and other debts payable:								
Fixed rate	\$	139.2	1,805.8	58.9	1,518.7	583.8	1,672.8	6,422.1
Average interest rate		3.7 %	4.9 %	4.5 %	5.0 %	4.8 %	5.0 %	—
Variable rate	\$	154.0	—	—	—	—	154.0	159.7
Average interest rate		5.3 %	—	—	—	—	5.3 %	—
Financial Services:								
Notes and other debts payable:								
Fixed rate	\$	—	—	—	—	—	153.5	154.4
Average interest rate		—	—	—	—	—	3.4 %	—
Variable rate	\$	1,310.4	—	—	—	—	1,310.4	1,310.4
Average interest rate		2.7 %	—	—	—	—	2.7 %	—
Lennar Other:								
Notes and other debts payable:								
Fixed rate	\$	1.9	—	—	—	—	1.9	1.9
Average interest rate		3.0 %	—	—	—	—	3.0 %	—

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Lennar Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lennar Corporation and subsidiaries (the "Company") as of November 30, 2020 and 2019, the related consolidated statements of operations and comprehensive income (loss), stockholders' equity, and cash flows, for each of the three years in the period ended November 30, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of November 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated January 22, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Lennar Homebuilding and Lennar Multifamily Investments in Unconsolidated Entities - Consolidation of Variable Interest Entities - Refer to Note 1, *Summary of Significant Accounting Policies (Variable Interest Entities)*, and Note 8, *Variable Interest Entities*, to the financial statements

Critical Audit Matter Description

Certain of the Company's investments in unconsolidated entities within their Homebuilding and Multifamily segments have complex structures and agreements which need to be evaluated for consolidation, including determining whether the joint venture is a variable interest entity ("VIE"), and if so, whether the Company is the primary beneficiary. This assessment is performed at the formation of the joint venture and upon the occurrence of reconsideration events. This determination requires significant judgment by management.

As of November 30, 2020, the carrying value of the Company's consolidated VIE's assets and non-recourse liabilities was \$1.1 billion and \$528.5 million, respectively. Additionally, at November 30, 2020, the carrying value of the Company's investments in VIEs that are unconsolidated was \$949.4 million.

We identified the consolidation and primary beneficiary assessment upon formation and reconsideration events of some of the Company's VIE's as a critical audit matter given the significant judgment required by management. This required a high degree of auditor judgment and an increased extent of audit effort due to the complexity of the entity structures and agreements.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the accounting determination for unconsolidated joint ventures included the following, among others:

- We tested the effectiveness of the investment consolidation controls over the initial accounting assessment of joint ventures and the continuous reassessment for reconsideration events, as required by the accounting framework.
- We selected a sample of unconsolidated joint ventures and evaluated the appropriateness of the Company's accounting conclusions upon formation and reconsideration events by:
 - Reading the joint venture agreements and other related documents and evaluating the structure and terms of the agreement to determine if the joint venture should be classified as a VIE.
 - If an entity is determined to be a VIE, considering whether the Company appropriately determined the primary beneficiary by evaluating the contractual arrangements of the entity to determine if the Company has the power to direct activities, and if the Company has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could be significant to the VIE.
 - For those entities where the Company has determined it is the primary beneficiary, evaluating whether or not the Company consolidated the balances at the appropriate amounts.
 - Evaluating the evidence obtained in other areas of the audit to determine if there were additional reconsideration events that had not been identified by the Company, including, among others, reading joint venture board minutes and confirming the terms of certain joint venture agreements and side agreements, if any.

/s/ Deloitte & Touche LLP

Miami, Florida
January 22, 2021

We have served as the Company's auditor since 1994.

LENNAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
November 30, 2020 and 2019

	2020 (1)	2019 (1)
	(Dollars in thousands)	
ASSETS		
Homebuilding:		
Cash and cash equivalents	\$ 2,703,986	1,200,832
Restricted cash	15,211	9,698
Receivables, net	298,671	329,124
Inventories:		
Finished homes and construction in progress	8,593,399	9,195,721
Land and land under development	7,495,262	8,267,647
Consolidated inventory not owned	836,567	313,139
Total inventories	16,925,228	17,776,507
Investments in unconsolidated entities	953,177	1,009,035
Goodwill	3,442,359	3,442,359
Other assets	1,190,793	1,021,684
	25,529,425	24,789,239
Financial Services	2,776,987	3,006,024
Multifamily	1,175,908	1,068,831
Lennar Other	452,857	495,417
Total assets	\$ 29,935,177	29,359,511

- (1) Under certain provisions of Accounting Standards Codification ("ASC") Topic 810, *Consolidations*, ("ASC 810") the Company is required to separately disclose on its consolidated balance sheets the assets of consolidated variable interest entities ("VIEs") that are owned by the consolidated VIEs and liabilities of consolidated VIEs as to which there is no recourse against the Company.

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, \$110.3 million in Homebuilding operating properties and equipment, \$10.4 million in Homebuilding other assets and \$39.9 million in Multifamily assets.

As of November 30, 2019, total assets include \$980.2 million related to consolidated VIEs of which \$15.5 million is included in Homebuilding cash and cash equivalents, \$0.2 million in Homebuilding receivables, net, \$97.5 million in Homebuilding finished homes and construction in progress, \$283.2 million in Homebuilding land and land under development, \$301.0 million in Homebuilding consolidated inventory not owned, \$2.5 million in Homebuilding investments in unconsolidated entities, \$10.0 million in Homebuilding other assets, \$221.2 million in Financial Services assets and \$49.1 million in Multifamily assets.

See accompanying notes to consolidated financial statements.

LENNAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
November 30, 2020 and 2019

	2020 (2)	2019 (2)
	(Dollars in thousands except per share amounts)	
LIABILITIES AND EQUITY		
Homebuilding:		
Accounts payable	\$ 1,037,338	1,069,179
Liabilities related to consolidated inventory not owned	706,691	260,266
Senior notes and other debts payable, net	5,955,758	7,776,638
Other liabilities	2,225,864	1,969,082
	9,925,651	11,075,165
Financial Services	1,644,248	1,988,323
Multifamily	252,911	232,155
Lennar Other	12,966	30,038
Total liabilities	11,835,776	13,325,681
Stockholders' equity:		
Preferred stock	—	—
Class A common stock of \$0.10 par value per share; Authorized: 2020 and 2019 - 400,000,000 shares; Issued: 2020 - 298,942,836 shares; 2019 - 297,119,153 shares	29,894	29,712
Class B common stock of \$0.10 par value per share; Authorized: 2020 and 2019 - 90,000,000 shares, Issued: 2020 - 39,443,168 shares; 2019 - 39,443,064 shares	3,944	3,944
Additional paid-in capital	8,676,056	8,578,219
Retained earnings	10,564,994	8,295,001
Treasury stock, at cost; 2020 - 23,864,589 shares of Class A common stock and 1,822,016 shares of Class B common stock; 2019 - 18,964,973 shares of Class A common stock and 1,704,630 shares of Class B common stock	(1,279,227)	(957,857)
Accumulated other comprehensive income (loss)	(805)	498
Total stockholders' equity	17,994,856	15,949,517
Noncontrolling interests	104,545	84,313
Total equity	18,099,401	16,033,830
Total liabilities and equity	\$ 29,935,177	29,359,511

(2) 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 debts payable, \$9.9 million in Homebuilding other liabilities and \$9.8 million in Multifamily liabilities.

As of November 30, 2019, total liabilities include \$549.7 million related to consolidated VIEs as to which there was no recourse against the Company, of which \$13.7 million is included in Homebuilding accounts payable, \$247.5 million in Homebuilding liabilities related to consolidated inventory not owned, \$47.1 million in Homebuilding senior notes and other debts payable, \$8.9 million in Homebuilding other liabilities, \$231.1 million in Financial Services liabilities and \$1.4 million in Multifamily liabilities.

See accompanying notes to consolidated financial statements.

LENNAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
Years Ended November 30, 2020, 2019 and 2018

	2020	2019	2018
	(Dollars in thousands, except per share amounts)		
Revenues:			
Homebuilding	\$ 20,981,136	20,793,216	19,077,597
Financial Services	890,311	824,810	954,631
Multifamily	576,328	604,700	421,132
Lennar Other	41,079	36,835	118,271
Total revenues	<u>22,488,854</u>	<u>22,259,561</u>	<u>20,571,631</u>
Costs and expenses:			
Homebuilding	17,961,644	18,245,700	16,936,803
Financial Services	470,777	600,168	754,915
Multifamily	575,581	599,604	429,759
Lennar Other	6,744	11,794	115,969
Acquisition and integration costs related to CalAtlantic	—	—	152,980
Corporate general and administrative	358,418	341,114	343,934
Total costs and expenses	<u>19,373,164</u>	<u>19,798,380</u>	<u>18,734,360</u>
Homebuilding equity in loss from unconsolidated entities	(836)	(13,273)	(90,209)
Homebuilding other income (expense), net	(29,749)	(31,338)	203,902
Financial Services gain on deconsolidation	61,418	—	—
Multifamily equity in earnings from unconsolidated entities and other gain	21,934	11,294	51,322
Lennar Other equity in earnings (loss) from unconsolidated entities	(35,037)	15,372	24,110
Lennar Other expense, net	(9,632)	(8,944)	(60,119)
Gain on sale of Rialto investment and asset management platform	—	—	296,407
Earnings before income taxes	<u>3,123,788</u>	<u>2,434,292</u>	<u>2,262,684</u>
Provision for income taxes (1)	<u>(656,235)</u>	<u>(592,173)</u>	<u>(545,171)</u>
Net earnings (including net earnings (loss) attributable to noncontrolling interests)	<u>2,467,553</u>	<u>1,842,119</u>	<u>1,717,513</u>
Less: Net earnings (loss) attributable to noncontrolling interests	<u>2,517</u>	<u>(6,933)</u>	<u>21,682</u>
Net earnings attributable to Lennar	<u>\$ 2,465,036</u>	<u>1,849,052</u>	<u>1,695,831</u>
Other comprehensive income (loss), net of tax:			
Net unrealized gain (loss) on securities available-for-sale	(851)	1,040	(1,634)
Reclassification adjustments for (gains) loss included in net earnings	(452)	(176)	234
Total other comprehensive income (loss), net of tax	<u>\$ (1,303)</u>	<u>864</u>	<u>(1,400)</u>
Total comprehensive income attributable to Lennar	<u>\$ 2,463,733</u>	<u>1,849,916</u>	<u>1,694,431</u>
Total comprehensive income (loss) attributable to noncontrolling interests	<u>\$ 2,517</u>	<u>(6,933)</u>	<u>21,682</u>
Basic earnings per share	<u>\$ 7.88</u>	<u>5.76</u>	<u>5.46</u>
Diluted earnings per share	<u>\$ 7.85</u>	<u>5.74</u>	<u>5.44</u>

(1) Provision for income taxes for the year ended November 30, 2018 includes a non-cash one-time write down of deferred tax assets of \$68.6 million resulting from the Tax Cuts and Jobs Act enacted in December 2017.

See accompanying notes to consolidated financial statements.

LENNAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
Years Ended November 30, 2020, 2019 and 2018

	2020	2019	2018
	(Dollars in thousands, except per share amounts)		
Class A common stock:			
Beginning balance	\$ 29,712	29,499	20,543
Employee stock and director plans	182	213	183
Stock issuance in connection with CalAtlantic acquisition	—	—	8,408
Conversion of convertible senior notes to shares of Class A common stock	—	—	365
Balance at November 30,	29,894	29,712	29,499
Class B common stock:			
Beginning balance	3,944	3,944	3,769
Stock issuance in connection with CalAtlantic acquisition	—	—	168
Conversion of convertible senior notes to shares of Class B common stock	—	—	7
Balance at November 30,	3,944	3,944	3,944
Additional paid-in capital:			
Beginning balance	8,578,219	8,496,677	3,142,013
Employee stock and director plans	576	415	3,797
Stock issuance in connection with CalAtlantic acquisition	—	—	5,061,430
Amortization of restricted stock	107,131	86,940	72,655
Conversion of convertible senior notes to shares of Class A common stock	—	—	216,782
Equity adjustment related to noncontrolling interests	(9,870)	(5,813)	—
Balance at November 30,	8,676,056	8,578,219	8,496,677
Retained earnings:			
Beginning balance	8,295,001	6,487,650	4,840,978
Net earnings attributable to Lennar	2,465,036	1,849,052	1,695,831
Cumulative-effect of accounting change	—	9,753	—
Cash dividends - Class A common stock (\$0.625 per share for 2020 and \$0.16 per share for 2019 and 2018)	(171,520)	(45,418)	(43,195)
Cash dividends - Class B common stock (\$0.625 per share for 2020 and \$0.16 per share for 2019 and 2018)	(23,523)	(6,036)	(5,964)
Balance at November 30,	10,564,994	8,295,001	6,487,650
Treasury stock, at cost:			
Beginning balance	(957,857)	(435,869)	(136,020)
Employee stock and directors plans	(32,855)	(29,049)	(49,939)
Purchases of treasury stock	(288,515)	(492,939)	(249,910)
Balance at November 30,	(1,279,227)	(957,857)	(435,869)
Accumulated other comprehensive income (loss):			
Beginning balance	498	(366)	1,034
Total other comprehensive income (loss), net of tax	(1,303)	864	(1,400)
Balance at November 30,	(805)	498	(366)
Total stockholders' equity	17,994,856	15,949,517	14,581,535
Noncontrolling interests:			
Beginning balance	84,313	101,422	113,815
Net earnings (loss) attributable to noncontrolling interests	2,517	(6,933)	21,682
Receipts related to noncontrolling interests	176,617	27,859	18,126
Payments related to noncontrolling interests	(42,349)	(43,734)	(89,575)
Non-cash consolidations/deconsolidations, net	(114,712)	8,894	—
Non-cash purchase or activity of noncontrolling interests, net	(1,841)	(3,195)	37,374
Balance at November 30,	104,545	84,313	101,422
Total equity	\$ 18,099,401	16,033,830	14,682,957

See accompanying notes to consolidated financial statements.

LENNAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended November 30, 2020, 2019 and 2018

	2020	2019	2018
	(In thousands)		
Cash flows from operating activities:			
Net earnings (including net earnings (loss) attributable to noncontrolling interests)	\$ 2,467,553	1,842,119	1,717,513
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	94,553	92,200	91,181
Amortization of discount/premium and accretion on debt, net	(24,775)	(26,210)	(23,544)
Equity in (earnings) loss from unconsolidated entities	22,127	(2,528)	30,518
Distributions of earnings from unconsolidated entities	62,073	12,753	113,096
Share-based compensation expense	107,131	86,940	72,655
Deferred income tax expense	92,082	235,493	268,037
Loss on retirement of senior notes and other debts payable	7,997	—	—
Gain on sale of Rialto investment and asset management platform	—	—	(296,407)
(Gain) loss on sale of other assets, operating properties and equipment, CMBS bonds, other liabilities and real estate owned	(8,626)	(23,124)	23,356
Loss on consolidation	4,824	48,874	—
Gain on deconsolidation of previously consolidated entity	(61,418)	—	—
Gain on sale of interest in unconsolidated entity and other Multifamily gain	(4,617)	(10,865)	(180,621)
Gain on sale of Financial Services' portfolio/businesses	(5,014)	(2,368)	—
Valuation adjustments and write-offs of option deposits and pre-acquisition costs, other receivables and other assets	117,825	56,125	49,338
Changes in assets and liabilities:			
Decrease (increase) in receivables	25,868	312,255	(431,183)
Decrease (increase) in inventories, excluding valuation adjustments and write-offs of option deposits and pre-acquisition costs	781,362	(623,644)	(135,870)
Decrease (increase) in other assets	90,534	(69,699)	(24,923)
Decrease (increase) in loans held-for-sale	154,852	(431,339)	5,805
Increase (decrease) in accounts payable and other liabilities	266,488	(14,639)	412,796
Net cash provided by operating activities	\$ 4,190,819	1,482,343	1,691,747
Cash flows from investing activities:			
Net additions to operating properties and equipment	(72,752)	(86,497)	(130,439)
Proceeds from the sale of operating properties and equipment, other assets, CMBS bonds and real estate owned	33,934	79,307	70,854
Proceeds from sale of investments in unconsolidated entities	—	17,790	225,267
Proceeds from sale of Financial Services' portfolio/businesses	14,978	24,446	—
Investments in and contributions to unconsolidated entities/deconsolidation of previously consolidated entity	(486,217)	(436,325)	(405,547)
Distributions of capital from unconsolidated and consolidated entities	220,713	405,677	362,516
Proceeds from sale of commercial mortgage-backed securities bonds	3,248	—	—
Receipts of principal payments on loans receivable and other	—	2,382	4,339
Purchases of CMBS bonds	—	—	(31,068)
Proceeds from sale of Rialto investment and asset management platform	—	—	340,000
Acquisitions, net of cash and restricted cash acquired	—	—	(1,078,282)
Increase in Financial Services loans held-for-investment, net	(3,122)	(3,516)	(3,603)
Purchases of investment securities	(45,548)	(36,261)	(47,305)
Proceeds from maturities/sales of investment securities	52,918	52,593	85,237
Other receipts (payments), net	1,643	—	(145)
Net cash (used in) provided by investing activities	\$ (280,205)	19,596	(593,954)

LENNAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
Years Ended November 30, 2020, 2019 and 2018

	2020	2019	2018
	(In thousands)		
Cash flows from financing activities:			
Net repayments under revolving lines of credit	\$ —	—	(454,700)
Net (repayments) borrowings under warehouse facilities	(281,835)	166,552	272,920
Debt issuance costs	—	(25)	(14,661)
Redemption of senior notes	(1,499,999)	(1,100,000)	(1,100,000)
Conversions, exchanges and redemption of convertible senior notes	—	(1,288)	(59,145)
Principal payments on Rialto notes payable including structured notes	—	—	(359,016)
Proceeds from other borrowings	92,688	88,751	44,374
Proceeds from liabilities related to consolidated inventory not owned	346,406	—	—
Payments to other liabilities	(116,541)	(3,850)	(3,542)
Principal payments on notes payable and other borrowings	(604,995)	(189,454)	(104,751)
Receipts related to noncontrolling interests	176,617	27,859	18,126

Payments related to noncontrolling interests	(42,349)	(43,734)	(89,575)
Common stock:			
Issuances	—	493	3,061
Repurchases	(321,524)	(523,074)	(299,833)
Dividends	(195,043)	(51,454)	(49,159)
Net cash used in financing activities	<u>\$ (2,446,575)</u>	<u>(1,629,224)</u>	<u>(2,195,901)</u>
Net increase (decrease) in cash and cash equivalents and restricted cash	<u>1,464,039</u>	<u>(127,285)</u>	<u>(1,098,108)</u>
Cash and cash equivalents and restricted cash at beginning of year	<u>1,468,691</u>	<u>1,595,976</u>	<u>2,694,084</u>
Cash and cash equivalents and restricted cash at end of year	<u><u>\$ 2,932,730</u></u>	<u><u>1,468,691</u></u>	<u><u>1,595,976</u></u>
Summary of cash and cash equivalents and restricted cash:			
Homebuilding	\$ 2,703,986	1,200,832	1,337,807
Financial Services	116,171	234,113	188,485
Multifamily	38,963	8,711	7,832
Lennar Other	3,918	2,340	24,334
Homebuilding restricted cash	15,211	9,698	12,399
Financial Services restricted cash	54,481	12,022	17,944
Lennar Other restricted cash	—	975	7,175
	<u><u>\$ 2,932,730</u></u>	<u><u>1,468,691</u></u>	<u><u>1,595,976</u></u>
Supplemental disclosures of cash flow information:			
Cash paid for interest, net of amounts capitalized	\$ 97,336	49,870	128,877
Cash paid for income taxes, net	\$ 402,180	261,445	376,609
Supplemental disclosures of non-cash investing and financing activities:			
Purchases of inventories, land under development and other assets financed by sellers	\$ 120,796	101,300	163,519
Net non-cash contributions to unconsolidated entities	97,281	156,075	162,281
Non-cash sale of operating properties and equipment and other assets	—	48,671	—
Non-cash right of use assets recognized due to adoption of ASU 2016-02	150,702	—	—
Non-cash lease liabilities recognized due to adoption of ASU 2016-02	159,717	—	—
Conversions of and exchanges on convertible senior notes to equity	—	—	217,154
Equity component of acquisition consideration	—	—	5,070,006
Consolidation/deconsolidation of unconsolidated/consolidated entities, net:			
Financial Services assets	\$ (217,565)	—	—
Financial Services liabilities	115,175	—	—
Financial Services noncontrolling interests	102,390	—	—
Inventories	95,476	187,506	35,430
Receivables	—	102,959	7,198
Operating properties and equipment and other assets	6,870	53,412	—
Investments in unconsolidated entities	(68,290)	67,925	(25,614)
Notes payable	(44,924)	(383,212)	—
Other liabilities	(1,455)	(19,696)	(17,014)
Noncontrolling interests	12,323	(8,894)	—

See accompanying notes to consolidated financial statements.

LENNAR CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Lennar Corporation and all subsidiaries, partnerships and other entities in which Lennar Corporation has a controlling interest and VIEs (see Note 8) in which Lennar Corporation is deemed the primary beneficiary (the "Company"). The Company's investments in both unconsolidated entities in which a significant, but less than controlling, interest is held and in VIEs in which the Company is not deemed to be the primary beneficiary are accounted for by the equity method. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Homebuilding revenues and related profits from sales of homes are recognized at the time of the closing of a sale, when title to and possession of the property are transferred to the homebuyer. The Company's performance obligation, to deliver the agreed-upon home, is generally satisfied in less than one year from the original contract date. Cash proceeds from home closings held in escrow for the Company's benefit, typically for approximately three to four days, are included in Homebuilding cash and cash equivalents in the Company's consolidated balance sheets. Contract liabilities include customer deposits liabilities related to sold but undelivered homes that are included in other liabilities in the Company's consolidated balance sheets. The Company periodically elects to sell parcels of land to third parties. Cash consideration from land sales is typically due on the closing date, which is generally when performance obligations are satisfied and revenue is recognized as title to and possession of the property are transferred to the buyer.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising costs were \$72.6 million, \$84.3 million and \$72.1 million for the years ended November 30, 2020, 2019 and 2018, respectively.

Share-Based Payments

The Company has share-based awards outstanding under the 2016 Equity Incentive Plan (the "Plan"), which provides for the granting of stock options, stock appreciation rights, restricted common stock ("nonvested shares") and other share based awards to officers, associates and directors. The exercise prices of stock options may not be less than the market value of the common stock on the date of the grant. Exercises are permitted in installments determined when options are granted. Each stock option will expire on a date determined at the time of the grant, but not more than 10 years after the date of the grant. The Company accounts for stock option awards and nonvested share awards granted under the Plan based on the estimated grant date fair value.

Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Due to the short maturity period of cash equivalents, the carrying amounts of these instruments approximate their fair values. Homebuilding restricted cash consists of customer deposits on home sales held in restricted accounts until title transfers to the homebuyer, as required by the state and local governments in which the homes were sold, as well as funds on deposit to secure and support performance obligations. Financial Services restricted cash consisted of upfront deposits and application fees LMF Commercial receives before originating loans and is recognized as income once the loan has been originated, as well as cash held in escrow by the Company's loan service provider on behalf of customers and lenders and is disbursed in accordance with agreements between the transacting parties. Lennar Other restricted cash primarily consisted of cash set aside for future investments on behalf of a real estate investment trust that Rialto Capital Management is a sub-advisor ("Rialto").

Homebuilding cash and cash equivalents as of November 30, 2020 and 2019 included \$314.3 million and \$565.8 million, respectively, of cash held in escrow for approximately four days and three days, respectively.

