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

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): October 1, 2021

Dream Finders Homes, Inc.

(Exact name of registrant as specified in its charter)

(Exact name of registrant as specified in its charter)

Delaware	**001-39916**	**85-2983036**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

14701 Philips Highway, Suite 300 **Jacksonville, Florida**	**32256**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(904) 644-7670**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Class A Common Stock	DFH	Nasdaq Global Select Market

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

Emerging growth company ☐

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

EXPLANATORY NOTE

On October 5, 2021, Dream Finders Homes, Inc. (the "Company"), filed with the U.S. Securities and Exchange Commission a Current Report on Form 8-K (the "Original Form 8-K") regarding the completion of the Company's acquisition, on October 1, 2021, of certain assets, rights and properties, and assumed certain liabilities, comprising the following businesses (the "MHI Acquisition"): MHI Partnership, Ltd., a Texas limited partnership, MHI Models, Ltd., a Texas limited partnership, McGuyer Homebuilders, Inc., a Texas corporation, and FMR IP, LLC, a Texas limited liability (collectively, "MHI").

This Current Report on Form 8-K/A amends the Original Form 8-K to include an updated Item 9.01(a) Financial Statements of Business Acquired and Item 9.01(b) Pro Forma Financial information, which the Company indicated would be provided no later than 71 days from the date on which the Original Form 8-K was required to be filed. Item 9.01 of the Original Form 8-K is hereby amended and restated in its entirety as set forth below.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

- The audited combined balance sheets of MHI as of December 31, 2019 and 2020 and the related combined statements of income, cash flows and changes in equity for the years then ended, the notes related thereto, and the report of the independent auditors related thereto, are filed as Exhibit 99.1 to this Current Report on Form 8-K/A.

- The unaudited combined balance sheet of MHI as of June 30, 2021 and the related unaudited combined statements of income, cash flows and changes in equity for the six month periods ended June 30, 2020 and 2021, and the notes related thereto, are filed as Exhibit 99.2 to this Current Report on Form 8-K/A.

(b) Pro Forma Financial Information.

- The unaudited combined pro forma balance sheet as of June 30, 2021, and the related unaudited pro forma combined statement of income for the six months ended June 30, 2021 and for the year ended December 31, 2020, and the related notes thereto, of the Company, after giving effect to the MHI Acquisition, are filed as Exhibit 99.3 to this Current Report on Form 8-K/A.

(d) Exhibits.

Number	Description
23.1	Consent of Pannell Kerr Forster of Texas, P.C. (filed herewith).
99.1	The audited combined balance sheets of MHI as of December 31, 2019 and 2020 and the related combined statements of income, cash flows and changes in equity for the years then ended, the notes related thereto (filed herewith).
99.2	The unaudited combined balance sheet of MHI as of June 30, 2021 and the related unaudited combined statements of income cash flows and changes in equity for the six month periods ended June 30, 2020 and 2021, and the notes related thereto (filed herewith).
99.3	The unaudited pro forma condensed combined balance sheet as of June 30, 2021, and the related unaudited pro forma condensed combined statement of comprehensive income for the six months ended June 30, 2021 and for the year ended December 31, 2020, and the related notes thereto, of the Company, after giving effect to the MHI Acquisition (filed herewith).
104	Cover Page Interactive Data File (embedded within the inline XBRL document)

SIGNATURE

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

DREAM FINDERS HOMES, INC.

By: /s/ Robert E. Riva

Robert E. Riva
Vice President, General Counsel and Corporate Secretary

Date: December 14, 2021

Exhibit 23.1

PANNELL
KERR
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OF TEXAS, P.C.

5847 San Felipe St., Suite 2600
Houston, Texas 77057-3000
Ph: (713) 860-1400
Fax: (713) 355-3909
www.PKFTexas.com

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-252525) of Dream Finders Homes, Inc., of our report dated December 8, 2021, with respect to the combined financial statements of MHI Partnership, Ltd., MHI Models, Ltd., McGuyer Homebuilders, Inc., and FMR IP, LLC which appear in the accompanying Current Report on Form 8-K/A of Dream Finders Homes, Inc.

Pannell Kerr Forster of Texas, P.C.

Houston Texas
Date: December 14, 2021

Exhibit 99.1

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Combined Financial Statements

December 31, 2020

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

December 31, 2020

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PANNELL
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INDEPENDENT AUDITORS' REPORT

To the Owners of
MHI Partnership, Ltd., MHI Models, Ltd., McGuyer Homebuilders, Inc., and FMR IP, LLC

We have audited the combined financial statements of MHI Partnership, Ltd., MHI Models, Ltd., McGuyer Homebuilders, Inc., and FMR IP, LLC (collectively "MHI"), which comprise the combined balance sheets as of December 31, 2020 and 2019, and the related combined statements of income, changes in equity, and cash flows for the years then ended and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of MHI as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Pannell Kerr Forster of Texas, P.C.