Receivables

At November 30, 2020 and 2019, Homebuilding accounts receivable related primarily to other receivables and rebates. The Company performs ongoing credit evaluations of its customers and generally does not require collateral for accounts

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

receivable. Mortgages and notes receivable arising from the sale of homes and land are generally collateralized by the property sold to the buyer. Allowances are maintained for potential credit losses based on historical experience, present economic conditions and other factors considered relevant by the Company. Balances for the years ended November 30, 2020 and 2019 are noted below:

<i>(In thousands)</i>	November 30,	
	2020	2019
Accounts receivable	\$ 133,560	129,216
Mortgages and notes receivable	167,909	203,230
	301,469	332,446
Allowance for doubtful accounts	(2,798)	(3,322)
Receivables, net	\$ 298,671	329,124

Inventories

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. Inventory costs include land, land development and home construction costs, real estate taxes, deposits on land purchase contracts and interest related to development and construction. Construction overhead and selling expenses are expensed as incurred. Homes held-for-sale are classified as inventories until delivered. Land, land development, amenities and other costs are accumulated by specific area and allocated to homes within the respective areas.

The Company reviews its inventory for indicators of impairment by evaluating each community during each reporting period. The inventory within each community is categorized as finished homes and construction in progress or land under development based on the development state of the community. There were 1,173 and 1,278 active communities, excluding unconsolidated entities, as of November 30, 2020 and 2019, respectively. If the undiscounted cash flows expected to be generated by a community are less than its carrying amount, an impairment charge is recorded to write down the carrying amount of such community to its estimated fair value.

In conducting its review for indicators of impairment on a community level, the Company evaluates, among other things, the margins on homes that have been delivered, margins on homes under sales contracts in backlog, projected margins with regard to future home sales over the life of the community, projected margins with regard to future land sales and the estimated fair value of the land itself. The Company pays particular attention to communities in which inventory is moving at a slower than anticipated absorption pace and communities whose average sales price and/or margins are trending downward and are anticipated to continue to trend downward. From this review, the Company identifies communities in which to assess if the carrying values exceed their undiscounted projected cash flows.

The Company estimates the fair value of its communities using a discounted cash flow model. The projected cash flows for each community are significantly impacted by estimates related to market supply and demand, product type by community, homesite sizes, sales pace, sales prices, sales incentives, construction costs, sales and marketing expenses, the local economy, competitive conditions, labor costs, costs of materials and other factors for that particular community. Every division evaluates the historical performance of each of its communities as well as current trends in the market and economy impacting the community and its surrounding areas. These trends are analyzed for each of the estimates listed above.

Each of the homebuilding markets in which the Company operates is unique, as homebuilding has historically been a local business driven by local market conditions and demographics. Each of the Company's homebuilding markets has specific supply and demand relationships reflective of local economic conditions. The Company's projected cash flows are impacted by many assumptions. Some of the most critical assumptions in the Company's cash flow model are projected absorption pace for home sales, sales prices and costs to build and deliver homes on a community by community basis.

In order to arrive at the assumed absorption pace for home sales and the assumed sales prices included in the Company's cash flow model, the Company analyzes its historical absorption pace and historical sales prices in the community and in other comparable communities in the geographical area. In addition, the Company considers internal and external market studies and places greater emphasis on more current metrics and trends, which generally include, but are not limited to, statistics and forecasts on population demographics and on sales prices in neighboring communities, unemployment rates and availability and sales prices of competing product in the geographical area where the community is located as well as the absorption pace realized in its most recent quarters and the sales prices included in the Company's current backlog for such communities.

Generally, if the Company notices a variation from historical results over a span of two fiscal quarters, the Company considers such variation to be the establishment of a trend and adjusts its historical information accordingly in order to develop assumptions on the projected absorption pace and sales prices in the cash flow model for a community.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In order to arrive at the Company's assumed costs to build and deliver homes, the Company generally assumes a cost structure reflecting contracts currently in place with its vendors adjusted for any anticipated cost reduction initiatives or increases in cost structure. Those costs assumed are used in the cash flow model for the Company's communities.

Since the estimates and assumptions included in the Company's cash flow models are based upon historical results and projected trends, they do not anticipate unexpected changes in market conditions or strategies that may lead the Company to incur additional impairment charges in the future.

The determination of fair value requires discounting the estimated cash flows at a rate the Company believes a market participant would determine to be commensurate with the inherent risks associated with the assets and related estimated cash flow streams. The discount rate used in determining each asset's fair value depends on the community's projected life and development stage.

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 table below summarizes communities reviewed for indicators of impairment and communities with valuation adjustments recorded:

	At November 30,	Communities with valuation adjustments for the years ended November 30,		
	# of communities with potential indicator of impairment	# of communities	Fair Value (in thousands)	Valuation Adjustments (in thousands)
2020	10	16	\$ 79,734	\$ 44,811
2019	40	3	7,910	2,582

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 during the years ended November 30, 2020 and 2019:

	Years Ended November 30,	
	2020	2019
Unobservable inputs	Range	Range
Average selling price	\$201,000 - \$970,000	\$167,000 - \$222,000
Absorption rate per quarter (homes)	3 - 15	4 - 12
Discount rate	20%	20%

The Company also has access to land inventory through option contracts, which generally enables the Company to defer acquiring portions of properties owned by third parties and unconsolidated entities until it has determined whether to exercise its option.

A majority of the Company's option contracts require a non-refundable cash deposit or irrevocable letter of credit based on a percentage of the purchase price of the land. The Company's option contracts sometimes include price adjustment provisions, which adjust the purchase price of the land to its approximate fair value at the time of acquisition or are based on the fair value at the time of takedown.

In determining whether to walk away from an option contract, the Company evaluates the option primarily based upon its expected cash flows from the property under option. If the Company intends to walk away from an option contract, it records a charge to earnings in the period such decision is made for the deposit amount and any related pre-acquisition costs associated with the option contract.

Some option contracts contain a predetermined take-down schedule for the optioned land parcels. However, in almost all instances, the Company is not required to purchase land in accordance with those take-down schedules. In substantially all instances, the Company has the right and ability to not exercise its option and forfeit its deposit without further penalty, other than termination of the option and loss of any unapplied portion of its deposit and pre-acquisition costs. Therefore, in substantially all instances, the Company does not consider the take-down price to be a firm contractual obligation. When the Company does not intend to exercise an option, it writes off any unapplied deposit and pre-acquisition costs associated with the option contract.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Investments in Unconsolidated Entities

The Company evaluates the long-lived assets in unconsolidated entities for indicators of impairment during each reporting period. If a valuation adjustment is recorded by an unconsolidated entity related to its assets, the Company generally uses a discount rate between 10% and 20%, subject to the perceived risks associated with the community's cash flow streams relative to its inventory or operating assets. The Company's proportionate share of a valuation adjustment is reflected in the Company's Homebuilding, Multifamily or Lennar Other equity in earnings (loss) from unconsolidated entities with a corresponding decrease to its Homebuilding, Multifamily or Lennar Other investment in unconsolidated entities.

Additionally, the Company evaluates if a decrease in the value of an investment below its carrying value is other-than-temporary. This evaluation includes certain critical assumptions made by management: (1) projected future distributions from the unconsolidated entities, (2) discount rates applied to the future distributions and (3) various other factors, which include age of the venture, relationships with the other partners and banks, general economic market conditions, land status and liquidity needs of the unconsolidated entity. If the decline in the fair value of the investment is other-than-temporary, then these losses are included in Homebuilding other income, net, Multifamily other gain (loss) or Lennar Other other gain (loss).

The Company tracks its share of cumulative earnings and distributions of its joint ventures ("JVs"). For purposes of classifying distributions received from JVs in the Company's consolidated statements of cash flows, cumulative distributions are treated as returns on capital to the extent of cumulative earnings and included in the Company's consolidated statements of cash flows as operating activities. Cumulative distributions in excess of the Company's share of cumulative earnings are treated as returns of capital and included in the Company's consolidated statements of cash flows as cash from investing activities.

Variable Interest Entities

GAAP requires the assessment of whether an entity is a VIE and, if so, if the Company is the primary beneficiary at the inception of the entity or at a reconsideration event. Additionally, GAAP requires the consolidation of VIEs in which an enterprise has a controlling financial interest. A controlling financial interest will have both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company's variable interest in VIEs may be in the form of (1) equity ownership, (2) contracts to purchase assets, (3) management and development agreements between the Company and a VIE, (4) loans provided by the Company to a VIE or other partner and/or (5) guarantees provided by members to banks and other third parties. The Company examines specific criteria and uses its judgment when determining if it is the primary beneficiary of a VIE. Factors considered in determining whether the Company is the primary beneficiary include risk and reward sharing, experience and financial condition of other partner(s), voting rights, involvement in day-to-day capital and operating decisions, representation on a VIE's executive committee, existence of unilateral kick-out rights or voting rights, level of economic disproportionality, if any, between the Company and the other partner(s) and contracts to purchase assets from VIEs. The determination whether an entity is a VIE and, if so, whether the Company is the primary beneficiary may require it to exercise significant judgment.

Generally, all major decision making in the Company's joint ventures is shared among all partners. In particular, business plans and budgets are generally required to be unanimously approved by all partners. Usually, management and other fees earned by the Company are nominal and believed to be at market and there is no significant economic disproportionality between the Company and other partners. Generally, the Company purchases less than a majority of the JV's assets and the purchase prices under its option contracts are believed to be at market.

Generally, Homebuilding and Multifamily unconsolidated entities become VIEs and consolidate when the other partner(s) lack the intent and financial wherewithal to remain in the entity. As a result, the Company continues to fund operations and debt paydowns through partner loans or substituted capital contributions.

Goodwill

Goodwill is recorded with acquisitions of businesses when the purchase price of the business exceeds the fair value of the net tangible and identifiable assets acquired. In accordance with ASC Topic 350, *Intangibles-Goodwill and Other* ("ASC 350"), the Company evaluates goodwill for potential impairment on at least an annual basis. Potential impairment is evaluated by comparing the carrying value of each of the Company's reporting units to their estimated fair values. The fair value estimate is derived through various valuation methods, including the use of discounted expected future cash flows of each reporting unit. The expected future cash flows for each segment are significantly impacted by current market conditions. If these market conditions and resulting expected future cash flows for each reporting unit decline significantly, the actual results for each segment could differ from the Company's estimate, which would cause goodwill to be impaired.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Operating Properties and Equipment

Operating properties and equipment are recorded at cost and are included in other assets in the consolidated balance sheets. The assets are depreciated over their estimated useful lives using the straight-line method. At the time operating properties and equipment are disposed of, the asset and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to earnings. The estimated useful life for operating properties is 30 years, for furniture, fixtures and equipment is two to 10 years and for leasehold improvements is five years or the life of the lease, whichever is shorter. Operating properties are reviewed for possible impairment if there are indicators that their carrying amounts are not recoverable.

Operating properties and equipment are included in Homebuilding other assets in the consolidated balance sheets and were as follows:

<i>(In thousands)</i>	November 30,	
	2020	2019
Operating properties (1)	\$ 386,646	225,256
Leasehold improvements	57,084	63,846
Furniture, fixtures and equipment	145,307	159,007
	589,037	448,109
Accumulated depreciation and amortization	(177,519)	(168,582)
	\$ 411,518	279,527

(1) Operating properties primarily include solar systems, rental operations and commercial properties.

Investment Securities

The Company holds investment securities classified as available-for-sale or held-to-maturity. Available-for-sale securities are recorded at fair value. Any unrealized holding gains or losses on available-for-sale securities are reported as accumulated other comprehensive gain or loss, which is a separate component of stockholders' equity, net of tax, until realized. Securities classified as held-to-maturity are carried at amortized cost because they are purchased with the intent and ability to hold to maturity.

At November 30, 2020 and 2019, the Financial Services segment had investment securities classified as held-to-maturity totaling \$164.2 million and \$190.3 million, respectively, which consist mainly of commercial mortgage-backed securities ("CMBS"), corporate debt obligations, U.S. government agency obligations, certificates of deposit and U.S. treasury securities that mature at various dates, mainly within three years. Also, at November 30, 2019, the Financial Services segment had \$3.7 million of available-for-sale securities, which consisted primarily of preferred stock and mutual funds. These investments available-for-sale were carried at fair value with changes recorded as a component of accumulated other comprehensive income (loss).

In addition, at November 30, 2020, the Lennar Other segment had investment securities classified as held-for-sale totaling \$53.5 million. The Lennar Other segment held-for-sale securities consist of CMBS. At November 30, 2019, these securities were held-to-maturity with a balance of \$54.1 million. The CMBS in the Lennar Other segment were reclassified during the year ended November 30, 2020 due to a change in management's intent to hold.

Interest and Real Estate Taxes

Interest and real estate taxes attributable to land and homes are capitalized as inventory costs while they are being actively developed. Interest related to homebuilding and land, including interest costs relieved from inventories, is included in costs of homes sold and costs of land sold. Interest expense related to the Financial Services and Multifamily operations is included in its costs and expenses.

During the years ended November 30, 2020, 2019 and 2018, interest incurred by the Company's homebuilding operations related to homebuilding debt was \$353.4 million, \$422.7 million and \$423.7 million, respectively; interest capitalized into inventories was \$331.0 million, \$405.1 million and \$412.5 million, respectively.

Interest expense was included in costs of homes sold, costs of land sold and other interest expense as follows:

<i>(In thousands)</i>	Years Ended November 30,		
	2020	2019	2018
Interest expense in costs of homes sold	\$ 349,109	371,821	301,339
Interest expense in costs of land sold	2,594	5,554	3,567
Other interest expense (1)	22,401	17,620	11,258
Total interest expense	\$ 374,104	394,995	316,164

(1) Included in Homebuilding other income (expense), net.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Income Taxes

The Company records income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and attributable to operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or paid. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period when the changes are enacted. Interest related to unrecognized tax benefits is recognized in the financial statements as a component of income tax expense.

A reduction of the carrying amounts of deferred tax assets by a valuation allowance is required if, based on the available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed each reporting period by the Company based on the consideration of all available positive and negative evidence using a "more-likely-than-not" standard with respect to whether deferred tax assets will be realized. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, actual earnings, forecasts of future profitability, the duration of statutory carryforward periods, the Company's experience with loss carryforwards not expiring unused and tax planning alternatives.

Based on the analysis of positive and negative evidence, the Company believed that there was enough positive evidence for the Company to conclude that it was more likely than not that the Company would realize the majority of its deferred tax assets. As of November 30, 2020 and 2019, the Company's net deferred tax assets included a valuation allowance of \$4.4 million and \$4.3 million, respectively. See Note 5 for additional information.

Other Liabilities

Reflected within the consolidated balance sheets, the other liabilities balance as of November 30, 2020 and 2019, included accrued interest payable, product warranty (as noted below), accrued bonuses, accrued wages and benefits, lease liabilities, deferred income, customer deposits, income taxes payable, and other accrued liabilities.

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 Company regularly monitors the warranty reserve and makes adjustments to its pre-existing warranties in order to reflect changes in trends and historical data as information becomes available. Warranty reserves are included in Homebuilding other liabilities in the consolidated balance sheets. The activity in the Company's warranty reserve was as follows:

	Years Ended November 30,	
	2020	2019
<i>(In thousands)</i>		
Warranty reserve, beginning of year	\$ 294,138	319,109
Warranties issued	191,311	189,105
Adjustments to pre-existing warranties from changes in estimates (1)	29,461	(8,156)
Payments	(173,145)	(205,920)
Warranty reserve, end of year	\$ 341,765	294,138

(1) The adjustments to pre-existing warranties from changes in estimates during the years ended November 30, 2020 and 2019 primarily related to specific claims in certain of the Company's homebuilding communities and other adjustments.

Self-Insurance

Certain insurable risks such as construction defects, general liability, medical and workers' compensation are self-insured by the Company up to certain limits. Undiscounted accruals for claims under the Company's self-insurance program are based on claims filed and estimates for claims incurred but not yet reported. The Company's self-insurance reserve as of November 30, 2020 and 2019 was \$125.4 million and \$109.6 million which is included in Homebuilding other liabilities. Amounts incurred in excess of the Company's self-insurance occurrence or aggregate retention limits are covered by insurance up to the Company's purchased coverage levels. The Company's insurance policies are maintained with highly-rated underwriters for whom the Company believes counterparty default risk is not significant.

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 earnings of the Company.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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") are considered participating securities.

Preferred Stock

The Company is authorized to issue 500,000 shares of preferred stock with a par value of \$10 per share and 100 million shares of participating preferred stock with a par value of \$0.10 per share. No shares of preferred stock or participating preferred stock have been issued as of November 30, 2020 and 2019.

Common Stock

During the year ended November 30, 2020, the Company's Class A and Class B common stockholders received a per share annual dividend of \$0.625. During the years ended 2019 and 2018, the Company's Class A and Class B common stockholders received a per share annual dividend of \$0.16. The only significant difference between the Class A common stock and Class B common stock is that Class A common stock entitles holders to one vote per share and the Class B common stock entitles holders to ten votes per share.

As of November 30, 2020, Stuart Miller, the Company's Executive Chairman, directly owned, or controlled through family-owned entities, shares of Class A and Class B common stock, which represented approximately 34% voting power of the Company's stock.

In January 2019, the Company's Board of Directors authorized a stock repurchase program, which replaced a June 2001 stock repurchase program, under which the Company is authorized to purchase up to the lesser of \$1 billion in value, or 25 million in shares, of the Company's outstanding Class A or Class B common stock. The repurchase authority has no expiration date. The following table represents the repurchase of the Company's Class A and Class B common stocks under this program for the year ended November 30, 2020 and 2019:

	Years Ended			
	November 30, 2020		November 30, 2019	
	Class A	Class B	Class A	Class B
<i>(Dollars in thousands, except price per share)</i>				
Shares repurchased	4,250,000	115,000	9,774,729	—
Principal	\$ 282,274	\$ 6,155	\$ 492,938	\$ —
Average price per share	\$ 66.42	\$ 53.52	\$ 50.41	\$ —

Restrictions on Payment of Dividends

There are no restrictions on the payment of dividends on common stock by the Company. There are no agreements which restrict the payment of dividends by subsidiaries of the Company other than the need to maintain the financial ratios and net worth requirements under the Financial Services segment's warehouse lines of credit, which restrict the payment of dividends from the Company's mortgage subsidiaries following the occurrence and during the continuance of an event of default thereunder and limit dividends to 50% of net income in the absence of an event of default.

401(k) Plan

Under the Company's 401(k) Plan (the "Plan"), contributions made by associates can be invested in a variety of mutual funds or proprietary funds provided by the Plan trustee. The Company may also make contributions for the benefit of associates. The Company records as compensation expense its contribution to the Plan. For the years ended November 30, 2020, 2019 and 2018, this amount was \$27.3 million, \$24.5 million and \$25.3 million, respectively.

Share-Based Payments

Compensation expense related to the Company's share-based awards was as follows:

	Years Ended November 30,		
	2020	2019	2018
<i>(In thousands)</i>			
Total compensation expense for nonvested share-based awards	\$ 107,131	86,940	72,655

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The fair value of nonvested shares is determined based on the trading price of the Company's common stock on the grant date. The weighted average fair value of nonvested shares granted during the years ended November 30, 2020, 2019 and 2018 was \$60.10, \$48.26 and \$55.84, respectively. A summary of the Company's nonvested shares activity for the year ended November 30, 2020 was as follows:

	Shares	Weighted Average Grant Date Fair Value
Nonvested shares at November 30, 2019	3,290,863	\$ 50.64
Grants	1,801,630	\$ 60.10
Vested	(1,425,049)	\$ 51.71
Forfeited	(120,868)	\$ 50.61
Nonvested shares at November 30, 2020	3,546,576	\$ 55.01

At November 30, 2020, there was \$114.3 million of unrecognized compensation expense related to unvested share-based awards granted under the Company's share-based payment plan, all of which relates to nonvested shares with a weighted average remaining contractual life of 1.8 years. For the years ended November 30, 2020, 2019 and 2018, 1.4 million, 1.4 million and 2.2 million nonvested shares, respectively, vested each year.

Financial Services

Revenue Recognition

Title premiums on policies issued directly by the Company are recognized as revenue on the effective date of the title policies. Escrow fees and loan origination revenues are recognized at the time the related real estate transactions are completed, usually upon the close of escrow. Revenues from title policies issued by independent agents are recognized as revenue when notice of issuance is received from the agent, which is generally when cash payment is received by the Company. Expected gains and losses from the sale of loans and their related servicing rights are included in the measurement of all written loan commitments that are accounted for at fair value through earnings at the time of commitment. Interest income on loans held-for-sale and loans held-for-investment is recognized as earned over the terms of the mortgage loans based on the contractual interest rates.

Loans Held-for-Sale

Loans held-for-sale by the Financial Services segment, including the rights to service the mortgage loans, are carried at fair value and changes in fair value are reflected in earnings. Premiums and discounts recorded on these loans are presented as an adjustment to the carrying amount of the loans and are not amortized. Management believes carrying loans held-for-sale at fair value improves financial reporting by mitigating volatility in reported earnings caused by measuring the fair value of the loans and the derivative instruments used to economically hedge them without having to apply complex hedge accounting provisions.

In addition, the Financial Services segment 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 servicing rights is included in Financial Services' other assets as of November 30, 2020 and 2019. Fair value of the servicing rights is determined based on values in the Company's servicing sales contracts.

Provision for Losses

The Company establishes reserves for possible losses associated with mortgage loans previously originated and sold to investors 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. Loan origination liabilities are included in Financial Services' liabilities in the consolidated balance sheets. The activity in the Company's loan origination liabilities was as follows:

	Years Ended November 30,	
	2020	2019
<i>(In thousands)</i>		
Loan origination liabilities, beginning of year	\$ 9,364	48,584
Provision for losses	11,924	3,813
Payments/settlements	(13,719)	(43,033)
Loan origination liabilities, end of year	\$ 7,569	9,364

Loans Held-for-Investment, Net

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Loans for which the Company has the positive intent and ability to hold to maturity consist of mortgage loans carried at the principal amount outstanding, net of unamortized discounts and allowance for loan losses. Discounts are amortized over the estimated lives of the loans using the interest method.

The Financial Services segment also provides an allowance for loan losses. The provision recorded and the adequacy of the related allowance is determined by management's continuing evaluation of the loan portfolio in light of past loan loss experience, credit worthiness and nature of underlying collateral, present economic conditions and other factors considered relevant by the Company's management. Anticipated changes in economic factors, which may influence the level of the allowance, are considered in the evaluation by the Company's management when the likelihood of the changes can be reasonably determined. While the Company's management uses the best information available to make such evaluations, future adjustments to the allowance may be necessary as a result of future economic and other conditions that may be beyond management's control.

Derivative Financial Instruments

The Financial Services segment, in the normal course of business, uses derivative financial instruments to reduce its exposure to fluctuations in mortgage-related interest rates. The segment uses mortgage-backed securities ("MBS") forward commitments, option contracts, future contracts and investor commitments to protect the value of fixed rate-locked loan commitments and loans held-for-sale from fluctuations in mortgage-related interest rates. These derivative financial instruments are carried at fair value with the changes in fair value included in Financial Services revenues.

LMF Commercial - Loans Held-for-Sale

The originated mortgage loans are classified as loans held-for-sale and are recorded at fair value. The Company elected the fair value option for LMF Commercial's loans held-for-sale in accordance with Accounting Standards Codification ("ASC") 825, *Financial Instruments*, which permits entities to measure various financial instruments and certain other items at fair value on a contract-by-contract basis. Management believes that carrying loans held-for-sale at fair value improves financial reporting by mitigating volatility in reported earnings caused by measuring the fair value of the loans and the derivative instruments, which are also carried at fair value, used to economically hedge them without having to apply complex hedge accounting provisions. Changes in fair values of the loans are reflected in Financial Services revenues in the accompanying consolidated statements of operations. Interest income on these loans is calculated based on the interest rate of the loan and is recorded in Financial Services revenues in the accompanying consolidated statements of operations. Substantially all of the mortgage loans originated are sold within a short period of time in a securitization on a servicing released, non-recourse basis; although, the Company remains liable for certain limited industry-standard representations and warranties related to loan sales. The Company recognizes revenue on the sale of loans into securitization trusts when control of the loans has been relinquished.