December 8, 2021

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Combined Balance Sheets

	December 31, 2020	December 31, 2019
ASSETS		
CASH AND CASH EQUIVALENTS (including restricted cash of $570,847 and $570,494 respectively)	$ 33,318,401	$ 24,449,807
NOTES & ADVANCES RECEIVABLE—Affiliates	4,293,623	9,186,856
ACCOUNTS RECEIVABLE—Other	6,977,279	4,339,841
PREPAID EXPENSES AND OTHER ASSETS	40,839,610	38,816,177
RESIDENTIAL HOUSING AND OTHER INVENTORY	441,871,751	452,563,606
FURNITURE, FIXTURES, AND LEASEHOLD IMPROVEMENTS—Net	4,142,039	4,256,252
TRADE NAME—Net	-	1,010,732
INVESTMENTS IN UNCONSOLIDATED ENTITIES	2,572,935	1,871,537
TOTAL ASSETS	$ 534,015,638	$ 536,494,808
LIABILITIES AND EQUITY		
LIABILITIES:		
Trade accounts payable	$ 35,008,118	$ 27,916,270
Accrued and other liabilities	53,586,192	36,291,538
Unsecured debt	7,849,000	-
Secured debt agreements	220,732,776	271,882,861
Total liabilities	317,176,086	336,090,669
COMMITMENTS AND CONTINGENCIES		
EQUITY	216,839,552	200,404,139
Total equity	216,839,552	200,404,139
TOTAL LIABILITIES AND EQUITY	$ 534,015,638	$ 536,494,808

See notes to combined financial statements.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC MHI

Combined Statements of Income

	Year Ended December 31, 2020	2019
HOME SALES REVENUE	$ 903,784,425	$ 758,230,559
COST OF SALES—Homes:		
Direct costs	683,119,316	585,766,596
Indirect, selling, and closing costs	107,659,406	89,814,388
Total cost of sales—homes	790,778,722	675,580,984
GROSS PROFIT FROM HOME SALES	113,005,703	82,649,575
LAND SALES REVENUE	4,800,055	3,791,680
COST OF SALES—Land:		
Direct costs	3,432,861	3,772,394
Indirect, selling, and closing costs	126,027	199,757
Total cost of sales—land	3,558,888	3,972,151
GROSS PROFIT (LOSS) FROM LAND SALES	1,241,167	(180,471)
TOTAL GROSS PROFIT	114,246,870	82,469,104
OPERATING AND OTHER INCOME (EXPENSES):		
General and administrative	(45,677,322)	(36,984,906)
Marketing	(9,034,825)	(9,479,305)
Interest	(2,212,735)	(4,863,955)
Inventory valuation adjustment	(456,044)	(589,843)
Equity in earnings of unconsolidated entities	563,497	404,944
Interest income	144,217	84,371
Other income	935,721	784,974
Total operating and other expenses, net	(55,737,491)	(50,643,720)
OPERATING INCOME BEFORE INCOME TAXES	58,509,379	31,825,384
INCOME TAX EXPENSE	(1,065,640)	(788,721)
NET INCOME	$ 57,443,739	$ 31,036,663

See notes to consolidated financial statements.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Combined Statements of Changes in Equity

BALANCE—December 31, 2018	$ 177,103,551
Cummulative effect of change in accounting principle	892,968
Distributions	(8,629,043)
Net income	31,036,663
BALANCE—December 31, 2019	200,404,139
Distributions	(27,941,706)
Net income	20,799,557
BALANCE—December 31, 2020	$ 193,261,990

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Combined Statements of Cash Flows

	Year Ended December 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 57,443,739	$ 31,036,663
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,732,159	2,030,532
(Gain)/Loss on disposition of model home furniture and fixtures	(46,286)	(23,418)
Net equity in earnings of unconsolidated entities	(74,296)	(5,918)
Inventory valuation adjustment	456,044	589,843
Amortization of loan acquisition costs	1,842,004	1,850,824
Changes in operating assets and liabilities:		
Notes and advances receivable, affiliates	4,893,233	6,140,689
Accounts receivable, other	(2,637,438)	(325,008)
Prepaid expenses and other assets	(1,913,225)	(1,013,116)
Residential housing and other inventory, net	10,235,811	(20,052,089)
Trade accounts payable	7,091,848	84,926
Accrued expenses and other liabilities	17,294,654	4,147,927
Net cash provided by operating activities	97,318,247	24,461,855
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to model home furniture and fixtures	(1,848,216)	(1,187,018)
Other investing activities, net	287,288	(382,386)
Contributions to investment in unconsolidated entities	(627,102)	(1,780,277)
Net cash used in investing activities	(2,188,030)	(3,349,681)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt proceeds	266,548,851	198,786,954
Debt payments	(309,849,936)	(214,697,946)
Debt acquisition costs	(1,952,212)	(1,689,211)
Cash distributions to partners	(41,008,326)	(8,629,043)
Net cash used in financing activities	(86,261,623)	(26,229,246)
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,868,594	(5,117,072)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH —Beginning of year	24,449,807	29,566,879
CASH, CASH EQUIVALENTS AND RESTRICTED CASH —End of year	$ 33,318,401	$ 24,449,807
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest—net of amounts capitalized	$ 2,729,720	$ 5,009,343
Cash paid for taxes	$ 797,000	$ 721,840

See notes to consolidated financial statements.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Notes to Combined Financial Statements

December 31, 2020

Note 1 - Organization and Description of Business

MHI Partnership, Ltd., MHI Models, Ltd., McGuyer Homebuilders, Inc., and FMR IP, LLC (collectively "MHI"), are commonly owned businesses engaged in constructing and selling single-family residential homes. MHI's product lines feature entry-level, move-up, and luxury homes, with a focus on the move-up market. During the years ended December 31, 2020 and 2019, MHI closed 2,046 and 1,741 homes, respectively. MHI's operations are in Texas, with principal markets in Houston, Dallas/Fort Worth, Austin, and San Antonio. To the extent there are positive or negative unforeseen economic or regulatory conditions affecting the Texas market, MHI's operations, cash flows, and financial position may be similarly affected.

During 2020, MHI consolidated its branding under the trade name Coventry in order to achieve better utilization of marketing and internet resources. It's other principal trade names, Plantation and Wilshire, are still owned by MHI, but are not currently active.

The COVID-19 pandemic has had a widespread impact to the Texas economy, but the demand for residential housing strengthened in 2020 for two primary reasons: (1) businesses are requiring or allowing employees to work from home, and (2) historically low interest rates on mortgage loans. Despite some disruption to operations from March to April 2020, MHI recovered strongly during the remainder of 2020. The U.S. Department of Homeland Security has classified residential construction as an essential business, and therefore MHI was not subject to shut down, stay-at-home orders or other significant restrictions. MHI was able to conduct normal operations during the remainder of the COVID-19 pandemic, but experienced shortages in materials and/or labor due to increased demand for residential housing.

Note 2 - Capital Structure

MHI's equity interests consist of a corporate general partner, McGuyer Homebuilders, Inc. ("INC"), and four limited partners. The following are the classes of ownership and their interest in earnings:

Class A - The profits and losses of MHI Partnership, Ltd. ("MHI Ltd."), Class A excluding Class C profits or losses, are to be allocated 0.50% to the general partner and 99.50% to the limited partners in 2020 and 2019. The profits and losses of MHI Models, Ltd. ("MHI Models"), are allocated 0.485% to the general partner and 99.515% to the limited partners. INC is the general partner in both MHI Ltd. and MHI Models. The stockholder's equity of INC is included in Class A and voting interests in the statement of equity.

Class B – MHI's Class B interests were converted to Class A interests during 2013 and are no longer eligible for issuance.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Notes to Combined Financial Statements

December 31, 2020

Note 2 - Capital Structure (Continued)

Class C - The proceeds, including interest income and potential loss of principal, from 15% of the undivided interest in certain receivables due from related-party affiliates, are allocated to Class C members. Distributions are based solely upon the collection of principal and interest from these receivables but are subject to certain terms and conditions.

Note 3 - Summary of Significant Accounting Policies

Principles of consolidation

The combined financial statements include the accounts of MHI and MHI Ltd.'s wholly owned subsidiaries, Homeco Purchasing Company, Ltd., MHI (Nevada), LLC, Wilshire Homes, LLC and 2019 Sonoma, LLC. The combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), and all material intercompany accounts and transactions have been eliminated upon consolidation.

MHI uses the equity method of accounting for investments in which it has a significant equity interest, but not control of the majority interest. Under the equity method, MHI's share of earnings is accrued as additional investment in unconsolidated entities and reported in the combined statements of income under equity in earnings of unconsolidated entities.

MHI assesses the consolidation of entities in which it does not own a majority interest under the guidance of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810 *Consolidation*. Generally, these entities, referred to as variable interest entities ("VIEs"), are companies in which MHI contracted to purchase lots, but has no equity ownership. ASC 810 requires certain variable interest entities ("VIEs") to be consolidated by the primary beneficiary of the entity (See Note 8).

Use of estimates

The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial instruments

Management believes that the carrying amounts reported in the combined balance sheets for cash and cash equivalents, accounts receivables, and trade accounts payable approximate their fair values based on their short-term maturities. The fair value of secured debt is not believed to be materially different than the carrying value. The interest on secured debt is variable and believed to approximate market rates.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Notes to Combined Financial Statements

December 31, 2020

Note 3 - Summary of Significant Accounting Policies (Continued)

Concentration of credit risk

At December 31, 2020 and 2019, MHI had cash and cash equivalents and restricted cash deposited in certain financial institutions in excess of federally insured levels. Management regularly monitors the financial stability of these financial institutions and believes that MHI is not exposed to any significant credit risk in cash and cash equivalents. The Federal Deposit Insurance Corporation, or "FDIC," generally only insures limited amounts per depositor per insured bank. The standard coverage limit is $250,000 for most deposit categories.

Cash and cash equivalents

Liquid investments with an initial maturity of three months or less are classified as cash equivalents. Amounts in transit from title companies for home closings of approximately $16.3 million and $19.4 million are included in cash and cash equivalents at December 31, 2020 and 2019, respectively.