Multifamily

Management Fees and General Contractor Revenue

The Multifamily segment provides management services with respect to the development, construction and property management of rental projects in joint ventures in which the Company has investments. As a result, the Multifamily segment earns and receives fees, which are generally based upon a stated percentage of development and construction costs and a percentage of gross rental collections. In addition, the Multifamily segment provides general contractor services for the construction of some of its rental projects. Both management fees and general contractor revenue are recognized over the period in which the services are performed using an input method, which properly depicts the level of effort required to complete the management or construction services. These customer contracts require the Company to provide management and general contractor services which represents a performance obligation that the Company satisfies over time. Management fees and general contractor services in the Multifamily segment are included in Multifamily revenue.

Recently Adopted Accounting Pronouncements

In March 2016, FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"), which provides guidance for accounting for leases. ASU 2016-02 requires lessees to classify leases as either finance or operating leases and to record a right-of-use ("ROU") asset and a lease liability for all leases with a term greater than 12 months regardless of the lease classification. The lease classification determined whether the lease expense was recognized based on an effective interest rate method or on a straight line basis over the term of the lease. Accounting for lessors remains largely unchanged from current GAAP. ASU 2016-02 was effective for the Company beginning December 1, 2019. The Company adopted using the modified retrospective approach and elected the available practical expedients on adoption. Additionally, in preparation for adoption of the standard, the Company implemented internal controls and key system functionality to enable the preparation of financial information. The standard did not have a material impact on the Company's consolidated statements of operations and comprehensive income (loss) or the Company's consolidated statements of cash flows. As a result of the adoption, as of December 1, 2019, the Company has recorded \$150.7 million of ROU assets and \$159.7 million of lease liabilities on its consolidated balance sheets within other assets and other liabilities of the respective segments.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

New Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). ASU 2016-13 significantly changes the impairment model for most financial assets and certain other instruments. ASU 2016-13 will require immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets, which will generally result in earlier recognition of allowances for credit losses on loans and other financial instruments. ASU 2016-13 is effective for the Company's fiscal year beginning December 1, 2020 and subsequent interim periods. While the Company is continuing to evaluate the impact of the adoption of ASU 2016-13, the Company does not expect the adoption to have a material impact on its consolidated financial statements. Subsequent to the issuance of ASU 2016-13, the FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments —Credit Losses and ASU 2019-05, Financial Instruments —Credit Losses (Topic 326) Targeted Transition Relief. These ASUs do not change the core principle of the guidance in ASU 2016-13. Instead these amendments are intended to clarify and improve operability of certain topics included within the credit losses standard. These ASUs will have the same effective date and transition requirements as ASU 2016-13.

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 will be effective for the Company's fiscal year beginning December 1, 2020. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not anticipate the impact of the adoption of ASU 2017-04 will have a material impact on the Company's consolidated financial statements.

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, 2022. The Company is currently evaluating the impact the adoption of ASU 2019-12 will have on the Company's consolidated financial statements.

Reclassifications

Certain prior year amounts in the consolidated financial statements have been reclassified to conform with the 2020 presentation. The Company's segments were adjusted to reflect the North Carolina divisions within the Central segment, which were previously part of the East segment. This was due to a change in operations. Additionally, the Company's self insurance subsidiary which was previously within the Financial Services segment is now within Homebuilding. This was to better align the self insurance reserve related to homebuilding warranty, construction defect and liability claims within the Homebuilding segments. Both changes are effective December 1, 2018 for the Company's balance sheets. The Homebuilding segments' statements of operations were adjusted effective December 1, 2017 for the reclass of the North Carolina divisions. The statements of operations were not adjusted for previous periods for the self-insurance subsidiary reclass due to immateriality. These reclassifications were between segments and had no impact on the Company's total assets, total equity, revenues or net earnings in the consolidated financial statements.

Subsequent Events

Subsequent to November 30, 2020, one of the Company's strategic investments, Opendoor, began trading on the Nasdaq stock market for which the Company expects to record a significant unrealized gain in the first quarter of fiscal 2021.

Subsequent to November 30, 2020, the Company entered into a venture that will invest in single family rental homes.

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:

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

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

<i>(In thousands)</i>					
November 30, 2020					
Assets:	Homebuilding	Financial Services	Multifamily	Lennar Other	Total
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
Loans held-for-investments, net	—	72,626	—	—	72,626
Investments held-to-maturity	—	164,230	—	—	164,230
Investments available-for-sale (3)	—	—	—	53,497	53,497
Investments in unconsolidated entities	953,177	68,869	724,647	386,999	2,133,692
Goodwill	3,442,359	189,699	—	—	3,632,058
Other assets (4)	1,190,793	68,027	75,749	8,443	1,343,012
	<u>\$ 25,529,425</u>	<u>2,776,987</u>	<u>1,175,908</u>	<u>452,857</u>	<u>29,935,177</u>
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
	<u>\$ 9,925,651</u>	<u>1,644,248</u>	<u>252,911</u>	<u>12,966</u>	<u>11,835,776</u>
November 30, 2019					
Assets:	Homebuilding	Financial Services	Multifamily	Lennar Other	Total
Cash and cash equivalents	\$ 1,200,832	234,113	8,711	2,340	1,445,996
Restricted cash	9,698	12,022	—	975	22,695
Receivables, net (1)	329,124	500,847	76,906	—	906,877
Inventories	17,776,507	—	315,107	—	18,091,614
Loans held-for-sale (2)	—	1,644,939	—	—	1,644,939
Loans held-for-investments, net	—	73,867	—	—	73,867
Investments held-to-maturity	—	190,289	—	54,117	244,406
Investments available-for-sale (3)	—	3,732	48,206	—	51,938
Investments in unconsolidated entities	1,009,035	—	561,190	403,688	1,973,913
Goodwill	3,442,359	215,516	—	—	3,657,875
Other assets (4)	1,021,684	130,699	58,711	34,297	1,245,391
	<u>\$ 24,789,239</u>	<u>3,006,024</u>	<u>1,068,831</u>	<u>495,417</u>	<u>29,359,511</u>
Liabilities:					
Notes and other debts payable, net	\$ 7,776,638	1,745,755	36,125	15,178	9,573,696
Other liabilities	3,298,527	242,568	196,030	14,860	3,751,985
	<u>\$ 11,075,165</u>	<u>1,988,323</u>	<u>232,155</u>	<u>30,038</u>	<u>13,325,681</u>

(1) Receivables, net for Financial Services primarily related to loans sold to investors for which the Company had not yet been paid as of November 30, 2020 and November 30, 2019, respectively.

(2) Loans held-for-sale related to unsold residential and commercial loans carried at fair value.

(3) 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 consolidated balance sheets.

(4) As of November 30, 2020 and November 30, 2019, Financial Services other assets included mortgage loan commitments carried at fair value of \$29.1 million and \$16.3 million, respectively, and mortgage servicing rights carried at fair value of \$2.1 million and \$24.7 million, respectively.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

Year ended November 30, 2020						
(In thousands)	Homebuilding	Financial Services	Multifamily	Lennar Other (1)	Corporate and unallocated (2)	Total
Revenues	\$ 20,981,136	890,311	576,328	41,079	—	22,488,854
Operating earnings (loss)	2,988,907	480,952	22,681	(10,334)	—	3,482,206
Corporate general and administrative expenses	—	—	—	—	(358,418)	(358,418)
Earnings (loss) before income taxes	2,988,907	480,952	22,681	(10,334)	(358,418)	3,123,788
Year ended November 30, 2019						
(In thousands)	Homebuilding	Financial Services	Multifamily	Lennar Other	Corporate and unallocated (2)	Total
Revenues	\$ 20,793,216	824,810	604,700	36,835	—	22,259,561
Operating earnings	2,502,905	224,642	16,390	31,469	—	2,775,406
Corporate general and administrative expenses	—	—	—	—	(341,114)	(341,114)
Earnings before income taxes	2,502,905	224,642	16,390	31,469	(341,114)	2,434,292
Year ended November 30, 2018						
(In thousands)	Homebuilding	Financial Services	Multifamily	Lennar Other	Corporate and unallocated (2)	Total
Revenues	\$ 19,077,597	954,631	421,132	118,271	—	20,571,631
Operating earnings (loss)	2,254,487	199,716	42,695	(33,707)	—	2,463,191
Gain on sale of Rialto investment and asset management platform	—	—	—	—	296,407	296,407
Acquisition and integration costs related to CalAtlantic	—	—	—	—	(152,980)	(152,980)
Corporate general and administrative expenses	—	—	—	—	(343,934)	(343,934)
Earnings (loss) before income taxes	2,254,487	199,716	42,695	(33,707)	(200,507)	2,262,684

- (1) Operating loss for Lennar Other for the year ended November 30, 2020 included a \$25.0 million write-down of assets held by Rialto legacy funds because of the disruption in the capital markets as a result of COVID-19 and the economic shutdown.
- (2) Corporate and unallocated expenses primarily represent costs of operations at the Company's corporate headquarters in Miami. These operations include the Company's executive offices, information technology, treasury, corporate accounting and tax, legal, internal audit, human resources. Also included are property expenses related to the leases of corporate offices, data processing and general corporate expenses.

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, equity in earnings (loss) from unconsolidated entities and other income (expense), net, less the cost of homes sold and land sold, 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, Tennessee and Virginia

Texas: Texas

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

Other: Urban divisions and other homebuilding related investments primarily in California, including Five Point 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
Balance at November 30, 2020	\$ 5,308,114	3,438,600	2,150,916	10,504,374	1,301,618	2,825,803	25,529,425
Balance at November 30, 2019	5,804,764	3,636,694	2,246,893	10,663,666	1,173,163	1,264,059	24,789,239

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

Year ended November 30, 2020						
(In thousands)	East	Central	Texas	West	Other	Total Homebuilding
Revenues	\$ 5,715,028	4,093,693	2,709,681	8,437,167	25,567	20,981,136
Operating earnings (loss)	933,297	482,929	421,594	1,241,494	(90,407)	2,988,907
Interest expense	93,245	58,777	29,901	178,498	13,683	374,104
Depreciation and amortization	21,504	13,659	9,366	50,316	249	95,094
Net additions to (disposals of) operating properties and equipment	955	(11,370)	712	165,869	(32)	156,134

Year ended November 30, 2019						
(In thousands)	East	Central	Texas	West	Other	Total Homebuilding
Revenues	\$ 5,717,858	4,120,085	2,578,962	8,227,304	149,007	20,793,216
Operating earnings (loss)	830,619	431,372	285,874	1,050,850	(95,810)	2,502,905
Interest expense	96,569	64,104	37,144	183,906	13,272	394,995
Depreciation and amortization	20,623	11,356	8,395	45,456	369	86,199
Net additions to (disposals of) operating properties and equipment	(31,338)	89	950	63,803	(1,214)	32,290

Year ended November 30, 2018						
(In thousands)	East	Central	Texas	West	Other	Total Homebuilding
Revenues	\$ 5,016,944	3,523,807	2,421,399	8,059,850	55,597	19,077,597
Operating earnings	621,724	320,105	172,449	1,082,302	57,907	2,254,487
Interest expense	82,024	44,925	32,930	151,823	4,462	316,164
Depreciation and amortization	17,995	7,904	9,041	36,013	1,022	71,975
Net additions to operating properties and equipment	26,387	14,692	200	42,525	15,549	99,353

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. The Financial Services segment sells substantially all of the loans it originates within a short period of time in the secondary mortgage market, the majority of which are sold 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. 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 as well as in other states.

At November 30, 2020, 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:	
January 2021 (1)	\$ 500,000
March 2021	500,000
June 2021	600,000
July 2021	200,000
Total - Residential facilities	\$ 1,800,000
LMF Commercial facilities maturing:	
December 2020 (2)	\$ 500,000
November 2021	100,000
December 2021	200,000
Total - LMF Commercial facilities	\$ 800,000
Total	\$ 2,600,000

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

- (1) Subsequent to November 30, 2020, the maturity date was extended to December 2021.
- (2) Includes \$50 million LMF Commercial warehouse repurchase facility used to finance the origination of floating rate accrual loans, which are reported as accrual loans within loans held-for-investment, net. There were borrowings under this facility of \$11.4 million as of November 30, 2020.

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, which are guaranteed by Lennar Corporation, finance LMF Commercial loan originations and securitization activities and are secured by an up to 80% interest in the originated commercial loans financed.

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

<i>(In thousands)</i>	November 30,	
	2020	2019
Borrowings under the residential facilities	\$ 1,185,797	1,374,063
Collateral under the residential facilities	1,231,619	1,423,650
Borrowings under the LMF Commercial facilities	124,617	216,870

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 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 consolidated balance sheets.

LMF Commercial - loans held-for-sale

During the year ended November 30, 2020, LMF Commercial originated commercial loans with a total principal balance of \$703.8 million, all of which were recorded as loans held-for-sale and sold \$705.1 million of commercial loans into five separate securitizations. As of November 30, 2020, there were no unsettled transactions.

During the year ended November 30, 2019, LMF Commercial originated commercial loans with a total principal balance of \$1.6 billion, nearly all of which were recorded as loans held-for-sale except \$15.3 million which were recorded as accrual loans receivables, net, and sold \$1.4 billion of loans into 11 separate securitizations. As of November 30, 2019, originated loans with an unpaid balance of \$158.4 million which were sold into a securitization trust but not settled and thus were included as receivables, net.

Investments held-to-maturity

At November 30, 2020 and 2019, the carrying value of Financial Services' commercial mortgage-backed securities ("CMBS") was \$164.2 million and \$166.0 million, respectively. These securities were purchased at discounts ranging from 6% to 84% with coupon rates ranging from 2.0% to 5.3%, stated and assumed final distribution dates between October 2027 and December 2028, and stated maturity dates between October 2050 and December 2051. The Financial Services segment reviews changes in estimated cash flows periodically to determine if an other-than-temporary impairment has occurred on its CMBS. Based on the segment's assessment, no impairment charges were recorded during either the year ended November 30, 2020 or 2019. The Financial Services segment classifies these securities as held-to-maturity based on its intent and ability to hold the securities until maturity. The Company has financing agreements to finance CMBS that have been purchased as investments by the Financial Services segment. At November 30, 2020 and 2019, the carrying amount, net of debt issuance costs, of

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

outstanding debt in these agreements was \$153.5 million and \$154.7 million, respectively, and interest incurred at a rate of 3.4%.

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 land sales, revenue from construction activities and management fees generated from joint ventures, and equity in earnings from unconsolidated entities, less the cost of land sold, expenses related to construction activities and general and administrative expenses.

Lennar Other

Operations of the Lennar Other segment include 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, and other income (expense), net from the remaining assets related to the Company's former Rialto segment.

Each reportable segment follows the same accounting policies described in Note 1—"Summary of Significant Accounting Policies" to the consolidated financial statements. Operational results of each segment are not necessarily indicative of the results that would have occurred had the segment been an independent, stand-alone entity during the periods presented.

3. Investments in Unconsolidated Entities

Homebuilding Unconsolidated Entities

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

<i>(In thousands)</i>	November 30,	
	2020	2019
Investments in unconsolidated entities (1) (2)	\$ 953,177	1,009,035
Underlying equity in unconsolidated entities' net assets (1)	1,269,701	1,313,892

(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 November 30, 2020 and 2019, the carrying amount of the Company's investment was \$392.1 million and \$374.0 million, respectively.

The Company's partners generally are unrelated homebuilders, land owners/developers and financial or other strategic partners. The unconsolidated entities follow accounting principles that are in all material respects the same as those used by the Company. The Company shares in the profits and losses of these unconsolidated entities generally in accordance with its ownership interests. In many instances, the Company is appointed as the day-to-day manager under the direction of a management committee that has shared powers among the partners of the unconsolidated entities and the Company receives management fees and/or reimbursement of expenses for performing this function. The Company and/or its partners sometimes obtain options or enter into other arrangements under which the Company can purchase portions of the land held by the unconsolidated entities. Option prices are generally negotiated prices that approximate fair value when the Company receives the options. The details of the activity was as follows:

<i>(In thousands)</i>	Years Ended November 30,		
	2020	2019	2018
Land sales revenues (1)	\$ 99,935	82,966	169,521
Management fees and reimbursement of expenses, net of deferrals	2,363	2,716	7,026

(1) The Company does not include in its Homebuilding equity in loss from unconsolidated entities its pro-rata share of unconsolidated entities' earnings resulting from land sales to its homebuilding divisions. Instead, the Company accounts for those earnings as a reduction of the cost of purchasing the land from the unconsolidated entities. This in effect defers recognition of the Company's share of the unconsolidated entities' earnings related to these sales until the Company delivers a home and title passes to a third-party homebuyer.

The total debt of the Homebuilding unconsolidated entities in which the Company has investments was \$1.1 billion as of both November 30, 2020 and 2019, respectively, of which the Company's maximum recourse exposure was \$4.9 million and \$10.8 million as of November 30, 2020 and November 30, 2019, respectively. In most instances in which the Company has guaranteed debt of an unconsolidated entity, the Company's partners have also guaranteed that debt and are required to contribute their share of the guarantee payments. In a repayment guarantee, the Company and its venture partners guarantee repayment of a portion or all of the debt in the event of default before the lender would have to exercise its rights against the collateral.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

If the Company is required to make a payment under any guarantee, the payment would generally constitute a capital contribution or loan to the Homebuilding unconsolidated entity and increase the Company's investment in the unconsolidated entity and its share of any funds the entity distributes.

As of both November 30, 2020 and 2019, the fair values of the repayment, maintenance guarantees and completion guarantees were not material. The Company believes that as of November 30, 2020, in the event it becomes legally obligated to perform under a guarantee of the obligation of a Homebuilding unconsolidated entity due to a triggering event under a guarantee, the collateral should be sufficient to repay at least a significant portion of the obligation or the Company and its partners would contribute additional capital into the venture. In certain instances, the Company has placed performance letters of credit and surety bonds with municipalities for its joint ventures (see Note 4).

Financial Services Unconsolidated Entity

In connection with the sale of the majority of its retail title agency business and title insurance underwriter in the first quarter of 2019, the Company provided seller financing and received a substantial minority equity ownership stake in the buyer. The combination of both the equity and debt components of this transaction caused the transaction not to meet the accounting requirements for sale treatment and, therefore, the Company was required to consolidate the buyer's results at that time. During the year ended November 30, 2020, there was a significant equity raise that was completed, which resulted in the entity's deconsolidation. Upon deconsolidation, the Company recorded a gain of \$61.4 million.

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 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. Those completion guarantees may require that the guarantors complete the construction of the improvements for which the financing was obtained. Additionally, the Company guarantees the construction costs of the project as construction cost over-runs would be paid by the Company. Generally, these payments would increase the Company's investment in the entities and would increase its share of funds the entities distribute after the achievement of certain thresholds. As of both November 30, 2020 and November 30, 2019, the fair value of the completion guarantees was immaterial. As of November 30, 2020 and November 30, 2019, Multifamily segment's unconsolidated entities had non-recourse debt with completion guarantees of \$722.9 million and \$867.3 million, respectively.

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:

<i>(In thousands)</i>	Years Ended November 30,		
	2020	2019	2018
General contractor services, net of deferrals	\$ 400,808	355,388	353,194
General contractor costs	383,649	340,081	338,717
Management fee income	56,253	53,597	48,801

The Multifamily segment includes Multifamily Venture Fund I (the "LMV I") and Multifamily Venture Fund II LP (the "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 year ended November 30, 2020 are included below:

<i>(In thousands)</i>	November 30, 2020	
	LMV I	LMV II
Lennar's carrying value of investments	\$ 328,365	288,476
Equity commitments	2,204,016	1,257,700
Equity commitments called	2,139,322	995,206
Lennar's equity commitments	504,016	381,000
Lennar's equity commitments called	496,483	300,393
Lennar's remaining commitments	7,533	80,607
Distributions to Lennar during the year ended November 30, 2020	39,988	—

Lennar Other

Lennar Other primarily includes fund investments the Company retained when it sold the Rialto asset and investment management platform, as well as strategic investments in technology companies.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Condensed Financial Information of Unconsolidated Entities

Summarized condensed financial information on a combined 100% basis related to the Company's unconsolidated entities that are accounted for under the equity method was as follows:

(In thousands)

	November 30, 2020				
Assets:	Homebuilding	Financial Services	Multifamily	Lennar Other	Total
Cash and cash equivalents	\$ 546,013	111,109	94,801	173,408	814,222
Loans receivable	—	—	—	95,281	95,281
Real estate owned	—	—	—	295,391	295,391
Investment securities	—	75,714	—	2,093,766	2,093,766
Investments in partnerships	—	—	—	260,721	260,721
Inventories	4,527,371	—	—	—	4,527,371
Operating properties and equipment	148,020	—	5,392,681	23,968	5,564,669
Other assets	862,875	164,782	115,968	1,099,099	2,077,942
	<u>\$ 6,084,279</u>	<u>351,605</u>	<u>5,603,450</u>	<u>4,041,634</u>	<u>15,729,363</u>
Liabilities and equity:					
Accounts payable and other liabilities	\$ 866,812	159,271	219,522	31,113	1,117,447
Debt (1)	1,085,639	—	2,519,567	292,313	3,897,519
Equity	4,131,828	192,334	2,864,361	3,718,208	10,714,397
	<u>\$ 6,084,279</u>	<u>351,605</u>	<u>5,603,450</u>	<u>4,041,634</u>	<u>15,729,363</u>
Investments in unconsolidated entities	\$ 953,177	68,869	724,647	386,999	2,133,692

(In thousands)

	November 30, 2019				
Assets:	Homebuilding	Financial Services	Multifamily	Lennar Other	Total
Cash and cash equivalents	\$ 602,480	—	74,726	122,089	799,295
Loans receivable	—	—	—	690,270	690,270
Real estate owned	—	—	—	282,832	282,832
Investment securities	—	—	—	2,404,987	2,404,987
Investments in partnerships	—	—	—	768,219	768,219
Inventories	4,514,885	—	—	—	4,514,885
Operating properties and equipment	—	—	4,618,518	—	4,618,518
Other assets	1,007,698	—	66,960	204,009	1,278,667
	<u>\$ 6,125,063</u>	<u>—</u>	<u>4,760,204</u>	<u>4,472,406</u>	<u>15,357,673</u>
Liabilities and equity:					
Accounts payable and other liabilities	\$ 816,719	—	212,706	38,770	1,068,195
Debt (1)	1,094,588	—	2,113,696	775,648	3,983,932
Equity	4,213,756	—	2,433,802	3,657,988	10,305,546
	<u>\$ 6,125,063</u>	<u>—</u>	<u>4,760,204</u>	<u>4,472,406</u>	<u>15,357,673</u>
Investments in unconsolidated entities	\$ 1,009,035	—	561,190	403,688	1,973,913

(1) Debt noted above is net of debt issuance costs. As of November 30, 2020 and 2019 this includes \$11.8 million and \$13.0 million, respectively, for Homebuilding, \$31.1 million and \$26.8 million, respectively, for Multifamily and an immaterial amount of debt issuance costs for Lennar Other.

(In thousands)

Statement of Operations

Years Ended:	Revenues	Cost and expenses	Other income (1)	Net earnings (loss) of unconsolidated entities	Equity in earnings (loss) from unconsolidated entities
November 30, 2020	\$ 1,362,686	1,221,873	(244,680)	(103,867)	(13,939)
November 30, 2019	782,712	774,550	347,018	355,180	13,393
November 30, 2018	1,017,271	1,004,927	222,003	234,347	(14,777)

(1) Other income, net included realized and unrealized gains (losses) on investments.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. Homebuilding Senior Notes and Other Debts Payable

<i>(Dollars in thousands)</i>	November 30,	
	2020	2019
6.25% senior notes due December 2021	\$ 305,221	310,252
4.125% senior notes due 2022	598,876	597,885
5.375% senior notes due 2022	255,342	258,198
4.750% senior notes due 2022	572,724	571,644
4.875% senior notes due December 2023	397,347	396,553
4.500% senior notes due 2024	647,528	646,802
5.875% senior notes due 2024	443,484	448,158
4.750% senior notes due 2025	498,002	497,558
5.25% senior notes due 2026	406,709	407,921
5.00% senior notes due 2027	352,508	352,892
4.75% senior notes due 2027	894,760	893,046
6.625% senior notes due 2020	—	303,668
2.95% senior notes due 2020	—	299,421
8.375% senior notes due 2021	—	418,860
4.750% senior notes due 2021	—	498,893
Mortgage notes on land and other debt	583,257	874,887
	<u>\$ 5,955,758</u>	<u>7,776,638</u>

The carrying amounts of the senior notes listed above are net of debt issuance costs of \$15.9 million and \$22.9 million, as of November 30, 2020 and 2019, respectively.