Accounts receivable

At December 31, 2020 and 2019, accounts receivable consist of reimbursable costs or accrued income as follows:

	2020	2019
Due under developer reimbursement agreements	$ 2,469,838	$ 773,456
Vendor rebates receivable	2,510,000	1,860,027
Other receivables	1,997,441	1,706,358
Total accounts receivable, other	$ 6,977,279	$ 4,339,841

Residential housing and other inventory

Residential housing and other inventory include completed and under-construction homes, as well as lots, land under development, and unimproved land. Completed homes and lots are stated at the lower of actual cost or net realizable value, less costs to sell. Capitalized costs include housing construction, land purchases, and development costs, as well as indirect costs, including interest on interim construction and development financing, allocated overhead, and taxes during the construction or development periods.

Completed homes, under-construction homes, improved residential lots and unimproved land are evaluated for impairment if potential impairment indicators are present. Housing inventory valuations are determined by comparing expected selling prices in the specific communities and selling prices in comparable surrounding communities, taking into consideration expected sales prices, cancellation rates, construction, and overhead costs. Residential lots are evaluated by comparing market prices in the specific and surrounding communities, along with calculating the expected profitability of the home constructed.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Notes to Combined Financial Statements

December 31, 2020

Note 3 - Summary of Significant Accounting Policies (Continued)

Residential housing and other inventory (continued)

When necessary, a valuation adjustment is recorded to reduce the asset to its estimated net realizable value, less costs to sell. For the years ended December 31, 2020 and 2019, MHI recorded a valuation adjustment on residential housing and other inventory of $456,044 and $589,843, respectively.

Although management believes the valuation estimates reflected in MHI's combined financial statements are reasonable, there can be no assurances that MHI could ultimately realize these values. Given the uncertainty and volatility in the current economic environment, MHI may be required to take future impairment charges on its residential housing and other inventory.

Capitalized interest on home-building activities

Interest is capitalized on lots and building activities during the construction period. Such capitalized interest is included in cost of sales when revenue is recognized on the sale. Subsequent to substantial completion of construction, interest on homes is no longer capitalized, but is charged directly to expense as incurred and reported as interest expense.

A summary of interest capitalized during the years ended December 31, 2020 and 2019, is as follows:

	2020	2019
Capitalized in inventory—beginning of year	$ 11,529,474	$ 10,690,378
Incurred	11,885,918	17,769,656
Less amounts:		
Included in costs of sales	(13,055,720)	(12,066,605)
Included in operating expenses	(2,212,735)	(4,863,955)
Capitalized in inventory—end of year	$ 8,146,937	$ 11,529,474

Furniture and fixtures

Furniture and fixtures are recorded at cost. Depreciation expense for furniture and fixtures is calculated using the straight-line method over the expected useful life of three to five years. MHI owns its office facility in San Antonio and the building has an expected useful life of thirty-nine years. The costs of maintenance and repairs are charged to expense as incurred. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operations.

Accumulated depreciation was $7,103,005 and $6,177,413 as of December 31, 2020 and 2019, respectively. Depreciation expense for the years ended December 31, 2020 and 2019, was $1,721,427 and $1,868,820, respectively, and is included in general and administrative expense in the combined statements of income.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Notes to Combined Financial Statements

December 31, 2020

Note 3 - Summary of Significant Accounting Policies (Continued)

Warranties

MHI provides a limited warranty to each homebuyer at the time of sale. MHI's warranty exposure is generally limited to one year for most costs. A third-party limited warranty is also provided to each homebuyer. The third-party warranty generally provides coverage in the event of major structural defects for a period of up to 10 years. MHI accrues for estimated warranty costs at the time of each home sale based on historical and anticipated warranty costs. MHI periodically assesses the adequacy of its recorded warranty liability and adjusts the accrued amount as necessary.

The following summarizes MHI's accrued warranty activity during the years ended December 31, 2020 and 2019:

	2020	2019
Accrued warranty liability—beginning of year	$ 4,501,195	$ 2,100,000
Warranty accrual for current year home sales	7,442,196	6,030,181
Warranty payments made during the year	(4,884,297)	(3,628,986)
Accrued warranty liability—end of year	$ 7,059,094	$ 4,501,195

Advertising costs

MHI expenses advertising costs as they are incurred. Advertising costs included in marketing expenses totaled $2,771,860 and $2,739,877 for the years ended December 31, 2020 and 2019, respectively.

The salaries of commissioned sales employees and commissions paid to outside real estate agents are included in cost of sales. Except for incremental commissions paid in advance of closing that are recoverable from a specific home sale, sales commissions are expensed as incurred. Prepaid commissions are included in prepaid expenses and other assets on the combined balance sheets.

Income taxes

MHI Ltd. and MHI Models are organized as limited partnerships. FMR IP, LLC is organized as a limited liability company. McGuyer Homebuilders, Inc. is organized as a corporation, but taxed as an S-Corp. No provision for federal income taxes is included in the accompanying combined financial statements since such liability, if any, is the individual liability of the respective partners or members. MHI does not believe it has any uncertain tax positions or unrecognized tax benefits requiring disclosure. MHI is subject to a state margin tax. Because the margin tax is based on revenue and expenses of MHI, it is considered an income tax and is accounted for in accordance with the provisions of FASB ASC 740, *Income Taxes*. Income tax expense was $1,065,640 and $788,721 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, MHI had no significant temporary differences, tax credits, or net operating loss carryforwards.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Notes to Combined Financial Statements

December 31, 2020

Note 3 - Summary of Significant Accounting Policies (Continued)

Trade name

In conjunction with an acquisition during the year ended December 31, 2011, MHI acquired the Wilshire Homes trade name and allocated $2,425,712 of the purchase price to this asset. Accumulated amortization related to the trade name was $2,425,712 and $1,414,980 as of December 31, 2020 and 2019, respectively. During 2019, MHI recorded annual amortization of $161,712. During 2020, the Wilshire trade name became inactive and was fully amortized in the amount of $1,010,732.

Revenue recognition

Revenues from homes sales are recognized when MHI has satisfied its performance obligation and control has transferred to the customer. For production homes, this occurs at a point in time, which is the closing date. On this date, title passes to the new homeowner and MHI is entitled to payment. For homes built on a customer's lot, referred to as the Build on Your Own Lot program ("BOYL"), MHI's performance obligation and the transfer of control occurs over time, as the construction in process has no alternative use to MHI and it's then entitled to all payments received as well as payments for work completed to date. Therefore, MHI uses the input method in determining the amount of revenue that is recognizable.

Disaggregated revenues from home sales during the years ended December 31, 2020 and 2019 are as follows:

	2020	**2019**
Production home sales	$ 881,018,949	$ 737,433,418
BOYL home sales	22,765,476	20,797,141
Home sales revenue	$ 903,784,425	$ 758,230,559

Revenues from sales of land are recognized at a point in time, which is the closing date. On this date, title passes to the customer and MHI is entitled to payment.

Contract liabilities related to production homes are recorded as customer deposits within accrued expenses and other liabilities on the combined balance sheets. See Note 5.

MHI adopted FASB Accounting Standards Update ("ASU") 2014-09 for revenue recognition on a modified retrospective basis. MHI increased equity for the cumulative effect of net income from BOYL homes earned in the prior year and previously capitalized sales salaries in the amount of $892,968 as of January 1, 2019. No other changes to the combined financial statements were necessary in order to adopt the standard. MHI used the portfolio approach as a practical expedient in applying the standard.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Notes to Combined Financial Statements

December 31, 2020

Note 3 - Summary of Significant Accounting Policies (Continued)

Leases

In February 2016, the FASB issued ASU 2016-02, which changes how leases are reported in financial statements. ASU 2016-02 primarily impacts off-balance sheet operating leases and will require such leases, with the exception of leases with a term of one year or less, to be recorded on the balance sheet. Under ASU 2016-02, an intangible asset is recorded for the lessee's right-of-use, and is amortized over the lease term. The lessee will also record an offsetting lease obligation at the inception of a lease for the present value of future lease payments that will be amortized as lease payments are made. MHI adopted the provisions of ASU 2016-02 effective January 1, 2019 using the modified retrospective method.

Note 4 - Residential Housing and Other Inventory, Net

Residential housing and other inventory at December 31, 2020 and 2019, consist of the following:

	2020	2019
Under contract:		
Homes completed	$ 17,351,826	$ 17,361,365
Homes under construction	164,092,027	87,034,268
Lots owned	49,492,445	22,357,428
Total inventory under contract	230,936,298	126,753,061
Speculative units:		
Homes completed	9,997,845	38,820,120
Homes under construction	33,612,822	89,962,675
Lots owned	113,625,589	138,386,221
Total speculative units	157,236,256	267,169,016
Model homes:		
Completed	48,832,862	48,571,241
Under construction	2,309,474	3,363,137
Total model homes	51,142,336	51,934,378
Land:		
Unimproved land	1,643,199	1,568,868
Land under development	913,662	5,138,283
Total land	2,556,861	6,707,151
Total residential housing and other inventory	$ 441,871,751	$ 452,563,606

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Notes to Combined Financial Statements

December 31, 2020

Note 4 - Residential Housing and Other Inventory, Net (Continued)

Residential housing and other inventory include accumulated valuation adjustments of $1,016,095 and $754,189 at December 31, 2020 and 2019, respectively.

Note 5 - Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities at December 31, 2020 and 2019, consist of the following:

	2020	2019
Warranty and legal	$ 8,378,938	$ 5,410,914
Property taxes	4,501,845	4,654,059
Salaries, wages, and bonuses—net	12,001,178	9,010,406
Customer deposits	20,818,016	10,398,536
Interest	571,159	1,088,144
Other	7,315,056	5,729,479
Total accrued and other liabilities	$ 53,586,192	$ 36,291,538

Note 6 - Debt Agreements

MHI's debt agreements as of December 31 are summarized as follows:

	2020	2019
Revolving credit	$ 215,732,776	$ 271,882,861
Unsecured debt	7,849,000	-
Working capital ($5,000,000 maximum)	5,000,000	-
Total outstanding loans	$ 228,581,776	$ 271,882,861
Revolving credit:		
Credit line maximum	$ 630,349,000	$ 635,000,000
Committed loans	$ 450,676,339	$ 381,782,376
Revolving credit loan availability	$ 278,189,478	$ 290,655,044
Outstanding balances:		
Loans	(215,732,776)	(271,882,861)
Letters-of-credit outstanding & limitations	(1,836,025)	(1,055,951)
Revolving credit available borrowing	$ 60,620,677	$ 17,716,232
Interest rates as of December 31	1.00%–4.50%	4.50%–5.27%

Note 6 - Debt Agreements (Continued)

Interest rates on loan facilities are based on the London InterBank Offering Rate ("LIBOR") or lender-based US "Prime" interest rates, plus an applicable margin.