At November 30, 2020, the Company had an unsecured revolving credit facility (the "Credit Facility") with maximum borrowings of \$2.4 billion maturing in 2024. The credit agreement also provides that up to \$500 million in commitments may be used for letters of credit. As of both November 30, 2020 and 2019, the Company had no outstanding borrowings under the Credit Facility. Subsequent to November 30, 2020, the maximum borrowings were increased by \$100 million to \$2.5 billion and included a \$300 million accordion feature, subject to additional commitments, thus the maximum borrowings could be \$2.8 billion. Under the Credit Facility agreement, the Company is required to maintain a minimum consolidated tangible net worth, a maximum leverage ratio and either a liquidity or an interest coverage ratio. These ratios are calculated per the Credit Facility agreement, which involves adjustments to GAAP financial measures. The Company believes it was in compliance with its debt covenants at November 30, 2020. In addition to the Credit Facility, the Company has other letter of credit facilities with different financial institutions.

Performance letters of credit are generally posted with regulatory bodies to guarantee the Company's performance of certain development and construction activities. Financial letters of credit are generally posted in lieu of cash deposits on option contracts, for insurance risks, credit enhancements and as other collateral. Additionally, at November 30, 2020, the Company had outstanding surety bonds including performance surety bonds related to site improvements at various projects (including certain projects of the Company's joint ventures) and financial surety bonds. Although significant development and construction activities have been completed related to these site improvements, these bonds are generally not released until all development and construction activities are completed. The Company does not presently anticipate any draws upon these bonds or letters of credit, but if any such draws occur, the Company does not believe they would have a material effect on its financial position, results of operations or cash flows.

The Company's outstanding letters of credit and surety bonds are described below:

<i>(In thousands)</i>	November 30,	
	2020	2019
Performance letters of credit	\$ 752,096	715,793
Surety bonds	3,087,711	2,946,167
Anticipated future costs primarily for site improvements related to performance surety bonds	1,584,642	1,427,145

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The terms of each of the Company's senior notes outstanding at November 30, 2020 were as follows:

Senior Notes Outstanding (1)	Principal Amount	Net Proceeds (2)	Price	Dates Issued
<i>(Dollars in thousands)</i>				
6.25% senior notes due December 2021	\$ 300,000	(3)	(3)	(3)
4.125% senior notes due 2022	600,000	595,160	100 %	January 2017
5.375% senior notes due 2022	250,000	(3)	(3)	(3)
4.750% senior notes due 2022	575,000	567,585	(4)	October 2012, February 2013, April 2013
4.875% senior notes due December 2023	400,000	393,622	99.169 %	November 2015
4.500% senior notes due 2024	650,000	644,838	100 %	April 2017
5.875% senior notes due 2024	425,000	(3)	(3)	(3)
4.750% senior notes due 2025	500,000	495,528	100 %	April 2015
5.25% senior notes due 2026	400,000	(3)	(3)	(3)
5.00% senior notes due 2027	350,000	(3)	(3)	(3)
4.75% senior notes due 2027	900,000	894,650	100 %	November 2017

- (1) Interest is payable semi-annually for each of the series of senior notes. The senior notes are unsecured and unsubordinated, but are guaranteed by substantially all of the Company's 100% owned homebuilding subsidiaries.
- (2) The Company generally uses the net proceeds for working capital and general corporate purposes, which can include the repayment or repurchase of other outstanding senior notes.
- (3) These notes were obligations of CalAtlantic when it was acquired, and were subsequently exchanged in part for notes of the Company. As part of purchase accounting, the senior notes have been recorded at their fair value as of the date of acquisition (February 12, 2018).
- (4) The Company issued \$350 million aggregate principal amount at a price of 100%, \$175 million aggregate principal amount at a price of 98.073% and \$50 million aggregate principal amount at a price of 98.250%.

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. Although the guarantees are full, unconditional and joint and several while they are in effect, (i) a subsidiary will have its guarantee suspended at any time when it is not directly or indirectly guaranteeing at least \$75 million of debt of Lennar Corporation (the parent company) other than senior notes, and (ii) 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 of.

At November 30, 2020, the Company had mortgage notes on land and other debt due at various dates through 2036 bearing interest at rates up to 11.0% with an average interest rate of 4.8%. At November 30, 2020 and 2019, the carrying amount of the mortgage notes on land and other debt was \$583.3 million and \$874.9 million, respectively. During the years ended November 30, 2020 and 2019, the Company retired \$555.6 million and \$172.5 million, respectively, of mortgage notes on land and other debt.

The minimum aggregate principal maturities of Homebuilding senior notes and other debts payable during the five years subsequent to November 30, 2020 and thereafter are as follows:

<i>(In thousands)</i>	Debt Maturities
2021	\$ 293,177
2022	1,805,848
2023	58,850
2024	1,518,748
2025	583,800
Thereafter	1,672,839

The Company expects to pay its near-term maturities as they come due through cash generated from operations, the issuance of additional debt or equity offerings as well as borrowings under the Company's Credit Facility.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

5. Income Taxes

The provision for income taxes consisted of the following:

<i>(In thousands)</i>	Years Ended November 30,		
	2020	2019	2018
Current:			
Federal	\$ 428,907	298,701	246,604
State	135,246	53,400	30,530
	<u>\$ 564,153</u>	<u>352,101</u>	<u>277,134</u>
Deferred:			
Federal	\$ 59,065	165,080	189,096
State	33,017	74,992	78,941
	<u>92,082</u>	<u>240,072</u>	<u>268,037</u>
	<u><u>\$ 656,235</u></u>	<u><u>592,173</u></u>	<u><u>545,171</u></u>

A reconciliation of the statutory rate and the effective tax rate was as follows:

	Percentage of Pretax Income		
	2020	2019	2018
Statutory rate	21.00 %	21.00 %	22.22 %
State income taxes, net of federal income tax benefit	4.00	4.17	3.81
Tax credits (1)	(4.46)	(1.49)	(1.60)
Nondeductible compensation	0.57	0.45	—
Domestic production activities deduction	—	—	(1.71)
Tax reserves and interest expense, net	—	(0.03)	(0.39)
Deferred tax asset valuation allowance, net	—	(0.02)	(0.03)
Accounting method changes	—	—	(1.47)
Changes in tax law (2)	—	—	3.06
Other	(0.09)	0.18	0.44
Effective rate	<u>21.02 %</u>	<u>24.26 %</u>	<u>24.33 %</u>

- (1) In December 2019, the Congress retroactively extended the new energy efficient home tax credit for homes delivered in 2018 to 2020.
- (2) In December 2017, the Tax Cuts and Jobs Act was enacted which reduced the maximum federal corporate income tax rate to 21%, which reduced the value of the Company's deferred tax assets. As a result, the Company recorded a non-cash one-time write down of deferred tax assets that resulted in income tax expense of \$68.6 million in fiscal year 2018.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effects of significant temporary differences that give rise to the net deferred tax assets were as follows:

<i>(In thousands)</i>	November 30,	
	2020	2019
Deferred tax assets:		
Inventory valuation adjustments	\$ 136,868	201,408
Reserves and accruals	161,984	148,477
Net operating loss carryforwards	88,021	108,250
Capitalized expenses	130,910	72,054
Investments in unconsolidated entities	67,405	55,306
Other assets	76,715	84,454
Total deferred tax assets	661,903	669,949
Valuation allowance	(4,411)	(4,341)
Total deferred tax assets after valuation allowance	657,492	665,608
Deferred tax liabilities:		
Capitalized expenses	181,729	152,208
Deferred income	240,903	198,503
Other liabilities	47,478	35,432
Total deferred tax liabilities	470,110	386,143
Net deferred tax assets	\$ 187,382	279,465

The detail of the Company's net deferred tax assets was as follows:

<i>(In thousands)</i>	November 30,	
	2020	2019
Net deferred tax assets: (1)		
Homebuilding	\$ 119,467	224,859
Financial Services	1,024	17,551
Multifamily	38,155	34,291
Lennar Other	28,736	2,764
Net deferred tax assets	\$ 187,382	279,465

- (1) Net deferred tax assets and net deferred tax liabilities detailed above are included within other assets and other liabilities in the respective segments.

A reduction of the carrying amounts of deferred tax assets by a valuation allowance is required if, based on the available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed each reporting period by the Company based on the consideration of all available positive and negative evidence using a "more-likely-than-not" standard with respect to whether deferred tax assets will be realized. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, actual earnings, forecasts of future profitability, the duration of statutory carryforward periods, the Company's experience with loss carryforwards not expiring unused and tax planning alternatives.

<i>(In thousands)</i>	November 30,	
	2020	2019
Valuation allowance (1)	\$ (4,411)	(4,341)
Federal tax effected NOL carryforwards (2)	36,264	39,080
State tax effected NOL carryforwards (3)	51,757	69,170

- (1) As of November 30, 2020 and 2019, the net deferred tax assets included valuation allowances primarily related to state net operating loss ("NOL") carryforwards that are not more likely than not to be utilized due to an inability to carry back these losses in most states and short carryforward periods that exist in certain states.
- (2) At November 30, 2020 and 2019, the Company had federal tax effected NOL carryforwards that may be carried forward to offset future taxable income and begin to expire in 2029.
- (3) At November 30, 2020 and 2019, the Company had state tax effected NOL carryforwards that may be carried forward from 5 to 20 years, depending on the tax jurisdiction, with losses expiring between 2021 and 2039.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the changes in gross unrecognized tax benefits:

<i>(In thousands)</i>	Years Ended November 30,		
	2020	2019	2018
Gross unrecognized tax benefits, beginning of year	\$ 12,856	14,667	12,285
Lapse of statute of limitations	(349)	(1,811)	(2,052)
Decreases due to tax positions taken during prior period	—	—	(2,805)
Decreases due to settlements with tax authorities	(222)	—	(6,493)
Increases due to the CalAtlantic acquisition	—	—	13,510
Increases due to tax positions taken during prior period	—	—	222
Gross unrecognized tax benefits, end of year	<u>\$ 12,285</u>	<u>12,856</u>	<u>14,667</u>

If the Company were to recognize its gross unrecognized tax benefits as of November 30, 2020, \$9.7 million would affect the Company's effective tax rate. The Company does not expect the total amount of unrecognized tax benefits to increase or decrease by a material amount within the following twelve months.

The following summarizes the changes in interest and penalties accrued with respect to gross unrecognized tax benefits:

<i>(In thousands)</i>	November 30,	
	2020	2019
Accrued interest and penalties, beginning of the year	\$ 55,333	52,942
Accrual of interest and penalties (primarily related to state audits)	2,802	3,029
Reduction of interest and penalties	(371)	(638)
Accrued interest and penalties, end of the year	<u>\$ 57,764</u>	<u>55,333</u>

The IRS is currently examining the Company's federal tax income tax returns for fiscal year 2019, and certain state taxing authorities are examining various fiscal years. The final outcome of these examinations is not yet determinable. The statute of limitations for the Company's major tax jurisdictions remains open for examination for fiscal year 2005 and subsequent years. The Company participates in an IRS examination program, Compliance Assurance Process, "CAP". This program operates as a contemporaneous exam throughout the year in order to keep exam cycles current and achieve a higher level of compliance.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

6. Earnings Per Share

Basic and diluted earnings per share were calculated as follows:

(In thousands, except per share amounts)	Years Ended November 30,		
	2020	2019	2018
Numerator:			
Net earnings attributable to Lennar	\$ 2,465,036	1,849,052	1,695,831
Less: distributed earnings allocated to nonvested shares	1,658	420	429
Less: undistributed earnings allocated to nonvested shares	26,731	15,722	14,438
Numerator for basic earnings per share	2,436,647	1,832,910	1,680,964
Less: net amount attributable to noncontrolling interests in Rialto's Carried Interest Incentive Plan (1)	8,971	4,204	3,320
Plus: interest on convertible senior notes	—	—	80
Plus: undistributed earnings allocated to convertible shares	—	—	2,904
Less: undistributed earnings reallocated to convertible shares	—	—	2,899
Numerator for diluted earnings per share	\$ 2,427,676	1,828,706	1,677,729
Denominator:			
Denominator for basic earnings per share - weighted average common shares outstanding	309,406	318,419	307,968
Effect of dilutive securities:			
Share-based payments	1	3	48
Convertible senior notes	—	—	549
Denominator for diluted earnings per share - weighted average common shares outstanding	309,407	318,422	308,565
Basic earnings per share	\$ 7.88	5.76	5.46
Diluted earnings per share	\$ 7.85	5.74	5.44

(1) The amounts presented above relate to Rialto's Carried Interest Incentive Plan and represent the difference between the advanced tax distributions received by Lennar Other segment and the amount Lennar, as the parent company, is assumed to own.

For the years ended November 30, 2020, 2019 and 2018, there were no options to purchase shares of common stock that were outstanding and anti-dilutive.

7. Financial Instruments and Fair Value Disclosures

The following table presents the carrying amounts and estimated fair values of financial instruments held by the Company at November 30, 2020 and 2019, 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.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(In thousands)	Fair Value Hierarchy	November 30,			
		2020		2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS					
Financial Services:					
Loans held-for-investment, net	Level 3	\$ 72,626	70,808	73,867	69,708
Investments held-to-maturity	Level 3	164,230	196,047	166,012	195,962
Investments held-to-maturity	Level 2	—	—	24,277	24,257
Lennar Other:					
Investments held-to-maturity	Level 3	—	—	54,117	56,415
LIABILITIES					
Homebuilding senior notes and other debts payable	Level 2	\$ 5,955,758	6,581,798	7,776,638	8,144,632
Financial Services notes and other debts payable	Level 2	1,463,919	1,464,850	1,745,755	1,745,782
Multifamily note payable	Level 2	—	—	36,125	36,125
Lennar Other notes and other debts payable	Level 2	1,906	1,906	15,178	15,178

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 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.

Multifamily—For the note payable, the fair value approximates the carrying value due to variable interest pricing terms and the short-term nature of the borrowing.

Lennar Other—The fair value for investments held-to-maturity is based on discounted cash flows. For notes and other debts payable, the fair value is calculated based on discounted cash flows using quoted interest rates and for the warehouse repurchase financing agreements fair values approximate their carrying value due to their short-term maturities.

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 November 30,	
		2020	2019
Financial Services Assets:			
Residential loans held-for-sale	Level 2	\$ 1,296,517	1,447,715
LMF Commercial loans held-for-sale	Level 3	193,588	197,224
Mortgage servicing rights	Level 3	2,113	24,679
Lennar Other:			
Investments available-for-sale	Level 3	53,497	—

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

	November 30,			
	2020		2019	
(In thousands)	Aggregate Principal Balance	Change in Fair Value	Aggregate Principal Balance	Change in Fair Value
Residential loans held-for-sale	\$ 1,232,548	63,969	1,405,511	42,204
LMF Commercial loans held-for-sale	194,362	(774)	196,275	949

The estimated fair values of the Company's financial instruments have been determined by 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 following methods and assumptions are used by the Company in estimating fair values:

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. Management believes carrying loans held-for-sale at fair value improves financial reporting by mitigating volatility in reported earnings caused by measuring the fair value of the loans and the derivative instruments used to economically hedge them without having to apply complex hedge accounting provisions. In addition, 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 servicing rights is included in Financial Services' loans held-for-sale as of November 30, 2020 and 2019. 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. 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 Company estimates CMBS spreads by observing the pricing of recent CMBS offerings, secondary CMBS markets, changes in the CMBX index, and general capital and commercial real estate market conditions. Considerations in estimating CMBS spreads include comparing the Company's current loan portfolio with comparable CMBS offerings containing loans with similar duration, credit quality and collateral composition. 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.

Financial Services 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:

	November 30, 2020
Unobservable inputs	
Mortgage prepayment rate	18 %
Discount rate	12 %
Delinquency rate	4 %

Lennar Other investments available-for-sale— The fair value of these investments is based on the quoted market prices for similar financial instruments.

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:

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(In thousands)	Years Ended November 30,		
	2020	2019	2018
Changes in fair value included in Financial Services revenues:			
Loans held-for-sale	\$ 21,765	4,891	8,621
Mortgage loan commitments	12,774	(85)	6,500
Forward contracts	(9,805)	6,504	(12,041)
Changes in fair value included in other comprehensive income (loss), net of tax:			
Lennar Other investments available-for-sale	(805)	—	—
Financial Services investments available-for-sale	(46)	1,040	(1,634)

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 loan and recorded as revenues in the Financial Services' statement of operations and LMF Commercial's statement of operations, respectively.

The following table represents the reconciliation of the beginning and ending balance for the Level 3 recurring fair value measurements:

(In thousands)	Years Ended November 30,			
	2020		2019	
	Mortgage servicing rights	LMF Commercial loans held-for-sale	Mortgage servicing rights	LMF Commercial loans held-for-sale
Beginning of year	\$ 24,679	197,224	37,206	61,691
Purchases/loan originations	2,378	703,777	3,417	1,593,655
Sales/loan originations sold, including those not settled	—	(705,089)	—	(1,447,818)
Disposals/settlements (1)	(10,322)	—	(5,326)	(9,920)
Changes in fair value (2)	(14,622)	(25)	(10,618)	430
Interest and principal paydowns	—	(2,299)	—	(814)
End of year	\$ 2,113	193,588	24,679	197,224

(1) Includes \$7.5 million related to the sale of a servicing portfolio for the year ended November 30, 2020.

(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 tables 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:

(In thousands)		Years Ended November 30,								
		2020			2019			2018		
	Fair Value Hierarchy	Carrying Value	Fair Value	Total Losses, Net (1)	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 (2)	Level 3	\$ 176,637	148,684	(27,953)	218,942	205,201	(13,741)	4,019	3,473	(546)
Land and land under development (2)	Level 3	182,227	92,355	(89,872)	121,564	82,816	(38,748)	96,093	62,850	(33,243)
Other assets (2)	Level 3	—	—	—	60,363	56,727	(3,636)	—	—	—
Lennar Other:										
REO, net										
Upon management periodic valuations	Level 3	—	—	—	—	—	—	58,721	25,632	(33,089)

(1) Represents losses due to valuation adjustments, write-offs, gains (losses) from transfers or acquisitions of real estate through foreclosure and REO impairments recorded during the year.

(2) Valuation adjustments were included in Homebuilding costs and expenses in the Company's consolidated statements of operations for the years ended November 30, 2020, 2019 and 2018.

See Note 1 for a detailed description of the Company's process for identifying and recording valuation adjustments related to Homebuilding inventory.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

8. 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 year ended November 30, 2020. Based on the Company's evaluation, the Company consolidated one Homebuilding entity and one Multifamily entity that had a total assets and liabilities of \$140.0 million and \$51.2 million and \$49.4 million and \$0.9 million, respectively. The Company deconsolidated two Multifamily entities that had total assets of \$37.2 million and an immaterial amount of liabilities. In addition, the Company's Financial Services segment deconsolidated one entity that had total assets and liabilities of \$291.2 million and \$204.1 million, respectively. In January 2019, this JV was formed by the sale of the Company's retail title agency and its retail title insurance business to this JV entity. In exchange for the sale of the retail agency and retail title insurance business, the Company received 20% of the JV entity's preferred stock, warrants exercisable to purchase additional shares of preferred stock in the JV entity and a note due from the JV to the Company. The JV entity's reconsideration event was due to a significant equity raise that was completed during the three months ended May 31, 2020. The proceeds of the equity raise resulted in approximately a 43% reduction of the principal amount of debt owed by the JV entity to the Company as well as an approximately 20% reduction of the Company's ownership interest in the JV. The JV remains a VIE; however, the Company has concluded that it is no longer the primary beneficiary as the Company no longer has the power to direct the VIE. In particular, the additional infusion of equity from third party investors provides evidence that the JV entity is no longer financially dependent on the Company. The Company does not have the voting or economic power to direct the activities of the JV entity. As a result, the Company concluded that the JV entity should be deconsolidated which required fair value accounting for its equity investment and note receivable. The valuation assumptions used in determining fair value of the equity investment began by utilizing the capital raise discounted by public company comparable transactions that took into account the impact of COVID-19 and the economic shutdown and the lack of marketability of the Company's investment. The valuation of the note receivable utilized the underlying cash flows and applied a discount, which was determined by using market comparables. The Company used discount rates ranging from 16% to 30% for the fair value calculations. In aggregate, the resulting fair value of the equity investment and note receivable totaled \$123.4 million, of which \$70.8 million was included in Financial Services investments in unconsolidated entities at the time of deconsolidation. Upon deconsolidation, the Company recorded a gain of \$61.4 million.

The carrying amount of the Company's consolidated VIE's assets and non-recourse liabilities are disclosed in the footnote to the 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 and 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 the VIE's banks. Other than debt guarantee agreements with a VIE's banks, 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

At November 30, 2020 and 2019, the Company's recorded investments in VIEs that are unconsolidated and its estimated maximum exposure to loss were as follows:

	November 30,			
	2020		2019	
	Investments in Unconsolidated VIEs	Lennar's Maximum Exposure to Loss (1)	Investments in Unconsolidated VIEs	Lennar's Maximum Exposure to Loss (1)
<i>(In thousands)</i>				
Homebuilding	\$ 89,654	89,828	80,939	81,118
Multifamily (2)	619,540	717,271	533,018	768,651
Financial Services (3)	233,099	287,253	166,012	166,012
Lennar Other	7,154	7,154	60,882	60,882
	<u>\$ 949,447</u>	<u>1,101,506</u>	<u>840,851</u>	<u>1,076,663</u>

(1) Limited to investments in unconsolidated VIEs, except as noted below.

(2) As of November 30, 2020 and 2019, the maximum exposure to loss of Multifamily's investments in unconsolidated VIEs was generally limited to its investments in the unconsolidated VIEs, except with regard to the remaining equity commitment of \$88.1 million and \$224.2 million, respectively, to fund LMV I and LMV II for future expenditures related to the construction and development of its projects.

(3) At November 30, 2020, the maximum exposure to loss of Financial Services' investments in unconsolidated VIEs included a note receivable.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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 year ended November 30, 2020, consolidated inventory not owned increased by \$523.4 million with a corresponding increase to liabilities related to consolidated inventory not owned in the accompanying consolidated balance sheet as of November 30, 2020. The increase was primarily due to homesites sold to an investor group. This strategic relationship is a continuation of the Company's land light strategy and allows the Company to offer the investor group the opportunity to acquire the property and give the Company an option to purchase all or a portion of it in the future. The liabilities related to consolidated inventory not 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 loss related to its option contracts with third parties and unconsolidated entities consisted of its non-refundable option deposits and pre-acquisition costs totaling \$414.2 million and \$320.5 million at November 30, 2020 and 2019, respectively. Additionally, the Company had posted \$87.5 million and \$75.0 million of letters of credit in lieu of cash deposits under certain land and option contracts as of November 30, 2020 and 2019, respectively.

9. 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.

The Company is subject to the usual obligations associated with entering into contracts (including option contracts) for the purchase, development and sale of real estate, which it does in the routine conduct of its business. Option contracts generally enable the Company to control portions of properties owned by third parties (including land funds) and unconsolidated entities until the Company determines whether to exercise the option. The use of option contracts allows the Company to reduce the financial risks associated with long-term land holdings. At November 30, 2020, the Company had \$414.2 million of non-refundable option deposits and pre-acquisition costs related to certain of these homesites, which were included in inventories in the consolidated balance sheet.

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 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:

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

<i>(Dollars in thousands)</i>	November 30, 2020
Right-of-use assets	\$ 113,390
Lease liabilities	\$ 122,836
Weighted-average remaining lease term (in years)	2.6
Weighted-average discount rate	3.1%

The Company has entered into agreements to lease certain office facilities and equipment under operating leases. Future minimum payments under the noncancellable leases in effect at November 30, 2020 were as follows:

<i>(Dollars in thousands)</i>	Lease Payments
2021	\$ 33,616
2022	27,525
2023	21,601
2024	15,982
2025 and thereafter	34,775
Total future minimum lease payments (1)	\$ 133,499
Less: Interest (2)	10,663
Present value of lease liabilities (2)	\$ 122,836

- (1) Future minimum lease payments exclude variable lease costs and short-term lease costs, which were \$16.1 million and \$2.6 million, respectively, for the year ended November 30, 2020. This also does not include minimum lease payments for executed and legally enforceable leases that have not yet commenced. As of November 30, 2020, 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. The Company recognized the lease liabilities on its balance sheets within other liabilities of the respective segments.