Revolving credit agreements for residential construction are secured by residential construction units and lots. For each lot or residential unit, MHI may initially borrow the lesser of the following: 70%-100% of cost or 70%-95% of appraised value. Initial advance rates are subject to 5%-10% annual reduction, depending on the age of inventory. Borrowing availability ends after the lot or residential unit has aged 12-48 months, depending on the loan facility. MHI's working capital loan is cross-collateralized with a revolving credit agreement from the same lender. Additionally, certain revolving credit agreements allow for land development construction within the revolving credit facility, as described below.

Land development construction loans ("Development Loans") are secured by land, related improvements, and residential lots upon completion. Prospective land development projects must receive lender pre-approval, and borrowings are limited to an itemized budget for each project. Development Loans are repaid as lots are sold or converted to residential construction loan facilities based on a minimum release price (per lot) as determined by the lender. As of December 31, 2020, there were no Development Loans outstanding.

Model home loans are secured by completed model homes. Prospective model home loans must receive lender preapproval, and borrowings are generally limited to 75% of the appraised value. The initial loan is subject to annual reductions of approximately 5%-10% based on the age of the model and subsequent appraisal. Additionally, the model home term loans contain significant financial covenants regarding interest coverage and leverage.

MHI's loan facilities contain significant restrictive financial covenants. The most rigorous of these covenants are as follows:

	2020	**2019**
Liquidity test (cash and available borrowing)	$ 20,000,000	$ 15,000,000
Interest coverage ratio	2.00-2.25 to 1.00	2.00-2.25 to 1.00
Leverage ratio	2.75-3.50 to 1.00	2.75-3.50 to 1.00
Tangible net worth, excluding intercompany	$ 119,000,000	$ 111,687,520
Maximum investment in land and lots owned	$ 247,394,706	$ 172,964,349

To the extent that distributions do not cause the violation of a financial covenant, MHI's loan agreements allow for unlimited distributions to partners. MHI is also subject to inventory sublimit covenants as follows: (1) maintain speculative/model home ratio of less than 55% of all homes for the first three calendar quarters and less than 60% for the fourth quarter; and (2) speculative homes over one year old are not allowed to be greater than 20% of the total number of homes owned by MHI. Loan covenants are tested by all lenders at the end of each calendar quarter. As of December 31, 2020, MHI believes it was in compliance with all covenants.

MHI Partnership, Ltd.
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Notes to Combined Financial Statements

December 31, 2020

Note 6 - Debt Agreements (Continued)

MHI received a loan from a financial institution in the amount of $7,849,000 under the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief, and Economics Security ("CARES") Act. The loan was subject to a note dated April 16, 2020. The PPP provides that the loan may be partially or wholly forgiven if the funds are used for certain qualifying expenses as described in the CARES Act. The interest rate on the loan is 1%. The loan was fully forgiven in August 2021.

Maturities of MHI's debt, as revised for subsequent events if applicable, are as follows:

Year Ending December 31,	
2021	$ 63,465,546
2022	125,184,964
2023	15,085,254
2024	4,471,600
2025	20,374,412
Total	$ 228,581,776

During the years ended December 31, 2020 and 2019, MHI incurred debt acquisition costs of $2,144,712 and $1,832,961, respectively. Debt acquisition costs are amortized over the loan term as a component of interest expense or written off on termination of the related loan facility.

Note 7 - Investment in Unconsolidated Entities

MHI Ltd. owns a 31% interest in WKMM, LLC, a Texas limited liability company, whose sole purpose is the ownership of a 49% interest in Prosperity Title, LLC, located in Austin, Texas. During 2020, MHI Ltd.'s interest increased to 60%. Additionally, MHI Ltd. owns a 50% interest in Felder MHI-Blackhawk, LLC ("Felder MHI"). Felder MHI is developing land in the Austin market to sell as residential lots back to the members. Summarized financial information (unaudited) is as follows:

	2020	**2019**
Assets	$ 12,644,020	$ 9,696,979
Liabilities	7,728,800	6,038,039
Revenues	8,380,969	1,308,967
Expenses	7,116,080	2,355

MHI Partnership, Ltd.
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Notes to Combined Financial Statements

December 31, 2020

Note 8 - Lot Purchase Contracts and Variable Interest Entities

MHI enters into purchase agreements with residential lot developers for lots in the normal course of business as a homebuilder. Typically, these agreements require a non-refundable earnest money deposit and provide for the quarterly acquisition of lots in quantities that approximate the demand for new homes. Should the lot developer be unable to fulfill its commitment to deliver lots, the earnest money may be refundable. The lots generally have a fixed purchase price, plus an annual escalation rate, however, a small number of agreements are based on a percentage of MHI's home selling price.

The provisions of these agreements usually create a VIE with the lot developer under the provisions of ASC 810, *Consolidation*. If the Partnership is considered the primary beneficiary of the agreement, the Partnership would consolidate the lot developer. To consolidate a VIE, the Partnership must assess whether it controls the activities of the VIE that most significantly impact economic performance as well as whether it is expected to absorb losses or receive benefits from the VIE.