Rental expense for the years ended November 30, 2020, 2019 and 2018 was \$82.1 million, \$92.2 million and \$98.4 million, respectively. Payments on lease liabilities during the year ended November 30, 2020 totaled \$48.8 million. Rental expense includes costs for all leases. On occasion, the Company may sublease rented space which is no longer used for the Company's operations. For the ended November 30, 2020, the Company had an immaterial amount of sublease income.

The Company is committed, under various letters of credit, to perform certain development and construction activities and provide certain guarantees in the normal course of business. Outstanding letters of credit under these arrangements totaled \$1.0 billion at November 30, 2020. Additionally, at November 30, 2020, the Company had outstanding surety bonds of \$3.1 billion including performance surety bonds related to site improvements at various projects (including certain projects in the Company's joint ventures) and financial surety bonds. Although significant development and construction activities have been completed related to these site improvements, these bonds are generally not released until all development and construction activities are completed. As of November 30, 2020, there were approximately \$1.6 billion, or 51%, of anticipated future costs to complete related to these site improvements. The Company does not presently anticipate any draws upon these bonds that would have a material effect on its consolidated financial statements.

Substantially all of the 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. Over the last decade there has been an industry-wide effort by purchasers to defray their losses by purporting to have found inaccuracies related to sellers' representations and warranties in particular loan sale agreements. Mortgage investors or others 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 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 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 consolidated balance sheets.

LENNAR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

10. Quarterly Data (unaudited)

		First	Second	Third	Fourth
<i>(In thousands, except per share amounts)</i>					
2020					
Revenues	\$	4,505,337	5,287,373	5,870,254	6,825,890
Gross profit from sales of homes		848,988	1,062,310	1,262,550	1,574,242
Earnings before income taxes		423,552	676,577	859,013	1,164,646
Net earnings attributable to Lennar		398,452	517,406	666,418	882,760
Earnings per share:					
Basic		1.27	1.66	2.13	2.82
Diluted		1.27	1.65	2.12	2.82
2019					
Revenues	\$	3,868,082	5,562,890	5,857,058	6,971,531
Gross profit from sales of homes		726,079	1,038,587	1,085,633	1,385,859
Earnings before income taxes		319,124	559,399	667,083	888,686
Net earnings attributable to Lennar		239,910	421,472	513,366	674,304
Earnings per share:					
Basic		0.74	1.31	1.60	2.13
Diluted		0.74	1.30	1.59	2.13

Quarterly and year-to-date computations of per share amounts are made independently. Therefore, the sum of per share amounts for the quarters may not agree with per share amounts for the year.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.
Evaluation of Disclosure 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 November 30, 2020 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 November 30, 2020. That evaluation did not identify any changes that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm obtained from Deloitte & Touche LLP relating to the effectiveness of Lennar Corporation's internal control over financial reporting are included elsewhere in this document.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including both of our Co-CEOs and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control—Integrated Framework* (2013), our management concluded that our internal control over financial reporting was effective as of November 30, 2020. The effectiveness of our internal control over financial reporting as of November 30, 2020 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their attestation report which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Lennar Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Lennar Corporation and subsidiaries (the “Company”) as of November 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of November 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended November 30, 2020, of the Company and our report dated January 22, 2021 expressed an unqualified opinion on those financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ Deloitte & Touche LLP

Miami, Florida
January 22, 2021

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item for executive officers is set forth under the heading "Executive Officers of Lennar Corporation" in Part I. We have adopted a Code of Business Conduct and Ethics that applies to each of our Co-Chief Executive Officers and Co-Presidents, our Chief Financial Officer and our Chief Accounting Officer. The Code of Business Conduct and Ethics is located on our internet web site at www.lennar.com under "Investor Relations – Governance." We intend to provide disclosure of any amendments or waivers of our Code of Business Conduct and Ethics on our website within four business days following the date of the amendment or waiver. The other information called for by this item is incorporated by reference to our definitive proxy statement, which will be filed with the Securities and Exchange Commission not later than March 30, 2021 (120 days after the end of our fiscal year).

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to our definitive proxy statement, which will be filed with the Securities and Exchange Commission not later than March 30, 2021 (120 days after the end of our fiscal year).

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference to our definitive proxy statement, which will be filed with the Securities and Exchange Commission not later than March 30, 2021 (120 days after the end of our fiscal year), except for the information required by Item 201(d) of Regulation S-K, which is provided below.

The following table summarizes our equity compensation plans as of November 30, 2020:

Plan category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a)) (1)
Equity compensation plans approved by stockholders	—	\$ —	7,209,217
Equity compensation plans not approved by stockholders	—	—	—
Total	—	\$ —	7,209,217

(1) Both shares of Class A and Class B common stock may be issued.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated by reference to our definitive proxy statement, which will be filed with the Securities and Exchange Commission not later than March 30, 2021 (120 days after the end of our fiscal year).

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated by reference to our definitive proxy statement, which will be filed with the Securities and Exchange Commission not later than March 30, 2021 (120 days after the end of our fiscal year).

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Documents filed as part of this Report.

1. The following financial statements are contained in Item 8:

Financial Statements	Page in this Report
Report of Independent Registered Public Accounting Firm	42
Consolidated Balance Sheets as of November 30, 2020 and 2019	44
Consolidated Statements of Operations and Comprehensive Income (Loss) for the Years Ended November 30, 2020, 2019 and 2018	46
Consolidated Statements of Equity for the Years Ended November 30, 2020, 2019 and 2018	47
Consolidated Statements of Cash Flows for the Years Ended November 30, 2020, 2019 and 2018	48
Notes to Consolidated Financial Statements	49

2. The following financial statement schedule is included in this Report:

Financial Statement Schedule	Page in this Report
Report of Independent Registered Public Accounting Firm	86
Schedule II—Valuation and Qualifying Accounts	87

Information required by other schedules has either been incorporated in the consolidated financial statements and accompanying notes or is not applicable to us.

3. The following exhibits are filed with this Report or incorporated by reference:

3.1	Restated Certificate of Incorporation of the Company, dated January 14, 2015, as amended by the Certificate of Amendment to Restated Certificate of Incorporation of the Company, dated February 12, 2018 - Incorporated by reference to Exhibit 3.1 of the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2019.
3.2	Bylaws of the Company, as amended effective June 26, 2019 - Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, dated June 26, 2019.
4.1	Description of Capital Stock - Incorporated by reference to Exhibit 4.1 of the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2019.
4.2	Indenture, dated as of December 31, 1997, between Lennar Corporation and Bank One Trust Company, N.A., as trustee - Incorporated by reference to Exhibit 4 of the Company's Registration Statement on Form S-3, Registration No. 333-45527, filed with the Commission on February 3, 1998.
4.3	Indenture, dated October 23, 2012, between Lennar and The Bank of New York Mellon Trust Company, N.A., as trustee (relating to Lennar's 4.750% Senior Notes due 2022) - Incorporated by reference to Exhibit 4.12 of the Company's Annual Report on Form 10-K, for the fiscal year ended November 30, 2012.
4.4	Tenth Supplemental Indenture, dated as of April 28, 2015, among Lennar Corporation, each of the guarantors identified therein and The Bank of New York Mellon, as trustee, including the form of 4.750% Senior Notes due 2025 - Incorporated by reference to Exhibit 4.14 of the Company's Current Report on Form 8-K, dated April 29, 2015.
4.5	Eleventh Supplemental Indenture, dated as of November 5, 2015, among Lennar Corporation, each of the guarantors identified therein and The Bank of New York Mellon, as trustee, including the form of 4.875% Senior Notes due 2023 - Incorporated by reference to Exhibit 4.15 of the Company's Current Report on Form 8-K, dated November 6, 2015.
4.6	Thirteenth Supplemental Indenture, dated as of January 20, 2017, among Lennar Corporation, each of the guarantors identified therein and The Bank of New York Mellon, as trustee, including the form of 4.125% Senior Notes due 2022- Incorporated by reference to Exhibit 4.17 of the Company's Current Report on Form 8-K, dated January 20, 2017.
4.7	Fourteenth Supplemental Indenture, dated as of April 28, 2017, among Lennar Corporation, each of the guarantors identified therein and The Bank of New York Mellon, as trustee, including the form of 4.50% Senior Notes due 2024 - Incorporated by reference to Exhibit 4.18 of the Company's Current Report on Form 8-K, dated April 28, 2017.

4.8	<u>Indenture, dated as of November 29, 2017, among Lennar Corporation, each of the guarantors identified therein and The Bank of New York Mellon, as trustee, including the form of 2.95% Senior Notes due 2020 and the form of 4.75% Senior Notes due 2027- Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, dated November 29, 2017.</u>
4.9	<u>Indenture, dated as of February 20, 2018, among Lennar Corporation, each of the guarantors identified therein and The Bank of New York Mellon, as trustee, governing the 6.25% Senior Notes due December 15, 2021 (including the forms of 6.25% Senior Notes due December 15, 2021) - Incorporated by reference to Exhibit 4.4 of the Company's Current Report on Form 8-K, dated February 16, 2018.</u>
4.10	<u>Indenture, dated as of February 20, 2018, among Lennar Corporation, each of the guarantors identified therein and The Bank of New York Mellon, as trustee, governing the 5.375% Senior Notes due October 1, 2022 (including the forms of 5.375% Senior Notes due October 1, 2022) - Incorporated by reference to Exhibit 4.5 of the Company's Current Report on Form 8-K, dated February 16, 2018.</u>
4.11	<u>Indenture, dated as of February 20, 2018, among Lennar Corporation, each of the guarantors identified therein and The Bank of New York Mellon, as trustee, governing the 5.875% Senior Notes due November 15, 2024 (including the forms of 5.875% Senior Notes due November 15, 2024) - Incorporated by reference to Exhibit 4.6 of the Company's Current Report on Form 8-K, dated February 16, 2018.</u>
4.12	<u>Indenture, dated as of February 20, 2018, among Lennar Corporation, each of the guarantors identified therein and The Bank of New York Mellon, as trustee, governing the 5.25% Senior Notes due June 1, 2026 (including the forms of 5.25% Senior Notes due June 1, 2026) - Incorporated by reference to Exhibit 4.7 of the Company's Current Report on Form 8-K, dated February 16, 2018.</u>
4.13	<u>Indenture, dated as of February 20, 2018, among Lennar Corporation, each of the guarantors identified therein and The Bank of New York Mellon, as trustee, governing the 5.00% Senior Notes due June 15, 2027 (including the forms of 5.00% Senior Notes due June 15, 2027) - Incorporated by reference to Exhibit 4.8 of the Company's Current Report on Form 8-K, dated February 16, 2018.</u>
10.1*	<u>Lennar Corporation 2016 Equity Incentive Plan - Incorporated by reference to Exhibit A of the Company's Definitive Proxy Statement on Schedule 14A, filed with the Commission on March 2, 2016.</u>
10.2*	<u>Lennar Corporation 2016 Incentive Compensation Plan - Incorporated by reference to Exhibit B of the Company's Definitive Proxy Statement on Schedule 14A, filed with the Commission on March 2, 2016.</u>
10.3	<u>Seventh Amended and Restated Credit Agreement, dated as of April 11, 2019, among Lennar Corporation, as borrower, JPMorgan Chase Bank, N.A., as issuing lender and administrative agent, the several lenders from time to time parties thereto, and the other parties and agents thereto - Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, dated April 11, 2019.</u>
10.4	<u>Seventh Amended and Restated Guarantee Agreement, dated as of April 11, 2019, among certain of Lennar Corporation's subsidiaries in favor of guaranteed parties referred to therein - Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, dated April 11, 2019.</u>
10.5	<u>Form of Aircraft Time Sharing Agreement, dated February 12, 2015, between U.S. Home Corporation and Lessee -Incorporated by reference to Exhibit 10.19 of the Company's Current Report on Form 8-K, dated February 19, 2015.</u>
10.6*	<u>Form of 2018 Restricted Stock Agreement for Stuart Miller, Rick Beckwitt and Jonathan Jaffe - Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, dated February 14, 2018.</u>
10.7*	<u>2019 Award Agreements for Mr. Miller, Mr. Beckwitt and Mr. Jaffe - Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, dated June 25, 2019.</u>
10.8*	<u>Form of 2019 Award Agreement under the Company's 2016 Equity Incentive Plan for Mr. Miller, Mr. Beckwitt and Mr. Jaffe - Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, dated June 25, 2019.</u>
10.9*	<u>2019 Award Agreements for Ms. Bessette, Mr. Sustana, Mr. McCall and Mr. Gross - Incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K, dated June 25, 2019.</u>
10.10*	<u>2020 Award Agreements under the Company's 2016 Incentive Compensation Plan for Mr. Miller, Mr. Beckwitt, Mr. Jaffe, Ms. Bessette and Mr. McCall - Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, dated February 28, 2020.</u>
10.11*	<u>Form of 2020 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 28, 2020.</u>

10.12**	Master Agreement, dated October 8, 2020, between AG Essential Housing Company 1, L.P. and Essential Housing Financing, LLC.
21**	List of subsidiaries.
23**	Consent of Independent Registered Public Accounting Firm.
31.1**	Rule 13a-14a/15d-14(a) Certification of Rick Beckwitt.
31.2**	Rule 13a-14a/15d-14(a) Certification of Jonathan M. Jaffe.
31.3**	Rule 13a-14a/15d-14(a) Certification of Diane Bessette.
32**	Section 1350 Certifications of Rick Beckwitt, Jonathan M. Jaffe and Diane Bessette.
101	The following financial statements from Lennar Corporation Annual Report on Form 10-K for the year ended November 30, 2020, filed on January 22, 2021, formatted in iXBRL (Inline Extensible Business Reporting Language); (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Consolidated Statements of Equity (iv) Consolidated Statements of Cash Flows and (v) the Notes to 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 fiscal year Report on Form 10-K for the year ended November 30, 2020 was formatted in iXBRL.

* Management contract or compensatory plan or arrangement.

** Filed herewith.

*** Included in Exhibit 101.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

LENNAR CORPORATION

/S/ RICK BECKWITT

Rick Beckwitt

Co-Chief Executive Officer, Co-President and Director

Date: January 22, 2021

LENNAR CORPORATION

/S/ JONATHAN M. JAFFE

Jonathan M. Jaffe

Co-Chief Executive Officer, Co-President and Director

Date: January 22, 2021

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

Principal Executive Officer:

Rick Beckwitt
Co-Chief Executive Officer, Co-President and Director

/S/ RICK BECKWITT
Date: January 22, 2021

Jonathan M. Jaffe
Co-Chief Executive Officer, Co-President and Director

/S/ JONATHAN M. JAFFE
Date: January 22, 2021

Principal Financial Officer:

Diane Bessette
Vice President, Chief Financial Officer and Treasurer

/S/ DIANE BESSETTE
Date: January 22, 2021

Principal Accounting Officer:

David Collins
Vice President and Controller

/S/ DAVID COLLINS
Date: January 22, 2021

Directors:

Irving Bolotin

/S/ IRVING BOLOTIN
Date: January 22, 2021

Steven L. Gerard

/S/ STEVEN L. GERARD
Date: January 22, 2021

Theron I. ("Tig") Gilliam, Jr.

/S/ THERON I. ("TIG") GILLIAM, JR.
Date: January 22, 2021

Sherrill W. Hudson

/S/ SHERRILL W. HUDSON
Date: January 22, 2021

Sidney Lapidus

/S/ SIDNEY LAPIDUS
Date: January 22, 2021

Teri McClure

/S/ TERI MCCLURE
Date: January 22, 2021

Stuart Miller

/S/ STUART MILLER
Date: January 22, 2021

Armando Olivera

/S/ ARMANDO OLIVERA
Date: January 22, 2021

Jeffrey Sonnenfeld

/S/ JEFFREY SONNENFELD
Date: January 22, 2021

Scott Stowell

/S/ SCOTT STOWELL
Date: January 22, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Lennar Corporation

Opinion on the Financial Statement Schedule

We have audited the consolidated financial statements of Lennar Corporation and subsidiaries (the "Company") as of November 30, 2020 and 2019, and for each of the three years in the period ended November 30, 2020, and the Company's internal control over financial reporting as of November 30, 2020, and have issued our reports thereon dated January 22, 2021; such reports are included elsewhere in this Form 10-K. Our audits also included the financial statement schedule of the Company listed in the Index at Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement schedule based on our audits. In our opinion, such financial statement schedule, when considered in relation to the financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP

Miami, Florida
January 22, 2021

LENNAR CORPORATION AND SUBSIDIARIES
**Schedule II—Valuation and Qualifying Accounts
Years Ended November 30, 2020, 2019 and 2018**

(In thousands)	Beginning balance	Additions		Deductions	Ending balance
		Charged to costs and expenses	Charged (credited) to other accounts		
Year ended November 30, 2020					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts and notes and other receivables	\$ 3,379	661	(568)	(1,078)	2,394
Allowance for loan losses and loans receivable	\$ 4,122	795	17	(922)	4,012
Allowance against net deferred tax assets	\$ 4,341	70	—	—	4,411
Year ended November 30, 2019					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts and notes and other receivables	\$ 2,793	1,404	(344)	(474)	3,379
Allowance for loan losses and loans receivable	\$ 6,154	485	—	(2,517)	4,122
Allowance against net deferred tax assets	\$ 7,219	—	—	(2,878)	4,341
Year ended November 30, 2018					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts and notes and other receivables	\$ 2,849	246	(156)	(146)	2,793
Allowance for loan losses and loans receivable	\$ 3,192	2,177	3,890	(3,105)	6,154
Allowance against net deferred tax assets	\$ 6,423	796	—	—	7,219

MASTER AGREEMENT

dated October 8, 2020 by and between

**AG ESSENTIAL HOUSING COMPANY 1, L.P.,
a Delaware limited partnership**

**(“Owner”) and
ESSENTIAL HOUSING FINANCING, LLC,
a Delaware limited liability company (“Lennar”)**

MASTER AGREEMENT

This Master Agreement (this “**Agreement**”) is dated as of October 8, 2020 (the “**Effective Date**”), by and between AG ESSENTIAL HOUSING COMPANY 1, L.P., a Delaware limited partnership (“**Owner**”), and ESSENTIAL HOUSING FINANCING, LLC, a Delaware limited liability company (“**Lennar**”), each a “**Party**” and collectively the “**Parties**” with reference to the following matters all of which are subject to the terms and conditions further set forth in this Agreement:

Recitals

A. LENNAR CORPORATION, a Delaware corporation (“**Parent**”) and its respective divisions, and subsidiaries, including Lennar (each, a “**Lennar Party**” and collectively, the “**Lennar Parties**”) are in the business of, among other activities, acquiring land through purchase and sale agreements with landowners (each a “**Lennar PSA**”) and developing residences thereon. Owner and its affiliates and subsidiaries (each an “**Owner Party**” and collectively, the “**Owner Parties**”) are in the business of acquiring residential land and related rights to land bank such land by contracting with a homebuilder to complete various on-site and off-site related improvements and granting to such homebuilder an option to acquire portions of such land in accordance with a pre-determined acquisition schedule (hereinafter referred to as a “**Land Bank**” or “**Land Banking**”).

B. Lennar (through its affiliates) and Owner (through its affiliates) intend to develop a production-ready land inventory Land Banking program (the “**SPV-1 Program**”) pursuant to which Owner shall have the right to acquire for Land Banking certain Owner selected Properties from Lennar’s Master Lists (as defined below).

C. Pursuant to the SPV-1 Program, Owner intends to cause Owner Parties to evaluate, acquire and land bank residential properties (each, a “**Property**” and collectively, the “**Properties**”) consisting of: (i) properties owned by a Lennar Party as of the Effective Date or acquired by a Lennar Party subsequent to the Effective Date (each, an “**Balance Sheet Property**” and collectively, the “**Balance Sheet Properties**”), and (ii) new properties which a Lennar Party has as of the Effective Date (or after the Effective Date obtains) the contractual right to acquire (each, a “**Pipeline Property**” and collectively, “**Pipeline Properties**”). “**Admitted Properties**” shall mean and refer to Balance Sheet Properties and Pipeline Properties selected by Owner and acquired and land banked by Owner Parties for the benefit of the Lennar Parties and thus, admitted to the SPV-1 Program in accordance with this Agreement.

D. The admission of each Property into the SPV-1 Program shall be evidenced by the execution of: (i) an Option Agreement (the “**Option Agreement**”); (ii) a Construction Agreement (the “**Construction Agreement**”), (iii) if the Property is a Pipeline Property, a Nomination Agreement (the “**Nomination Agreement**”) pursuant to which the applicable Lennar Party shall assign to an Owner Party the right to acquire the Property from a third party seller (the “**Underlying Seller**”) at the close of escrow under the existing underlying acquisition agreement originally negotiated by the Lennar Party as buyer (the “**Underlying Agreement**”); (iv) if the Property is a Balance Sheet Property a Purchase Agreement (the “**Purchase Agreement**”) wherein the owner of the Balance Sheet Property is the seller and an applicable Owner Party is the buyer;

and (v) an Option Termination Fee Agreement (the “**Termination Fee Agreement**”). The Parties acknowledge and agree that the Option Agreement, Construction Agreement, Nomination Agreement or Purchase Agreement and the Termination Fee Agreement, (collectively, the “**Land Bank Documents**”) will be prepared for each Property that is to become an Admitted Property, subject to the mutual satisfaction of the Parties, to address applicable specific risks or issues associated with the particular Property that is to become an Admitted Property and, as applicable, the Land Bank Documents will include appropriate modifications to be negotiated to the mutual satisfaction of the Parties (in their respective sole discretion). Lennar understands that an Owner Party will not acquire a Property, nor shall the Land Bank Documents become effective, until Owner’s completion of due diligence satisfactory to Owner in its sole discretion and satisfaction of various other closing conditions acceptable to Owner. Owner understands that: (1) at all times, Lennar in its sole discretion shall have the right to terminate an Underlying Agreement or disapprove any matter or condition set forth therein; and (2) the Lennar Party will not direct an Owner Party to acquire a Pipeline Property nor shall the Land Bank Documents for a Pipeline Property become effective, unless Lennar has finally approved acquisition of a Pipeline Property and/or waived all conditions precedent related thereto in the applicable Underlying Agreement, all as determined in Lennar’s sole discretion.

E. Each Option Agreement will generally provide for a Lennar Party’s option to acquire Lots (each, a “**Takedown**”) in accordance with a pre-determined acquisition schedule (each, a “**Acquisition Schedule**”) and the Lennar Party shall pay at the closing on such Admitted Property an “**Option Fee**” as defined on Schedule 1 attached hereto . Additionally, as more fully described in the Termination Fee Agreement, in the event of an Option termination prior to the Lennar Party acquiring all the Admitted Property’s Unpurchased Lots, Parent shall pay to Owner a “**Termination Fee**” as defined on Schedule 1 attached hereto.

G. Each Construction Agreement will generally provide: (i) a Lennar Party shall be obligated to complete the Work (as defined in that Construction Agreement); (ii) an Owner Party shall reimburse the Lennar Party for its actual out of pocket development costs in an amount not to exceed the amounts set forth in the Construction Agreement; (iii) such reimbursements shall be limited to certain cumulative maximum monthly amounts; and (iv) for a draw process (including information and approvals required to support the draw) under which such reimbursements will be made.

H. The purchase prices payable under each Option Agreement will be determined with respect to the applicable Property to become an Admitted Property taking into account the amount and anticipated timing of (a) land costs, (b) development costs and any carrying costs, if any, to be reimbursed to the Lennar Party under the Construction Agreement, (c) the Option Fee and (d) Lot purchases in accordance with the Acquisition Schedule.