In most cases, MHI's maximum exposure to loss is limited to the non-refundable earnest money, and the VIE's creditors have no recourse against MHI. As described in Note 10, MHI has irrevocable standby letters of credit for the benefit of one affiliate, however, this does not create significant additional exposure risk. MHI did not consolidate any VIEs in 2020 or 2019. Except for the portion of the purchase price represented by the non-refundable earnest money deposit, MHI's lots under purchase agreements are not recorded in the combined financial statements.

MHI's lot purchase agreements are summarized as follows for 2020:

	Lots	Purchase Price	Earnest Money
Third parties	2,212	$ 192,984,238	$ 23,051,956
Related parties	1,225	87,884,161	10,761,268
	3,437	$ 280,868,399	$ 33,813,224

MHI's lot purchase agreements are summarized as follows for 2019:

	Lots	Purchase Price	Earnest Money
Third parties	2,577	$ 203,618,368	$ 29,254,633
Related parties	957	65,385,724	7,140,459
	3,534	$ 269,004,092	$ 36,395,092

Earnest money deposits are included in these combined financial statements under prepaid expenses and other assets.

Note 9 - Related Party Transactions

7676 Woodway, Ltd.

MHI leases its administrative offices in Houston from a limited partnership that is commonly owned by the owners in MHI. For the years ended December 31, 2020 and 2019, the company paid rent of $860,157 each year. The lease agreement requires fixed monthly payments of $71,680 and expires December 31, 2021.

Adam Property & Casualty Company

MHI contracted for insurance coverage through an affiliate ("Adam") that is commonly owned by the owners of MHI, for which it paid insurance premiums of $325,122 and $325,228 for liability insurance coverage for the years ended December 31, 2020 and 2019, respectively. Additionally, MHI has borrowed $3,220,593 and $3,220,708 for model home loans from Adam and incurred interest expense of $145,206 and $138,369, respectively, as of and for the years ended December 31, 2020 and 2019 (See Note 6). MHI pays interest on this loan on a monthly basis. Under the terms of the loan agreement, Adam has a second lien on certain model homes owned by MHI. The loan was paid off in February 2021.

Land Affiliates

MHI purchases lots from various land developers and lot resellers ("Land Affiliates") which are commonly owned by MHI's partners. For the years ended December 31, 2020 and 2019, MHI purchased $47,893,911 (643 lots) and $41,071,691 (506 lots), respectively, from Land Affiliates. As of December 31, 2020 and 2019, MHI has outstanding non-refundable earnest money deposits and lot purchase contracts with Land Affiliates (See Note 8).

MHI receives reimbursement of personnel costs and operating expenses from Land Affiliates that are reported as a reduction of general and administrative expenses. For the years ended December 31, 2020 and 2019, MHI received reimbursements of $1,300,000 each year.

MHI periodically provides advances to Land Affiliates. As of December 31, 2020 and 2019, balances due from such advances were $4,293,623 and $9,180,991, respectively. For the years ended December 31, 2020 and 2019, MHI accrued interest income from Land Affiliates of $51,767 and $71,898, respectively. The advances were paid in full by the affiliates as of June 30, 2021.

Note 10 - Commitments and Contingencies

Litigation

MHI is engaged in various claims and litigation arising from ordinary business operations. Uninsured losses, if any, resulting from these matters are not expected to have a material adverse impact on the combined financial statements of MHI.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
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Notes to Combined Financial Statements

December 31, 2020

Note 10 - Commitments and Contingencies (Continued)

Operating leases

MHI leases division office facilities under non-cancelable operating leases that expire through 2026. Total rent expense incurred under office facility operating lease agreements for the years ended December 31, 2020 and 2019 was approximately $1,316,000 and $1,313,000, respectively.

The following is a summary of future expected minimum payments under non-cancelable lease terms as of December 31, 2020:

Year Ending December 31,		
2021	$	1,221,266
2022		366,123
2023		336,043
2024		271,538
2024		265,624
Thereafter		78,224
Total	$	2,538,818

Guarantees

As of December 31, 2020, MHI has guaranteed up to $945,000 of bank debt owed by an unconsolidated entity, Felder MHI-Blackhawk, LLC (see Note 7). A guarantee liability has not been recorded as the probability of required performance is remote.

Letters of credit

As of December 31, 2020, MHI has irrevocable standby letters of credit in the amount of $1,836,025 outstanding for the benefit of a land development affiliate that may be used in the event of a loan default by the affiliate. MHI currently believes that the likelihood of performing under these agreements is remote.

Note 11 - Employee Benefit Plan

MHI participates in a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. The plan covers substantially all employees who meet specified service requirements. Under the plan, a discretionary match may be made equal to 25% of each participant's contribution up to a maximum of $1,800 each year. MHI contributed approximately $523,000 and $477,000 related to the plan for each of the years ended December 31, 2020 and 2019, respectively.

MHI Partnership, Ltd.
MHI Models, Ltd.
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Notes to Combined Financial Statements

December 31, 2020

Note 12 - Subsequent Events

During February 2021, MHI made a capital contribution of $800,000 to Felder MHI.