I. In consideration of the execution of this Agreement and Parent’s execution of a Joinder in the form attached hereto (the “**Joinder**”), Owner will make available to Parent a revolving line of credit on the terms and conditions more fully described in the Revolving Loan Promissory Note attached hereto as Exhibit B (the “**Note**”). Subject to the terms of the Note, Parent shall have the ability to draw on the revolving line of credit to the extent that a Lennar Party submits applications for payment for amounts less than the monthly cumulative maximum monthly amounts contemplated by each Construction Agreement.

J. Owner and Lennar now wish to execute this Agreement to set forth the Parties' intent and agreement with respect to the SPV-1 Program and certain terms and conditions thereof.

Agreement

Now, therefore, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Owner and Lennar agree as follows, which agreement includes and incorporates the recitals set forth above:

1. The SPV-1 Program.

(a) Execution of Option Fee Termination Agreements. Simultaneously with execution of each Option Agreement with an affiliate of Owner, Parent shall also execute and deliver to that affiliate an Option Fee Termination Agreement pursuant to which Parent shall agree to pay to that affiliate a Termination Fee in the event of an Option termination prior to the Lennar Party acquiring all the Admitted Property's Unpurchased Lots. The Parties understand and intend that the Land Bank Documents will not be signed nor become effective until concurrently with the closing by which Owner's affiliate acquires title to the Admitted Property.

(b) Term. The investment period under this Agreement (the "**Master Agreement Investment Period**") shall commence on the Effective Date of this Agreement and shall terminate twelve (12) months after the date of the Closing of the first Admitted Property (the "**Expiration Date**"). During the term of this Agreement Owner shall not raise equity capital for the SPV-1 Program in excess of \$1,000,000,000.

(c) Termination. After the Expiration Date, or earlier termination of this Agreement, (i) Owner shall no longer have the right to receive Master Lists (as defined below) nor select Properties for inclusion in the SPV-1 Program; (ii) the Lennar Parties shall have no further obligation to include Properties in the SPV-1 Program; and (iii) the Owner and Owner Parties' and the Lennar Parties' rights and obligations with regard to Admitted Properties shall continue to be governed according to the terms of this Agreement and the applicable Land Bank Documents. Upon any such termination, Lennar and Parent shall remain obligated to pay to Owner all unpaid Due Diligence Costs pertaining to any Properties which are not yet Admitted Properties as contemplated by subsection 2(g) below.

(i) Early Termination. Notwithstanding anything to the contrary set forth herein, Owner and Lennar each shall have the right to terminate this Agreement upon written notice to the other Party (a "**Termination Notice**") delivered at any time after the date that is six (6) months after the Effective Date. Upon delivery of the Termination Notice, the Master Agreement Investment Period shall be deemed to have expired and the provisions of subsection (c) above shall apply.

2. Owner's Evaluation, Selection and Designation of Admitted Properties. The Parties shall exercise commercially reasonable good faith efforts to comply with the process and procedures set forth in this Section 2 and Exhibit A attached hereto. Notwithstanding the foregoing, at all times prior to Owner's acquisition thereof, Lennar shall retain the sole and

absolute right to disapprove due diligence or any other contingency with respect to a Pipeline Property and/or to amend or terminate an Underlying Agreement.

a. Owner Evaluation and Selection Process. During the Master Agreement Investment Period, Lennar, on a monthly basis, shall provide Owner the following; (i) a list of all for-sale single family (attached and detached) residential projects in the United States for which the Lennar Parties have executed an Underlying Agreement and which are being considered for acquisition by the Lennar Parties (the “**Pipeline Master List**”); and (ii) a list of all for-sale single family (attached and detached) residential projects in the United States then-owned by the Lennar Parties (the “**Balance Sheet Master List**”). The Pipeline Master List and Balance Sheet Master List are hereinafter collectively referred to as the “**Master Lists**.” The Master Lists will include the items included on Exhibit A-1.

b. Project Proforma Amounts and Assumptions. The (a) purchase price of the Property to be paid by Owner’s affiliate, (b) sums to be paid by Owner’s affiliate to Contractor pursuant to the Budget attached to the Construction Agreement, (c) the Option Fee to be paid by Lennar to Owner’s affiliate, and (d) the sums paid to Owner’s affiliate as the Purchase Price to acquire each Lot under the Option Agreement (collectively, the “**Cash Flow Items**”) and the project proforma cashflows and assumptions for Properties shall be subject to each Party’s respective approval (in their sole discretion) during the Due Diligence Process; provided, however, that the purchase price of the Property to be paid by Owner’s affiliate for each Balance Sheet Property shall equal Parent’s book value (as confirmed in writing (email being sufficient) by Parent’s Chief Financial Officer or another executive of Parent) such that the Owner Parties’ acquisition of a Balance Sheet Property will not create an accounting loss or gain for Parent.

c. Owner’s Continuing Right to Evaluate and Select Properties. During the Master Agreement Investment Period, Owner shall have the continuing right to review and evaluate for admission into the SPV-1 Program each of the Properties listed on the Master Lists, which are not an Excluded Property or a Rejected Property (as such terms are defined in Exhibit A attached hereto).

d. Master List Excluded Properties. Lennar and Owner will collaboratively review and assess Properties on the Master Lists and determine if the appropriate designation for any Property is Excluded Property. The Parties acknowledge that each of the following Properties will be designated as an Excluded Property: (i) Properties involved in transactions between or among Lennar Parties; (ii) Properties involved in transactions cross-defaulted with other agreements between the landowners (or its affiliates) and any Lennar Parties; and (iii) Properties for which at the time of the proposed closing there will be insufficient available capital to fund the land banking of the Property . Owner shall not be permitted to select for inclusion in the SPV-1 Program any Excluded Properties.

i. Excluded Transactions. The parties acknowledge and agree that even though Lennar is required to include each of the following on the Master Lists, the Lennar Parties shall be entitled to enter into and shall have no obligation to Land Bank any of the following transactions: (A) properties to be acquired in a transaction where the landowner (or its affiliates) is providing carryback financing; (B) properties to be acquire in a transaction where the landowner (or its affiliates) is providing phased takedowns (or the option for phased takedowns) of lots; (C)

transactions where a Lennar Party is acquiring the property at auction or foreclosure sale; (D) transactions (including joint ventures) where a Lennar Party will have only an indirect interest; or

(E) transactions in which properties are transferred by a Lennar Party in land banking or similar transactions that include an option to repurchase such properties more than forty eight (48) months after the date of the Lennar Party's transfer (collectively, the ("**Excluded Transactions**"). Although a Lennar Party may enter into and acquire properties in an Excluded Transaction: (1) any real property acquired in an Excluded Transaction which a Lennar Party thereafter has the right to acquire shall be considered Pipeline Properties which are subject to the terms of this Agreement; and (2) any properties actually acquired by a Lennar Party pursuant to an Excluded Transaction shall thereafter become Balance Sheet Properties which are subject to evaluation by Owner pursuant to the terms of this Agreement.

(e) Exclusivity. Except as provided in Section 2(d)(i) above, Lennar acknowledges and agrees that during the Master Agreement Investment Period, Owner shall have the sole and exclusive right to evaluate all Properties included in the Master Lists for land banking purposes (other than Excluded Properties or Rejected Properties). During such period, no Lennar Party shall market or present any such Properties to or from any Person (other than Owner Parties, or their respective affiliates) for purposes of obtaining Land Banking for such Properties. The provisions of this Section shall (i) not apply to Pipeline Properties or Balance Sheet Properties that have been included on the Master Lists and categorized as Excluded Properties, (ii) not apply to Pipeline Properties or Balance Sheet Properties not initially categorized as an Excluded Property, but thereafter rejected in accordance with the procedures set forth on Exhibit A hereof ("**Rejected Properties**"), and (iii) shall be of no further force or effect on or after the expiration of the Master Agreement Investment Period or sooner termination of this Agreement. In addition, Lennar shall have the right, with the consent of Owner (not to be unreasonably withheld or delayed), to remove from consideration any Properties which Lennar determines are not suitable for Land Banking under this Agreement. Lennar shall have no obligation to enter into a Land Bank transaction for any properties for which Lennar and Owner are unable to agree on the terms of the Option Agreement or other Land Bank Document after good faith negotiations; provided that if the parties are unable to reach an agreement on terms, during the term of this Agreement, Lennar shall not enter into a Land Bank transaction with a third party on terms that are substantially similar or less favorable to Lennar than the terms offered by Owner. The parties shall consider issues and risks specific to any properties and other factors that impact whether particular properties are short-term "production ready" land projects.

(f) Confidentiality. Owner acknowledges and agrees that the Master Lists and all other documents, information, and materials provided to Owner concerning the properties and/or the Lennar Parties' operations and approval processes (including without limitation, purchase and sale agreements, project proformas, financial projections, market studies, cost analysis, and other internal and third party reports) (collectively, the "**Confidential Documents and Information**") are proprietary and confidential. Owner agrees to treat all Confidential Documents and Information received from the Lennar Parties pursuant to this Agreement and/or the Option Agreement in a confidential manner at all times and Owner shall use diligence not to disclose any such Confidential Documents and Information to any third parties, other than

Owner's directors, officers, partners, external managers, affiliates, employees, accountants, attorneys, lenders, prospective lenders, investors, prospective investors and their investment advisors, investment bankers, underwriters, ratings agencies, partners, consultants and other advisors in

connection with the transactions contemplated by this Agreement (collectively "**Representatives**"), but only if such disclosure is reasonably required to allow Owner to evaluate and admit Properties for inclusion in the SPV-1 Program (such disclosure to be made subject to informing the recipient and having the recipient acknowledge in writing that it is subject to this confidentiality requirement). Notwithstanding the foregoing, Owner may disclose Confidential Documents and Information to the extent required by any applicable statute, law, regulation or governmental authority, judicial order, legal process or stock exchange listing requirements or in connection with any litigation that may arise in connection with the transactions contemplated by this Agreement, the Land Bank Documents, and/or the Properties. Nothing shall be deemed to be a breach of the foregoing with respect to any information already in the possession of, or already known to, Owner or any of its Representatives; information in the public domain at the time of disclosure, or which, after such disclosure, enters into the public domain through no fault of Owner, or information lawfully furnished or disclosed to the recipient party by a non-party to this Agreement without any known obligation of confidentiality. The provisions of this Section shall survive the expiration of the Master Agreement Investment Period and/or the termination of this Agreement.

(g) Payment of Diligence Costs. Parent shall pay to Owner all Due Diligence Costs incurred by Owner in connection with each Property (other than Excluded Properties) regardless of whether the Property ultimately becomes an Admitted Property. From time to time Parent shall reimburse Owner for its out-of-pocket Due Diligence Costs with respect to a Property (including any Rejected Property) at the earlier to occur of the land bank closing of that Property or within fifteen (15) business days of Owner's delivery of a Due Diligence Cost invoice to Parent. Owner shall provide notice to Parent at least three (3) business days in advance of a Closing of any Due Diligence Costs to be paid at that Closing. Owner shall not, without Lennar's prior written approval (email being sufficient): (i) incur Owner Legal Fees as part of its Due Diligence Costs in excess of \$18,500 per Property; (ii) commence its outside counsel legal review of a Property other than legal costs under \$5,000; and/or (iii) order third party marketing studies and/or environmental reports or incur costs and fees with other third party consultants. Parent's obligation under this Section shall survive the expiration of the Master Agreement Investment Period and/or the termination of this Agreement.

3. Rates

a. Takedown Purchase Prices. The Option Agreement Lot purchase prices for each Option Agreement shall be calculated in a manner that will result in payments to Owner of amounts sufficient to generate Owner the Target Return (as defined on Schedule 1 attached hereto).

b. ADR Bulk Closing Price. The amount payable to Owner at an ADR Bulk Closing (as defined in the Option Agreement) shall be equal to the Unreturned Owner Costs, plus

an additional amount necessary to generate to Owner the Target Return with the formula set forth in the Option Agreement.

c. Pause. During a Pause Period, Lennar shall, as a condition to the continuation of the Pause, pay a monthly cash fee equal to the Unreturned Owner Costs multiplied by the Pause Rate (as defined on Schedule 1 attached hereto).

4. Indemnity Procedures. With respect to each provision of the Land Bank Documents that require a party to indemnify, defend and/or hold harmless another party or person, the following provisions shall apply:

(a) Notice of Claim. The party seeking indemnification (the “**Indemnified Party**”) shall give the other party (the “**Indemnifying Party**”) notice of any claim, demand, suit, order, judgment, lien, liability, loss, damage, injury to person, property or natural resources, penalty, fine, cost or expense (a “**Claim**”) which is asserted against, resulting to, imposed upon or incurred by the Indemnified Party and which might give rise to liability on the part of the Indemnifying Party pursuant to any Land Bank Document, which notice (the “**Notice of Claim**”) shall state (to the extent known or reasonably anticipated) the nature and basis of such Claim and the amount thereof; provided that the failure to give such Notice of Claim shall not affect the rights of the Indemnified Party hereunder except to the extent (a) that the Indemnifying Party shall have suffered actual material damage by reason of such failure, or (b) such failure materially adversely affects the ability of the Indemnifying Party to defend, settle or compromise such Claim.

(b) Assumption of the Defense. If the Indemnifying Party, within ten (10) business days after receiving the Notice of Claim (or such shorter period of time as is reasonable if there is a deadline for responding to the Claim), expressly acknowledges and assumes responsibility to defend the same (including under reservation of rights), then the Indemnifying Party shall have the right to undertake, by counsel of its own choosing (which counsel shall have no conflicts with the Indemnified Party), the defense of such Claim at the Indemnifying Party’s risk and expense.

(c) Defense of Claim. If the Indemnifying Party fails within ten (10) business days after receiving the Notice of Claim (or such shorter period of time as is reasonable if there is a deadline for responding to the Claim), to expressly acknowledge and assume responsibility for defending such Claim as described above, then the Indemnified Party shall have the right to undertake the defense, compromise or settlement of such Claim, by counsel of its own choosing, on behalf of and for the account and risk of the Indemnifying Party. If the Indemnified Party undertakes the defense of a Claim, the Indemnifying Party shall pay to the Indemnified Party, on a current basis, in addition to the other sums required to be paid hereunder, the reasonable costs and expenses incurred by the Indemnified Party in connection with such defense, compromise or settlement as and when such costs and expenses are so incurred.

(d) Settlement/Compromise/Cooperation. Anything herein to the contrary notwithstanding, (a) neither party shall, without the other party’s written consent (which consent shall not be unreasonably withheld or delayed), settle or compromise such Claim or consent to entry of any judgment which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect of such

Claim in form and substance reasonably satisfactory to the Indemnified Party; (b) if a party hereto undertakes defense of such Claim in accordance with this Agreement (the “**Defending Party**”), the other party shall cooperate with the Defending Party and its counsel and representatives in connection therewith; and (c) the Defending Party shall have an obligation to keep the other parties reasonably informed of the status of the defense of such Claim and furnish the other parties with all non-privileged documents, instruments and information that the other parties shall reasonably request in connection therewith.

5. Revolving Credit Facility. Concurrently with the execution of this Agreement, Parent and Owner shall execute and deliver the Note.

6. Limitation on Damages; Waiver.

(a) Limitation of Damages. ANY PROVISION HEREIN TO THE CONTRARY NOTWITHSTANDING, IN THE EVENT THAT ANY LENNAR PARTY OR OWNER IS ENTITLED TO RECOVER DAMAGES DUE TO THE UNCURED DEFAULT OF THE OTHER PARTY, IN NO EVENT SHALL THE LENNAR PARTY OR OWNER PARTIES OR ANY OTHER PARTY CLAIMING UNDER THIS AGREEMENT BE ENTITLED TO SEEK INDEMNITY FOR, RECOVERY OF, NOR RECOVER OR RECEIVE, ANY INDIRECT, CONSEQUENTIAL, EXEMPLARY, SPECIAL, PUNITIVE OR OTHER MONETARY DAMAGES OTHER THAN SUCH PARTY’S ACTUAL DAMAGES.

(b) Waiver. Excuse or waiver of the performance by the other Party (or their affiliates) of any obligation under this Agreement shall be effective only if evidenced by a written statement signed by the Party so excusing or waiving. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by Owner or Lennar of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

7. Representations, Warranties and Covenants of Owner. Owner hereby makes the following representations, warranties and covenants to Lennar as of the Effective Date, which along with any other representations and warranties of Owner included in this Agreement, and shall be deemed to be re-made upon the inclusion of each Property into the SPV-1 Program:

(a) Authority. Owner has the full right, power and authority to enter into this Agreement, acquire Qualified Properties (or cause its affiliates to acquire Qualified Properties), sell and convey the lots to Lennar as provided in this Agreement and the Option Agreement, and Owner will have throughout the term of this Agreement the full right, power and authority to carry out its obligations hereunder and the Option Agreement. No additional approvals, authorizations or consents are required under Owner’s formation documents for Owner to enter into this Agreement. This Agreement constitutes the legal, valid and binding obligation of Owner and is enforceable in accordance with its terms against Owner, subject only to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting or limiting the rights of contracting parties generally.

(b) Individual Authority. The person executing this Agreement and all documents related thereto on behalf of Owner has and will have authority to do so.

(c) OFAC Representation. Owner is not a foreign person as such term is defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant to or thereunder. None of Owner or any of its subsidiaries is an individual or entity (“**Person**”) that is, or is owned or controlled by Persons that are: (i) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“**OFAC**”), the U.S. Department of State, or other relevant sanctions authority (collectively, “**Sanctions**”), or (ii) located, organized or resident in a country or territory that is, or

whose government is, the subject of Sanctions (including, without limitation, currently, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

a. Available Funds. During the Master Agreement Investment Period, Owner has received from its lenders, investors and partners commitments of funds, in the aggregate, on the terms and conditions that will allow the Owner Parties to perform their obligations set forth in this Agreement and the Land Bank Documents.

8. Representations and Warranties of Lennar. Lennar and by signing the Joinder, Parent, each hereby makes the following representations and warranties to Owner as of the Effective Date, which, along with any other representations and warranties of Lennar and Parent included in this Agreement, shall be deemed to be re-made upon the inclusion of each Property into the SPV-1 Program:

(a) Authority. Lennar and Parent have the full right, power and authority to enter into this Agreement, subject to the Lennar Parties’ customary internal approval processes (including Green Folder Approval) to acquire Admitted Properties from Owner, and Lennar and Parent will have throughout the term of this Agreement the full right, power and authority to carry out its obligations as provided in this Agreement. No additional approvals, authorizations or consents are required under Lennar’s or Parent’s formation documents for Lennar and Parent to enter into this Agreement. This Agreement constitutes the legal, valid and binding obligation of Lennar and is enforceable in accordance with its terms against Lennar, subject only to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting or limiting the rights of contracting parties generally.

(b) Individual Authority. The persons executing this Agreement and all documents related thereto on behalf of the Lennar Parties have and will have authority to do so.

(c) OFAC Representation. Each Lennar Party is not a foreign person as such term is defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant to or thereunder. None of Parent or any of its subsidiaries is a Person that is, or is owned or controlled by Persons that are: (i) the subject of any Sanctions, or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, without limitation, currently, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

9. Commissions. Except as may be provided in any Land Bank Documents, each Party represents and warrants to the other that it and its related Persons have not employed (or otherwise caused to be incurred any compensation or reimbursement obligation to) any broker or

finder in connection with the transactions contemplated by this Agreement or any Option Agreement or any Purchase Agreement pertaining to a Balance Sheet Property. Each Party shall indemnify, defend and hold harmless the other from all liability and expense, including without limitation reasonable attorneys' fees, arising from any claim by any broker, agent or finder for commissions, finder's fees or similar charges, because of any act of such Party.

10. Dispute Resolution.

(a) Jurisdiction. The parties hereto agree that the Federal Courts of the United

States sitting in the Southern District of the State of New York and the courts of the State of New York sitting in the County of New York (and any court to which an appeal therefrom may be taken) ("**Courts**") for purposes of all legal proceedings arising out of or relating to this Agreement, shall have exclusive jurisdiction of all legal actions arising out of this Agreement. By executing this Agreement, the Parties submit to the jurisdiction of the Courts and agree that the venue for any action related to this Agreement shall be in New York County, New York. Any Party may file a complaint with the Courts, and in no other court.

a. Ancillary Remedies. Other than the express limitations on remedies set forth in this Agreement (including without limitation Section (c) hereof), nothing set forth herein shall preclude a party from seeking any ancillary judicial remedies (including filing a lis pendens or seeking specific performance if and when permitted by the express terms of this Agreement) from a court of competent jurisdiction without a jury.

b. Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, OWNER AND LENNAR EACH HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN LENNAR AND OWNER ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR ANY RELATIONSHIP BETWEEN LENNAR AND OWNER.

11. Miscellaneous.

(a) Notices. No notice, consent, approval or other communication provided for herein or given in connection herewith shall be validly given, made, delivered or served unless it is in writing and delivered personally, sent by overnight courier, or sent by email transmission (with an additional copy the next business day pursuant to any other method herein), to:

Owner at: AG Essential Housing Company 1, L.P. c/o AGWIP Asset Management
LLC 8585 E. Hartford Drive
Suite 118
Scottsdale, AZ 85255 Attn: Steven S. Benson Phone:
Email:

With copies to: Angelo, Gordon & Co, L.P.
245 Park Avenue, 26th Floor New York, NY 10167
Attn: Bryan Rush Phone:
Email:

and Neil D. Biskind, Esq.
Biskind, Hunt & Semro, PLC
8901 E. Pima Center Parkway, Suite 225 Scottsdale, AZ 85258
Phone:
Email:

Lennar at: Essential Housing Financing, LLC c/o Lennar Corporation
700 NW 107th Avenue, Suite 400
Miami, FL 33172-3154
Attn: Mark Sustana, Esq. and Michael O'Connell, Esq. Phone:
Fax:
Email:

With copies to: Deverich & Gillman LLP
4 Park Plaza, Suite 520
Irvine, California 92614 Attention: Adam J. Gillman Phone:
Email:

or to such other addresses as any Party hereto may from time to time designate in writing and deliver in a like manner to the other Party and Escrow Agent. Notices, consents, approvals, and communications shall be deemed given and received upon the earlier of, delivery to the respective addresses set forth above, if delivered personally or sent by overnight courier, or upon direct email transmission email addresses set forth above with receipt of such transmission prior to 6 P.M., California time.

b. Interpretation. The captions of the Sections of this Agreement are for convenience only and shall not govern or influence the interpretation hereof. This Agreement is the result of negotiations between the parties and, accordingly, shall not be construed for or against either Party regardless of which Party drafted this Agreement or any portion thereof.

c. Successors and Assigns. All of the provisions hereof shall inure to the benefit of and be binding upon the personal representatives, heirs, successors and assigns of Owner and Lennar. Lennar and Owner shall not have the right to assign, pledge, hypothecate, or encumber

their respective interest hereunder without the prior written consent of the other Party, and any such assignment without consent shall be void *ab initio*. Notwithstanding anything herein to the contrary, Lennar may assign its rights (but not obligations) hereunder without Owner's consent to any of the following (an "**Internal Transferee**") (i) any other Lennar Party including, without limitation, any wholly-owned direct or indirect subsidiary of Parent, or (ii) in connection with a merger, consolidation, reorganization, and/or sale of all or substantially all of Parent's assets; provided that (A) Lennar shall promptly notify Owner of any such assignment, (B) such assignment shall not relieve Parent from any of its obligations hereunder, and (C) such transferee

jointly and severally with Parent assumes all of the obligations of Lennar hereunder as a condition precedent to the effectiveness of such assignment

d. No Partnership, Third Person. The parties do not intend and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between Owner and Lennar. In no event shall Lennar be deemed to be an agent or representative of Owner and in no event shall Owner be deemed to be an agent or representative of Lennar. Except as expressly stated otherwise herein, no term or provision of this Agreement is intended to, or shall be for the benefit of any person, firm, corporation or other entity not a Party hereto (including, without limitation, any broker), and no such Party shall have any right or cause of action hereunder.

e. Entire Agreement. The Recitals of this Agreement shall be deemed to be part of this Agreement for all purposes. This Agreement, including the Recitals, and the documents and instruments expressly contemplated herein to be executed in connection herewith, constitute the entire agreement between the parties pertaining to the subject matter hereof. All prior agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein. No change or addition is to be made to this Agreement except by a written agreement executed by all of the parties.

f. Incorporation of Exhibits. All exhibits attached to this Agreement are incorporated herein by this reference.

g. Date of Performance. If the date of performance of any obligation or the last day of any time period provided for herein should fall on a day that is not a business day, then the obligation shall be due and owing, and the time period shall expire, on the first business day thereafter. Business days shall mean all days except Saturdays, Sundays and legal holidays on which banks in New York are not open for business. Except as may otherwise be set forth herein, any performance provided for herein shall be timely made if completed no later than 5:00 p.m., California Time, on the day performance is due.

h. Time of the Essence. Time is of the essence of this Agreement.

i. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to conflict of laws principles.

a. j. No Third-Party Beneficiary. Lennar's covenants set forth in this Agreement are solely for the benefit of Owner and shall be enforceable by no other person or entity.

b. k. Counterparts. This Agreement shall be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

c. l. Further Cooperation. Owner and Lennar agree to cooperate in good faith to take such actions and execute and deliver any other additional documents and instruments as, in their mutual and reasonable opinions, are reasonably necessary in order to carry out the intent and purpose of this Agreement. If any consents or approvals by a Party hereto are reasonably requested,

the Party whose consent or approval is sought shall not unreasonably withhold, condition or delay its consent or approval. The provisions of this Section shall survive the expiration of the Master Agreement Investment Period and/or the termination of this Agreement.

12. Conflict In Terms. In the event of any conflict between the terms of this Agreement and the terms of any Land Bank Documents, the terms of the Land Bank Documents shall be controlling.

13. Default; Notice and Cure. No Party shall be in default of (or breach under) this Agreement unless it fails to perform in any material respects any of its obligations hereunder and such failure continues for a period of at least thirty (30) days after the delivery of written notice thereof by the other Party.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first set forth above.

LENNAR:

ESSENTIAL HOUSING FINANCING, LLC,
a Delaware limited liability company

By: U.S. Home Corporation, a Delaware corporation, its sole
member

By: /S/ Jonathan M. Jaffe
Jonathan M. Jaffe, President

OWNER:

AG ESSENTIAL HOUSING COMPANY 1, L.P.

By: AG Essential Housing GP, LLC, its General Partner

By: Angelo, Gordon & Co., L.P., its Manager

By: /S/ Gregory Shalette
Name: Gregory Shalette
Title: Authorized Signatory

JOINDER

For good and valuable consideration received, and to induce AG Essential Housing Company 1, L.P., a Delaware limited partnership (“**Owner**”) to enter into the attached Master Agreement (“**Master Agreement**”), by and between Essential Housing Financing, LLC, a Delaware limited liability company (“**Lennar**”) and Owner, the undersigned, LENNAR CORPORATION, a Delaware corporation (“**Parent**”) as the sole, direct or indirect, owner of Lennar and who will benefit from the execution, delivery and performance of the Master Agreement by Owner and Lennar, hereby irrevocably, absolutely and unconditionally agrees for the benefit of Owner and all Owner Parties, and their respective successors in interest and assigns, to be bound by and to promptly pay and promptly perform and observe all covenants and obligations of Lennar under the Master Agreement, jointly and severally with Lennar, as if all obligations were made by Parent directly to Owner, under the Master Agreement. The undersigned is intended to be primarily liable for all obligations of Lennar, but for avoidance of doubt, the undersigned waives notice of default under the Master Agreement, notice of extension of time for payment or performance under the Master Agreement, and all other guarantor and suretyship defenses.

Parent agrees to pay, or reimburse Owner for, all costs and expenses, including reasonable attorneys’ fees and disbursements, of enforcing this Joinder. Parent subordinates to the rights of Owner any and all present or future debt or other obligation of Lennar owed to Parent or any entity in which Parent is a principal, manager, shareholder or member. Any payment of monies by Lennar to Parent in contravention of this Joinder shall be held by Parent in trust for Owner and paid over to Owner on account of all obligations of Lennar to Owner, but without reducing the liability of Parent to Owner under this Joinder except to the extent of such payment. Parent shall not have any right to subrogation until all amounts and obligations due to Owner under the Master Agreement required to have been made or performed under the Master Agreement have been made or performed and, until such time, Parent hereby waives any right to enforce any remedy which Parent now has or may hereafter have against Lennar.

Parent represents and warrants to Owner that entering into this Joinder and agreeing to be primarily liable for all covenants and obligations of Lennar under the Master Agreement as if all obligations were made by Parent directly to Owner does not constitute a breach, violation of, default or event of default under any material agreement by which Parent or any Lennar Party, or their respective properties, is bound.

All capitalized terms used in this Joinder, not otherwise defined, shall have the meanings assigned to such terms in the Master Agreement.

All default notices sent to Lennar pursuant to the Master Agreement shall also be forwarded to Parent at:

Lennar Corporation
15131 Alton Parkway, Suite 365,
Irvine, CA 92618
Attn: Mr. Jonathon M. Jaffe, President Email:

Lennar Corporation
700 NW 107th Avenue, Suite 400
Miami, Florida 33172-3154 Attn: General Counsel
Email:

The undersigned intending to be legally bound to the foregoing has executed this Joinder of Parent as of October 8, 2020.

Parent:

LENNAR CORPORATION,
a Delaware corporation
By: /S/ Jonathan M. Jaffe
Name: Jonathan M. Jaffe
Title: President

LIST OF SUBSIDIARIES AS OF NOVEMBER 30, 2020

Company Name	State of Incorporation	DBAs
208 Meadowview Farms, Ltd.	TX	
301 South Glendora Avenue Apartments Investors, LLC	DE	
308 Furman, Ltd.	TX	
360 Developers, LLC	FL	
5151 East, LLC	DE	
Akron 42, LLC	MN	
Alliance Financial Services, Inc.	DE	Lennar
Ann Arundel Farms, Ltd.	TX	
Aquaterra Utilities, Inc.	FL	
Arbor Mill Veteran Project 2018, LLC	FL	
Asbury Woods L.L.C.	IL	
Astoria Options, LLC	DE	
Autumn Creek Development, Ltd.	TX	
Aylon, LLC	DE	
Azusa Associates, LLC	CA	Lennar
B2 Milpitas, LLC	DE	
Bainebridge 249, LLC	FL	
Ballpark Village LLC	DE	
Barnsboro Associates, LLC	NJ	
Bay Colony Expansion 369, Ltd.	TX	
BB Investment Holdings, LLC	NV	
BCI Properties, LLC	NV	
Bellagio Lennar, LLC	FL	
Belle Meade LEN Holdings, LLC	FL	
Belle Meade Partners, LLC	FL	
BHCSP LLC	DE	Lennar
Black Mountain Ranch, LLC	CA	Lennar
Blue Horizons Estates, LLC	AZ	Lennar
BMR Communities, LLC	CA	Lennar
BMR Construction, Inc.	DE	Lennar
BMTD, LLC	SC	
Bonterra Lennar, LLC	FL	
BPH I, LLC	NV	
Bramalea California, Inc.	CA	
Bressi Gardenlane, LLC	DE	
Breton Park Lennar, LLC	FL	
CalAtlantic Financial Services, Inc.	DE	Lennar
CalAtlantic Group, Inc.	DE	Lennar
CalAtlantic Homes of Arizona, Inc.	DE	Lennar
CalAtlantic Homes of Georgia, Inc.	DE	Lennar
CalAtlantic Homes of Texas, Inc.	DE	Lennar
CalAtlantic Homes of Washington, Inc.	DE	Lennar
CalAtlantic Mortgage, Inc.	CA	Lennar
CalAtlantic National Title Solutions, LLC	DE	

Company Name	State of Incorporation	DBAs
CalAtlantic National Title Solutions, LLC	MD	
CalAtlantic Title, Inc.	MD	Lennar
CalAtlantic Title, LLC	UT	
Camarillo Village Park, LLC	CA	Lennar
Cambria L.L.C.	IL	
Candlestick Retail Member, LLC	DE	
CAP IL 1, LLC	DE	Lennar
Cardiovascular Medical Specialists, LLC	IN	
Carolina Blue, LLC	DE	
Carson 175, LLC	DE	
Carson Creek El Dorado, LLC	CA	
Cary Woods, LLC	IL	
Casa Marina Development, LLC	FL	
Central Park West Holdings, LLC	DE	
Chatelaine Ventures, LLC	DE	Lennar
Cherrytree II LLC	MD	
CL Doral, LLC	FL	
CL Ventures, LLC	FL	
Club Bonterra Lennar, LLC	FL	
CML INACTIVE, LLC	DE	
CML-MO HAF PARKING, LLC	MO	
CML-MO HAF, LLC	FL	
Coco Palm 82, LLC	FL	
Colonial Heritage LLC	VA	
Columbia National Risk Retention Group, Inc.	VT	Lennar
Commonwealth Incentive Fee, LLC	DE	
Concord Station, LLP	FL	Club Concord Station
Coventry L.L.C.	IL	
CP Block 6aS, LLC	DE	
CP Block 8aS, LLC	DE	
CP Block 9aS, LLC	DE	
CP Center Apartments, LLC	DE	
CP Center Garage, LLC	DE	
CP Red Oak Partners, Ltd.	TX	
CP Vertical Development Co. 1, LLC	DE	
CP/HPS Development Co. GP, LLC	DE	
CP/HPS Development Co.-C, LLC	DE	
CPFE, LLC	MD	
CPHP Development, LLC	DE	
Creeside Crossing, L.L.C.	IL	
Crest at Fondren Investor, LLC	DE	
Darcy-Joliet L.L.C.	IL	
DBJ Holdings, LLC	NV	
DCA Financial, LLC	FL	
Discovery SL, LLC	DE	

Company Name	State of Incorporation	DBAs
Downtown Doral Retail Holdings, LLC	DE	
DTC Holdings of Florida, LLC	FL	
Eagle Bend Commercial, LLC	CO	
Eastport Home & Land Company LLC	DE	
El at Franklin, LLC	NJ	
El at Jackson, LLC	DE	
EL at Marlboro 79, LLC	DE	
El at Monroe, LLC	DE	
EL Ventures, LLC	DE	
Elkhorn Ranch Venture, LLC	CO	
Energy Asset HoldCo, LLC	DE	
Essential Housing Bonds, LLC	DE	
Essential Housing Financing, LLC	DE	
Estates Seven, LLC	DE	
Eureka Escondido, LLC	DE	
EV, LLC	MD	
Evergreen Village LLC	DE	
F&R QVI Home Investments USA, LLC	DE	
Faria Preserve, LLC	DE	Lennar
Fidelity Guaranty and Acceptance Corp.	DE	First Texas Fidelity Company
Fidelity Land, LLC	FL	
Fifth Wall Ventures SPV VII, L.P.	DE	
FLORDADE LLC	FL	
Florida SL, LLC	FL	
Folsom Ventures, LLC	DE	
Fox-Maple Associates, LLC	NJ	
Friendswood Development Company, LLC	TX	Maple Ridge Associates, LLC
Garco Investments, LLC	FL	
GDI MANAGER, LLC	DE	
Geraci Land Acquisition, LLC	FL	Lennar
Goose Creek Estates, LLC	VA	
Greenbriar at River Valley, Ltd.	OH	
Greenbriar Investor, LLC	DE	
Greystone Construction, Inc.	AZ	
Greystone Homes of Nevada, Inc.	DE	
Greystone Nevada Holdings, LLC	DE	
Greystone Nevada, LLC	DE	Lennar Homes
Greywall Club L.L.C.	IL	
Hammocks Lennar LLC	FL	
Harbor Highlands Group, LLC	CA	Lennar
Harveston, LLC	DE	
Haverton L.L.C.	IL	
HCC Investors, LLC	DE	
Heathcote Commons LLC	VA	
Heritage Hills Irvine, LLC	DE	

Company Name	State of Incorporation	DBAs
Heritage of Auburn Hills, L.L.C.	MI	
Heritage Pkwy East Holdings, LLC	FL	
Hewitts Landing Trustee, LLC	MA	
Hickory Ridge, Ltd.	TX	
Hingham Properties, LLC	DE	
HLL II Development, L.L.C.	TX	
Homefed SPIC Otay, LLC	DE	Lennar
HPS Development Co., LP	DE	
HPS Vertical Development Co., LLC	DE	
HPS Vertical Development Co.-B, LP	DE	
HPS Vertical Development Co.-D/E, LLC	DE	
HPS1 Block 1, LLC	DE	
HPS1 Block 48-1A, LLC	DE	
HPS1 Block 48-1B, LLC	DE	
HPS1 Block 48-2A, LLC	DE	
HPS1 Block 48-2B, LLC	DE	
HPS1 Block 48-3A, LLC	DE	
HPS1 Block 48-3B, LLC	DE	
HPS1 Block 50, LLC	DE	
HPS1 Block 51, LLC	DE	
HPS1 Block 52, LLC	DE	
HPS1 Block 53, LLC	DE	
HPS1 Block 54, LLC	DE	
HPS1 Block 55, LLC	DE	
HPS1 Block 56/57, LLC	DE	
HSP Arizona, Inc.	DE	
HTC Golf Club, LLC	CO	
Huntley Venture L.L.C.	IL	Lennar
Inactive Companies, LLC	FL	
Independence L.L.C.	VA	
Independence Orlando, LLC	FL	
Isles at Bayshore Club, LLC	FL	
Kendall Hammocks Commercial, LLC	FL	
Kentuckiana Medical Center, LLC	IN	
Kingman Lennar, LLC	DE	
KMC Real Estate Investors, LLC	IN	
Lagoon Valley Residential, LLC	CA	Lennar
Lakelands at Easton, L.L.C.	MD	
LB Oceanaire Development, LLC	DE	
LB/L – Duc III Antioch 330, LLC	DE	Lennar
LC Miramar, LLC	DE	
LCD Asante, LLC	DE	
LCI Downtown Doral Investor, LLC	DE	
LCI North DeKalb Investor GP, LLC	DE	
LCI North DeKalb Investor LP, LLC	DE	

Company Name	State of Incorporation	DBAs
LCS Communications, LLC	DE	
LCS RT Communications, LLC	DE	
Legends Club, LLC	FL	
Legends Golf Club, LLC	FL	
LEN - Belle Meade, LLC	FL	
Len - Little Harbor, LLC	DE	
LEN - OBS Windemere, LLC	DE	
LEN - Palm Vista, LLC	FL	
LEN BPT Investor, LLC	DE	
Len FW Investor, LLC	DE	
Len Medley at Angeline Club, LLC	FL	
LEN Mirada Investor, LLC	DE	
LEN Notarize Investor, LLC	DE	
LEN OT Holdings, LLC	FL	
LEN Paradise Cable, LLC	FL	
LEN Paradise Operating, LLC	FL	
Len Paradise, LLC	FL	
Len X, LLC	FL	
LEN-Abbott Square, LLC	FL	
Lenalto CMBS, LLC	DE	
Len-Angeline, LLC	FL	
Lenbrook, LLC	VA	
LEN-CG South, LLC	FL	
LenCom, LLC	DE	
Lencore, LLC	DE	
Lencraft, LLC	MD	
LEN-Cypress Mill, LLC	FL	
LenFive Opco GP, LLC	DE	
LenFive Sub III, LLC	DE	
LenFive Sub Opco GP, LLC	DE	
LenFive Sub, LLC	DE	
LenFive, LLC	DE	
LENH I, LLC	FL	
Len-Hawks Point, LLC	FL	
Len-Land West, LLC	DE	
Len-Land, LLC	DE	
Len-Medley at Mirada Club, LLC	DE	
Len-MN, LLC	DE	
Lennar Aircraft I, LLC	DE	
Lennar Arizona Construction, Inc.	AZ	
Lennar Arizona, Inc.	AZ	
Lennar Associates Management Holding Company	FL	
Lennar Associates Management, LLC	DE	
Lennar at Franklin, LLC	DE	
Lennar at Jackson, LLC	DE	

Company Name	State of Incorporation	DBAs
Lennar at Marlboro 79, LLC	DE	
Lennar at Monroe, LLC	DE	
Lennar Avenue One, LLC	DE	
Lennar Berkeley, LLC	NJ	
Lennar Bevard, LLC	DE	
Lennar Bridges, LLC	CA	
Lennar Buffington Colorado Crossing, L.P.	TX	
Lennar Buffington Zachary Scott, L.P.	TX	
Lennar Carolinas, LLC	DE	
Lennar Central Park, LLC	DE	
Lennar Central Region Sweep, Inc.	NV	
Lennar Chicago, Inc.	IL	Lennar
Lennar Cobra, LLC	DE	
Lennar Colgate Urban Renewal Development, LLC	NJ	
Lennar Colorado Minerals, LLC	CO	
Lennar Colorado, LLC	CO	Blackstone Country Club
Lennar Commercial, LLC	DE	
Lennar Communities Development, Inc.	DE	
Lennar Communities Nevada, LLC	NV	
Lennar Communities of Chicago L.L.C.	IL	
Lennar Communities, Inc.	CA	
Lennar Concord, LLC	DE	
Lennar Construction, Inc.	AZ	
Lennar Cory Road, LLC	NJ	
Lennar Courts, LLC	FL	
Lennar Developers, Inc.	FL	
Lennar Double B North Valleys Investments, LLC	NV	
Lennar Ewing, LLC	NJ	
Lennar Financial Services, LLC	FL	
Lennar Flamingo, LLC	FL	
Lennar Fresno, Inc.	CA	
Lennar Gardens, LLC	FL	
Lennar Georgia, Inc.	GA	
Lennar Greer Ranch Venture, LLC	CA	
Lennar Hingham Holdings, LLC	DE	
Lennar Hingham JV, LLC	DE	
Lennar Homes Holding, LLC	DE	
Lennar Homes NJ, LLC	DE	
Lennar Homes of Arizona, Inc.	AZ	
Lennar Homes of California, Inc.	CA	
Lennar Homes of Idaho, LLC	DE	
Lennar Homes of Indiana, Inc.	DE	
Lennar Homes of Tennessee, LLC	DE	
Lennar Homes of Texas Land and Construction, Ltd.	TX	Friendswood Development Company
Lennar Homes of Texas Land and Construction, Ltd.	TX	Village Builders Land Company

Company Name	State of Incorporation	DBAs
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	Kingswood Sales Associates
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	Houston Village Builders, Inc.
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	Friendswood Land Development Company
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	Bay Oaks Sales Associates
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	Lennar Homes
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	Lennar Homes of Texas
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	Lennar Homes of Texas, Inc.
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	U.S. Home
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	U.S. Home of Texas
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	U.S. Home of Texas, Inc.
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	NuHome Designs, Inc.
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	Village Builders, Inc.
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	NuHome of Texas, Inc.
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	Village Builders, Inc.
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	NuHome of Texas, Inc.
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	NuHome Designs
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	NuHome of Texas
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	Village Builders
Lennar Homes of Texas Sales and Marketing, Ltd.	TX	Friendswood Development Company
Lennar Homes of Utah, Inc.	DE	
Lennar Homes, LLC	FL	Baywinds Land Trust D/B/A Club Vineyards
Lennar Homes, LLC	FL	Doral Park
Lennar Homes, LLC	FL	Doral Park Joint Venture
Lennar Homes, LLC	FL	The Breakers at Lennar's Pembroke Isles
Lennar Homes, LLC	FL	Doral Park Country Club
Lennar Homes, LLC	FL	Coco Pointe
Lennar Homes, LLC	FL	The Point at Lennar's Pembroke Isles
Lennar Homes, LLC	FL	The Royal Club;
Lennar Homes, LLC	FL	The Palace
Lennar Homes, LLC	FL	Club Pembroke Isles
Lennar Homes, LLC	FL	Walnut Creek
Lennar Homes, LLC	FL	Lennars The Palms @ Pembroke Isles
Lennar Homes, LLC	FL	Walnut Creek Club
Lennar Homes, LLC	FL	Lennar Century 8th Street Developers
Lennar Homes, LLC	FL	Your Hometown Builder
Lennar Homes, LLC	FL	Lennar Communities
Lennar Homes, LLC	FL	Lake Osborne Trailer Ranch
Lennar Homes, LLC	FL	Verona Trace Club, Inc.
Lennar Homes, LLC	FL	Tripson Estates Club, Inc.
Lennar Homes, LLC	FL	Club Carriage Pointe
Lennar Homes, LLC	FL	Club Tuscany Village
Lennar Homes, LLC	FL	Club Silver Palms
Lennar Homes, LLC	FL	Bent Creek Club, Inc.
Lennar Homes, LLC	FL	U.S. Home
Lennar Homes, LLC	FL	Verona Trace Club, Inc.

Company Name	State of Incorporation	DBAs
Lennar Homes, LLC	FL	Club Malibu Bay
Lennar Homes, LLC	FL	Copper Creek Club, Inc.
Lennar Homes, LLC	FL	Isles of Bayshore Club
Lennar Homes, LLC	FL	Club Miralago
Lennar Homes, LLC	FL	Club Gardens by the Hammocks
Lennar Homes, LLC	FL	Club Vineyards
Lennar Imperial Holdings Limited Partnership	DE	
Lennar Insurance Agency, LLC	TX	
Lennar Intergulf (150 Ocean), LLC	DE	
Lennar International Holding, LLC	DE	
Lennar International, LLC	DE	
Lennar Lakeside Investor, LLC	DE	
Lennar Layton, LLC	DE	
Lennar Little Falls Townhomes Redevelopers Urban Renewal, LLC	NJ	
Lennar Living, LLC	DE	
Lennar LTL Member, LLC	DE	
Lennar Lytle, LLC	DE	
Lennar Mare Island, LLC	CA	
Lennar Marina A Funding, LLC	DE	
Lennar Massachusetts Properties, Inc.	DE	
Lennar MF Holdings, LLC	DE	
Lennar Middletown, LLC	NJ	
Lennar Monmouth Redevelopers, LLC	DE	
Lennar Mortgage, LLC	FL	
Lennar MPA WIP, LLC	DE	
Lennar MPA, LLC	DE	
Lennar Multifamily BTC Venture GP East Village I Mezz, LLC	DE	
Lennar Multifamily BTC Venture GP Subsidiary, LLC	DE	
Lennar Multifamily BTC Venture GP Victory Block G Mezz, LLC	DE	
Lennar Multifamily BTC Venture GP, LLC	DE	
Lennar Multifamily BTC Venture II GP Subsidiary, LLC	DE	
Lennar Multifamily BTC Venture II GP, LLC	DE	
Lennar Multifamily BTC Venture II LP, LLC	DE	
Lennar Multifamily BTC Venture II Manager, LLC	DE	
Lennar Multifamily BTC Venture LP, LLC	DE	
Lennar Multifamily BTC Venture Manager, LLC	DE	
Lennar Multifamily Builders, LLC	DE	LMC Construction, LLC
Lennar Multifamily Communities, LLC	DE	LMC a Lennar Company
Lennar Multifamily Venture DC LP	DE	
Lennar New Jersey Holdings, LLC	DE	
Lennar New Jersey Properties, Inc.	DE	
Lennar New York, LLC	NY	
Lennar Northeast Properties LLC	NJ	
Lennar Northwest, Inc.	DE	

Company Name	State of Incorporation	DBAs
Lennar OHB, LLC	NJ	
Lennar Pacific Properties Management, Inc.	DE	
Lennar Pacific Properties, Inc.	DE	
Lennar Pacific, Inc.	DE	
Lennar PI Acquisition, LLC	NJ	
Lennar PI Property Acquisition, LLC	NJ	
Lennar PIS Management Company, LLC	DE	
Lennar Plumsted Urban Renewal, LLC	NJ	
Lennar Point, LLC	NJ	
Lennar Port Imperial South, LLC	DE	
Lennar QR Build to Core GP, LLC	DE	
Lennar QR Build to Core LP, LLC	DE	
Lennar Realty, Inc.	FL	
Lennar Reno, LLC	NV	Baker-Coleman Communities
Lennar Reno, LLC	NV	Lennar Homes
Lennar Reno, LLC	NV	Lennar Communities
Lennar Riverwalk, LLC	DE	
Lennar Sacramento, Inc.	CA	
Lennar Sales Corp.	CA	
Lennar Sierra Sunrise, LLC	CA	
Lennar South Sutter, LLC	CA	
Lennar Spencer's Crossing, LLC	DE	
Lennar Sun Ridge LLC	CA	
Lennar Texas Holding, LLC	DE	
Lennar Title Group, LLC	FL	
Lennar Title, Inc.	MD	
Lennar Title, LLC	NC	
Lennar Trading Company, LLC	TX	
Lennar West Valley, LLC	CA	
Lennar Winncrest, LLC	DE	
Lennar.com Inc.	FL	
Lennar-LNR Platinum Triangle, LLC	DE	
LEN-Southshore Bay, LLC	FL	
LEN-Touchstone, LLC	FL	
Len-Verandahs, LLP	FL	
LFS Holding Company, LLC	DE	
LH Eastwind, LLC	FL	
L-H Housing, LLC	DE	
LHI Renaissance, LLC	FL	Club Oasis
Library Tower, L.L.C.	IL	
LMC 10th & Acoma Holdings, LP	DE	
LMC 2401 Blake Street Holdings, LLC	DE	
LMC 2401 Blake Street Investor, LLC	DE	
LMC 360 Acoma Holdings, LLC	DE	
LMC 360 Acoma Investor, LLC	DE	

Company Name	State of Incorporation	DBAs
LMC 410 S Wabash Holdings, LLC	DE	
LMC 808 Gateway Holdings, LLC	DE	
LMC 808 Gateway Investor, LLC	DE	
LMC 8th Avenue Apartment Investor, LLC	DE	
LMC 990 Bannock Holdings, LLC	DE	
LMC Artemas Holdings, LLC	DE	
LMC Block 42 Holdings, LLC	DE	
LMC Build to Core III Investor, LLC	DE	
LMC Build to Core III, LLC	DE	
LMC Burnside Holdings, LLC	DE	
LMC Burnside Investor, LLC	DE	
LMC Chandler and McClintock Holdings, LLC	DE	
LMC Charlestowne Holdings, LLC	DE	
LMC Charlotte Ballpark Developer, LLC	DE	
LMC Cityville Oak Park Holdings, LLC	DE	
LMC Cityville Oak Park Investor, LLC	DE	
LMC Cobalt Holdings, LLC	DE	
LMC Cormac GP, LLC	DE	
LMC Cormac Investor, LP	DE	
LMC Costa Mesa Holdings, LP	DE	
LMC Denver Gateway I Investor, LLC	DE	
LMC Denver Gateway II Holdings, LLC	DE	
LMC Development, LLC	DE	
LMC Downtown Doral South Holdings, LLC	DE	
LMC Durham Gateway Holdings, LP	DE	
LMC Durham Gateway Lawson GP, LLC	DE	
LMC Durham Gateway Lawson Investor, LP	DE	
LMC Evans School Holdings, LLC	DE	
LMC Evans School North Holdings, LLC	DE	
LMC Gateway Investor, LLC	DE	
LMC Gateway Venture, LLC	DE	
LMC Grayson Holdings, LLC	DE	
LMC Grayson Investor, LLC	DE	
LMC Grayson JV, LLC	DE	
LMC Grayson Property Owner, LLC	DE	
LMC Horton Street Holdings, LLC	DE	
LMC Huntington Crossing Holdings, LLC	DE	
LMC Inactive Companies, LLC	DE	
LMC Lakeside Holdings, LP	DE	
LMC Lakeside Holdings, LP	DE	
LMC Living Illinois, LLC	DE	
LMC Living TRS, LP	DE	
LMC Living, Inc.	CA	
LMC Living, LLC	DE	
LMC Millenia Investor II, LLC	DE	

Company Name	State of Incorporation	DBAs
LMC NE Minneapolis Lot 2 Holdings, LP	DE	
LMC New Bern Investor, LLC	DE	
LMC North Park Holdings, LLC	DE	
LMC Righters Ferry Holdings, LLC	DE	
LMC River North Holdings, LLC	DE	
LMC Sarasota Quay Holdings, LLC	DE	
LMC Sky Mountain Holdings, LLC	DE	
LMC Spring Street Investor, LLC	DE	
LMC Stadium Square II Investor, LLC	DE	
LMC Stadium Square II, LLC	DE	
LMC Stonewall Station Investor, LLC	DE	
LMC Towne Investor, LLC	DE	
LMC Towne Property Owner, LLC	DE	
LMC Triangle Square Investor, LLC	DE	
LMC Venture Developer, LLC	DE	
LMC Verbena Holdings, LLC	DE	
LMC West Loop Investor, LLC	DE	
LMC Winslow Investor, LLC	DE	
LMCFX Investor, LLC	DE	
LMCPNW Marymoor Holdings, LLC	DE	
LMF Commercial Mortgage Securities, LLC	DE	
LMF Commercial, LLC	DE	
LMI - Jacksonville Investor, LLC	DE	
LMI - South Kings Development Investor, LLC	DE	
LMI - West Seattle Investor, LLC	DE	
LMI - West Seattle, LLC	DE	
LMI Cell Tower Investors, LLC	DE	
LMI City Walk Investor, LLC	DE	
LMI Collegedale Investor, LLC	DE	
LMI Collegedale, LLC	DE	
LMI Contractors, LLC	DE	
LMI Glencoe Dallas Investor, LLC	DE	
LMI Lakes West Covina Investor, LLC	DE	
LMI Largo Park Investor, LLC	DE	
LMI Las Colinas Station, LLC	DE	
LMI Pacific Tower, LLC	DE	
LMI Park Central Investor Two, LLC	DE	
LMI Park Central Two, LLC	DE	
LMI Peachtree Corners Investor, LLC	DE	
LMI Peachtree Corners, LLC	DE	
LMI-JC Developer, LLC	DE	
LMI-JC, LLC	DE	
LMV 1640 Broadway REIT-DC, LP	DE	
LMV 1701 Ballard REIT-DC, LP	DE	
LMV 19H REIT-DC, LP	DE	

Company Name	State of Incorporation	DBAs
LMV 2026 Madison REIT-DC, LP	DE	
LMV 85 South Union REIT-DC, LP	DE	
LMV Annapolis REIT-DC, LP	DE	
LMV Apache Terrace REIT-DC, LP	DE	
LMV ATown REIT-DC, LP	DE	
LMV Block 42 REIT-DC, LP	DE	
LMV Bloomington REIT-DC, LP	DE	
LMV Bolingbrook REIT-DC, LP (DE)	DE	
LMV Central at McDowell REIT-DC, LP	DE	
LMV East Village I REIT-DC, LP	DE	
LMV Edina REIT-DC, LP	DE	
LMV Fremont WS I REIT-DC, LP	DE	
LMV Glisan REIT-DC, LP	DE	
LMV Grand Bay REIT-DC, LP	DE	
LMV II Grand Bay Pod V Holdings, LP	DE	
LMV II Hackensack Holdings Urban Renewal Owner, L.P	DE	
LMV II Kierland Holdings, LP	DE	
LMV II Venture Developer, LLC	DE	
LMV II Wynwood Holdings, LP	DE	
LMV Kirkland REIT-DC, LP	DE	
LMV Little Italy REIT-DC, LP	DE	
LMV M Tower REIT-DC, LP	DE	
LMV Millenia II REIT-DC, LP	DE	
LMV Milpitas REIT-DC, LP	DE	
LMV NE Minneapolis REIT-DC, LP	DE	
LMV Oak Park REIT-DC, LP	DE	
LMV One20Fourth REIT-DC, LP	DE	
LMV QR Build to Core Manager, LLC	DE	
LMV Rio Bravo REIT-DC, LP	DE	
LMV Scottsdale Quarter REIT-DC, LP	DE	
LMV Tysons REIT-DC, LP	DE	
LMV Vallagio III REIT-DC, LP	DE	
LMV Victory Block G REIT-DC, LP	DE	
LMV Warren Street REIT-DC, LP	DE	
LNC at Meadowbrook, LLC	IL	
LNC at Ravenna, LLC	IL	
LNC Communities II, LLC	CO	Fortress Genesee III, LLC
LNC Communities IV, LLC	CO	
LNC Communities V, LLC	CO	
LNC Communities VI, LLC	CO	
LNC Communities VII, LLC	CO	
LNC Communities VIII, LLC	CO	
LNC Pennsylvania Realty, Inc.	PA	
Longleaf Acquisition, LLC	FL	
Lori Gardens Associates II, LLC	NJ	

Company Name	State of Incorporation	DBAs
Lori Gardens Associates III, LLC	NJ	
Lori Gardens Associates, L.L.C.	NJ	
Lorton Station, LLC	VA	
Lots 3-4 Member, LLC	DE	
LR JVA-3 Associates, LLC	DE	
LR JV-C Associates, LLC	DE	
LR Overlook Phase II, LLC	DE	
LR Port Imperial South BB, LLC	DE	
LS College Park, LLC	DE	Lennar
LS Terracina, LLC	DE	Lennar
LSFR, LLC	DE	
LV Opendoor Investor, LLC	DE	
LV Opendoor JV, LLC	DE	
LW D'Andrea, LLC	DE	
LYNX VENETIAN POINTE LLC	DE	
Lyons Lennar Farms, LLC	FL	
Madrona Ridge L.L.C.	IL	
Madrona Village L.L.C.	IL	
Madrona Village Mews L.L.C.	IL	
Majestic Woods, LLC	NJ	
Maple and Broadway Holdings, LLC	DE	
Menifee Development, LLC	CA	Lennar
Mesa Canyon Community Partners, LLC	DE	Lennar
Mid-County Utilities, Inc.	MD	
Miralago West Lennar, LLC	FL	
Mission Viejo 12S Venture, LP	CA	
Mission Viejo Holdings, Inc.	CA	
Motomic Diagnostics, LLC	DE	
Multibank 2009-1 CML-ADC Venture, LLC	DE	
Multibank 2009-1 RES-ADC Venture, LLC	DE	
NC Properties I, LLC	DE	
NC Properties II, LLC	DE	
North American Asset Development, LLC	CA	
North Valleys Investment Group, LLC	NV	
Northbridge L.L.C.	IL	
OHC/Ascot Belle Meade, LLC	FL	
One SR, L.P.	TX	
Pace Drive Holdings, LLC	FL	
Palm Gardens At Doral Clubhouse, LLC	FL	
Palm Gardens at Doral, LLC	FL	
Palm Springs Classic, LLC	DE	
Palm Vista Preserve, LLC	FL	
Patuxent Infrastructure, Inc.	DE	Lennar
PDC Fairway Village, Ltd.	TX	
PDC Moroney Farms, Ltd.	TX	

Company Name	State of Incorporation	DBAs
PD-Len Boca Raton, LLC	DE	
PG Properties Holding, LLC	NC	
Pine Ridge Residential, LLC	CO	Lennar
Pioneer Meadows Development LLC	NV	
Pioneer Meadows Investments, LLC	NV	
Placer Vineyards, LLC	CA	
Platinum Triangle Partners, LLC	DE	
Plaza Condominium Ventures, LLC	DE	Lennar
POMAC, LLC	MD	
Port Imperial South Building 14, LLC	NJ	
Portside Marina Developers, L.L.C.	NJ	
Portside Shipyard Developers, L.L.C.	NJ	
Portside SM Associates, L.L.C.	NJ	
Portside SM Holdings, L.L.C.	DE	
Prestonfield L.L.C.	IL	
Providence Lakes, LLP	FL	
PT Metro, LLC	DE	
Quail Roost Lennar, LLC	FL	
Quarrystone Board, LLC	DE	
Raintree Village II L.L.C.	IL	
Raintree Village L.L.C.	IL	
Ral-Len BM, LLC	DE	
Ral-Len, LLC	DE	
Rannel Capital WeWork Series D, LLC	DE	
Rannel Credit Partnership GP, LLC	DE	
Rannel Holdings, LLC	DE	
Rannel Interests, LLC	DE	
Rannel Investments, LLC	DE	
Rannel Mezz Partners GP, LLC	DE	
Rannel Mortgage Investments, LLC	DE	
Rannel Partners GP III - Debt, LLC	DE	
Rannel Partners GP, LLC	DE	
Rannel Proprietary Investments, LLC	DE	
Rannel RSSF GP, LLC	DE	
RCCF GP II, LLC	DE	
RCCF GP III, LLC	DE	
RCCF GP IV, LLC	DE	
RCCF GP, LLC	DE	
Renaissance Joint Venture	FL	
RES Inactive, LLC	DE	
Reserve @ Pleasant Grove II LLC	NJ	Lennar
Reserve @ Pleasant Grove LLC	NJ	
Reserve at River Park, LLC	NJ	
RES-FL EIGHT, LLC	FL	
RES-FL SEVEN, LLC	FL	

Company Name	State of Incorporation	DBAs
RES-FL VISION ONE, LLC	FL	
RES-FL VISION TWO, LLC	FL	
RES-GA CASCADE, LLC	GA	
RES-GA DIAMOND MEADOWS, LLC	GA	
RES-GA KAP, LLC	GA	
RES-IL ONE, LLC	FL	
RES-NC ONE, LLC	FL	
RES-PA LSJ, LLC	PA	
RES-PA POM, LLC	PA	
RH Insurance Company, Inc.	HI	
RH MOA BBCMS 2017-C1, LLC	DE	
RH MOA CF 2017-C8, LLC	DE	
RH MOA U 2017-C4, LLC	DE	
RH MOA U 2017-C6, LLC	DE	
RH MOA, LLC	DE	
RIAL 2014-LT5 CLASS B, LLC	DE	
RIAL 2014-LT5, LLC	DE	
Rialto Partners GP III - Property, LLC	DE	
Riego 1700, LLC	DE	
Rivendell Joint Venture	FL	
Riverwalk at Lago Mar, LLC	FL	Lennar
RL BB FINANCIAL, LLC	DE	
RL BB INACTIVE, LLC	DE	
RL BB-IN AA, LLC	DE	
RL BB-IN KRE OP, LLC	DE	
RL BB-IN KRE RE, LLC	DE	
RL BB-IN KRE, LLC	DE	
RL CMBS Holdings, LLC	DE	
RL CML 2009-1 Investments, LLC	DE	
RL REGI Alabama II, LLC	AL	
RL REGI FINANCIAL, LLC	FL	
RL REGI GEORGIA, LLC	GA	
RL REGI INACTIVE, LLC	DE	
RL REGI VIRGINIA, LLC	VA	
RL REGI-FL CRC, LLC	FL	
RL REGI-FL TPL, LLC	FL	
RL REGI-TN OAK, LLC	TN	
RL RES 2009-1 Investments, LLC	DE	
RMF Alliance, LLC	DE	
RMF Commercial, LLC	DE	
RMF Partner, LLC	DE	
RMF PR New York, LLC	DE	
RMF SUB 1, LLC	DE	
RMF SUB 2, LLC	DE	
RMF SUB 3, LLC	DE	

Company Name	State of Incorporation	DBAs
RMF SUB 4, LLC	DE	
RMF SUB 5, LLC	DE	
RMV, LLC	MD	
Rocking Horse Minerals, LLC	CO	
R-Ranch Development, LLC	FL	
Runkle Canyon, LLC	DE	
Rutenberg Homes of Texas, Inc.	TX	
Rutenberg Homes, Inc. (Florida)	FL	
Rye Hill Company, LLC	NY	
Ryland Homes Nevada Holdings, LLC	DE	Lennar
Ryland Homes Nevada, LLC	DE	Lennar
Ryland Homes of California, Inc.	DE	Lennar
S. Florida Construction II, LLC	FL	
S. Florida Construction III, LLC	FL	
S. Florida Construction, LLC	FL	
San Felipe Indemnity Co., Ltd.	Bermuda (non-US)	
San Lucia, LLC	FL	
San Simeon Lennar, LLC	FL	
Santa Clarita 700, LLC	DE	
Savannah Development, Ltd.	TX	
SC 521 Indian Land Reserve South, LLC	DE	
SC 521 Indian Land Reserve, LLC	DE	
Schulz Ranch Developers, LLC	DE	
Seminole/70th, LLC	FL	
Siena at Old Orchard L.L.C.	IL	
Sierra Vista Communities, LLC	CA	
Silver Springs Lennar, LLC	DE	
Sossaman Estates, LLC	AZ	
South Development, LLC	FL	
South Sutter, LLC	CA	
Southbank Holding, LLC	FL	
Spanish Springs Development, LLC	NV	
SPIC CPCO, Inc.	DE	Lennar
SPIC CPDB, Inc.	DE	Lennar
SPIC CPRB, Inc.	DE	Lennar
SPIC Del Sur, LLC	DE	Lennar
SPIC Dublin, LLC	DE	Lennar
SPIC Mesa, LLC	DE	Lennar
SPIC NC Fremont, LLC	DE	Lennar
SPIC Otay, LLC	DE	Lennar
SPIC Springs, LLC	DE	Lennar
ST Lender, LLC	DE	
St. Charles Active Adult Community, LLC	MD	
St. Charles Community, LLC	DE	
Standard Pacific 1, Inc.	DE	Lennar

Company Name	State of Incorporation	DBAs
Standard Pacific Investment Corp.	DE	Lennar
Standard Pacific of Colorado, Inc.	DE	Lennar
Standard Pacific of Florida	FL	Lennar
Standard Pacific of Florida GP, Inc.	DE	Lennar
Standard Pacific of Las Vegas, Inc.	DE	Lennar
Standard Pacific of Orange County, Inc.	DE	Lennar
Standard Pacific of Tampa GP, Inc.	DE	Lennar
Standard Pacific of Tampa, GP	DE	Lennar
Standard Pacific of the Carolinas, LLC	DE	Lennar
Standard Pacific of Tonner Hills, LLC	DE	Lennar
Standard Pacific of Walnut Hills, Inc.	DE	Lennar
Stoney Holdings, LLC	FL	
Stoney Way Wholesale, LLC	DE	
Stoneybrook Clubhouse, Inc.	FL	
Stoneybrook Joint Venture	FL	
Storey Lake Club, LLC	FL	
Storey Park Club, LLC	FL	
Strategic Holdings, Inc.	NV	Lennar Communications Ventures
Strategic Technologies, LLC	FL	Strategic Cable Technologies - Texas, Inc.
Summerfield Venture L.L.C.	IL	
SunStreet Energy Group, LLC	DE	
SunStreet Energy Master Tenant Holdings, LLC	DE	
SunStreet Energy Tenant, LLC	DE	
SunStreet Manager, LLC	DE	
Talega Associates, LLC	DE	Lennar
Talega Village, LLC	DE	Lennar
TCO QVI, LLC	DE	
Temecula Valley, LLC	DE	
Terra Division, LLC	MN	
The Baywinds Land Trust	FL	Baywinds Land Trust D/B/A Club Vineyards
The Bridges at Rancho Santa Fe Sales Company, Inc.	CA	
The Crossvine at Connerton, LLC	FL	
The Greenbriar Project Owner, LLC	DE	
The LNC Northeast Group, Inc.	DE	
The Oasis Club at LEN-CG South, LLC	DE	
The Preserve at Coconut Creek, LLC	FL	
The Vistas Club at LEN-CG South, LLC	FL	
TI Lot 8, LLC	DE	
TICD Hold Co., LLC	DE	
TIH Hold Co., LLC	DE	
Titlezoom Company	FL	
Tonner Hills SSP, LLC	DE	Lennar
Treasure Island Member, LLC	DE	
Treviso Holding, LLC	FL	
Two Lakes Lennar, LLC	DE	

Company Name	State of Incorporation	DBAs
U.S. Home Corporation	DE	Lennar
U.S. Home Corporation	DE	Lennar Corporation
U.S. Home of Arizona Construction Co.	AZ	
U.S. Home Realty, Inc.	TX	
U.S. Insurors, Inc.	FL	
U.S.H. Realty, Inc.	MD	
UAMC Holding Company, LLC	DE	
UB 2018-C14 MOA, LLC	DE	
Upward America Fund Manager, LLC	DE	
USH - Flag, LLC	FL	
USH Equity Corporation	NV	
USH Leasing II, LLC	DE	
USH Leasing, LLC	DE	
USH LEE, LLC	FL	
USH/SVA Star Valley LLC	AZ	
UST Lennar GP PIS 10, LLC	DE	
UST Lennar GP PIS 12, LLC	DE	
UST Lennar GP PIS 14, LLC	DE	
UST Lennar GP PIS 19, LLC	DE	
UST Lennar GP PIS 7, LLC	DE	
UST Lennar HW Scala SF Joint Venture, a Delaware general partnership	DE	
UST Lennar PIS 10, LP	DE	
UST Lennar PIS 12, LP	DE	
UST Lennar PIS 14, LP	DE	
UST Lennar PIS 19, LP	DE	
UST Lennar PIS 7, LP	DE	
UST Lennar PIS Joint Venture, LP	DE	
Venetian Lennar LLC	FL	
VII Crown Farm Investor, LLC	DE	
Vineyard Land, LLC	DE	
Vineyard Point 2009, LLC	CA	
Vista Las Flores Corp.	DE	Lennar
Vista Palms Clubhouse, LLC	DE	
Waterview at Hanover, LLC	NJ	
WCI Communities, Inc.	DE	
WCI Communities, LLC	DE	
WCI Towers Northeast USA, Inc.	DE	
WCI Westshore, LLC	DE	
WCP, LLC	SC	
West Lake Village, LLC	NJ	
West Seattle Project X, LLC	DE	
West Valley, LLC	CA	
West Van Buren L.L.C.	IL	
Westchase, Inc.	NV	
Westchase, Ltd.	TX	

Company Name	State of Incorporation	DBAs
Westfield Homes USA, Inc.	DE	Lennar
White Course Lennar, LLC	FL	
Wild Plum JV, LLC	DE	Lennar
Willow Springs Properties, L.L.C.	AZ	
Willowbrook Investors, LLC	NJ	
Winncrest Natomas, LLC	NV	
WIP Lennar OHB, LLC	NJ	
Woodbridge Multifamily Developer I, LLC	DE	
Wright Farm, L.L.C.	VA	
YLRichards4Acres 2015, LLC	CA	Lennar

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-210907 on Form S-8 and Registration Statement No. 333-237645 on Form S-3ASR of our reports dated January 22, 2021, relating to the financial statements and financial statement schedule of Lennar Corporation, and the effectiveness of Lennar Corporation's internal control over financial reporting appearing in this Annual Report on Form 10-K of Lennar Corporation for the year ended November 30, 2020.

/s/ Deloitte & Touche LLP

Miami, Florida
January 22, 2021

CHIEF EXECUTIVE OFFICER'S CERTIFICATION

I, Rick Beckwitt, certify that:

1. I have reviewed this annual report on Form 10-K 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 officers 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 officers 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.

/s/ RICK BECKWITT

Name: Rick Beckwitt
Title: Co-Chief Executive Officer and Co-President

Date: January 22, 2021

CHIEF EXECUTIVE OFFICER'S CERTIFICATION

I, Jonathan M. Jaffe, certify that:

1. I have reviewed this annual report on Form 10-K 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 officers 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 officers 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.

/s/ JONATHAN M. JAFFE

Name: Jonathan M. Jaffe

Title: Co-Chief Executive Officer and Co-President

Date: January 22, 2021

CHIEF FINANCIAL OFFICER'S CERTIFICATION

I, Diane Bessette, certify that:

1. I have reviewed this annual report on Form 10-K 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 officers 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 officers 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.

/s/ DIANE BESSETTE

Name: Diane Bessette

Title: Vice President, Chief Financial Officer and Treasurer

Date: January 22, 2021

Officers' Section 1350 Certifications

Each of the undersigned officers of Lennar Corporation, a Delaware corporation (the "Company"), hereby certifies that (i) the Company's Annual Report on Form 10-K for the year ended November 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Company's Annual Report on Form 10-K for the year ended November 30, 2020 fairly presents, in all material respects, the financial condition and results of operations of the Company, at and for the periods indicated.

/s/ RICK BECKWITT

Name: Rick Beckwitt

Title: Co-Chief Executive Officer and Co-President

/s/ JONATHAN M. JAFFE

Name: Jonathan M. Jaffe

Title: Co-Chief Executive Officer and Co-President

/s/ DIANE BESSETTE

Name: Diane Bessette

Title: Vice President, Chief Financial Officer and Treasurer

Date: January 22, 2021