MHI distributed $19,897,671 in cash to its partners through September 2021.

In August 2021, MHI received forgiveness of its PPP loan in the amount of $7,849,000 under the terms of the loan.

In June 2021, MHI entered into an agreement with Dream Finders Homes, Inc. (“DFH”) to sell substantially all its assets at cost as recorded in the combined financial statements at the closing date plus a premium of $50,000,000. Additionally, DFH assumed certain trade payables and accrued liabilities. The sale closed on October 1, 2021. At closing, MHI and DFH also entered into a lot purchase contract in which MHI retained approximately $109,000,000 of lot inventory that DFH may subsequently purchase. The lot purchase contract has no fixed takedown requirements and allows DFH to purchase lots as needed at MHI’s cost, plus price escalation at the annual rate of ten percent (10%), computed on a daily basis.

Management has reviewed for subsequent events through December 8, 2021, which was the date the combined financial statements were available to be issued, and determined that no other events have occurred which require disclosure.

Exhibit 99.2

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Combined Financial Statements
(with Independent Accountants' Review Report)

June 30, 2021

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

June 30, 2021

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Owners of
MHI Partnership, Ltd., MHI Models, Ltd., McGuyer Homebuilders, Inc., and FMR IP, LLC

We have reviewed the accompanying combined financial statements of MHI Partnership, Ltd.; MHI Models, Ltd.; McGuyer Homebuilders, Inc.; and FMR IP, LLC; (collectively "MHI"), which comprise the combined balance sheets as of June 30, 2021 and 2020, and the related combined statements of income, changes in equity and cash flows for each of the six month periods then ended, and the related notes to the combined financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the combined financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the combined financial statements for them to be in accordance with U.S. generally accepted accounting principles. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in accordance with U.S. generally accepted accounting principles.

Pannell Kerr Forster of Texas, P.C.

December 8, 2021

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Combined Balance Sheets

	June 30, 2021	June 30, 2020
ASSETS		
CASH AND CASH EQUIVALENTS (including restricted cash of $570,847 and $570,494 respectively)	$ 23,173,973	$ 23,690,385
NOTES & ADVANCES RECEIVABLE—Affiliates	12,637	4,329,866
ACCOUNTS RECEIVABLE—Other	6,342,247	3,363,813
PREPAID EXPENSES AND OTHER ASSETS	45,036,423	39,654,756
RESIDENTIAL HOUSING AND OTHER INVENTORY	548,011,281	457,806,059
FURNITURE, FIXTURES, AND LEASEHOLD IMPROVEMENTS—Net	5,391,742	5,675,818
TRADE NAME—Net	-	904,046
INVESTMENTS IN UNCONSOLIDATED ENTITIES	3,560,185	2,741,233
TOTAL ASSETS	$ 631,528,488	$ 538,165,976
LIABILITIES AND EQUITY		
LIABILITIES:		
Trade accounts payable	$ 35,940,702	$ 29,921,345
Accrued and other liabilities	64,132,384	40,709,018
Unsecured debt	7,849,000	7,849,000
Secured debt agreements	296,219,454	266,424,623
Total liabilities	404,141,540	344,903,986
COMMITMENTS AND CONTINGENCIES		
EQUITY	227,386,948	193,261,990
Total equity	227,386,948	193,261,990
TOTAL LIABILITIES AND EQUITY	$ 631,528,488	$ 538,165,976

See notes to consolidated financial statements.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Combined Statements of Income

	Six Month Period Ended June30, 2021	2020
HOME SALES REVENUE	$ 376,182,756	$ 383,116,436
COST OF SALES—Homes:		
Direct costs	282,489,032	292,332,983
Indirect, selling, and closing costs	42,883,251	44,241,926
Total cost of sales—homes	325,372,283	336,574,909
GROSS PROFIT FROM HOME SALES	50,810,473	46,541,527
LAND SALES REVENUE	2,768,448	110,000
COST OF SALES—Land:		
Direct costs	1,263,779	81,317
Indirect, selling, and closing costs	2,498	4,359
Total cost of sales—land	1,266,277	85,676
GROSS PROFIT FROM LAND SALES	1,502,171	24,324
TOTAL GROSS PROFIT	52,312,644	46,565,851
OPERATING AND OTHER INCOME (EXPENSES):		
General and administrative	(22,679,619)	(20,244,050)
Marketing	(3,519,701)	(4,131,154)
Interest	(532,047)	(1,586,666)
Equity in earnings of unconsolidated entities	192,636	157,681
Interest income	66,440	61,524
Other income	724,681	411,688
Total operating and other expenses, net	(25,747,610)	(25,330,977)
OPERATING INCOME BEFORE INCOME TAXES	26,565,034	21,234,874
INCOME TAX EXPENSE	(490,436)	(435,317)
NET INCOME	$ 26,074,598	$ 20,799,557

See notes to consolidated financial statements.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Combined Statements of Changes in Equity

Six Month Period Ended June 30, 2021

BALANCE—December 31, 2020	$ 216,839,552
Distributions	(15,527,202)
Net income	26,074,598
BALANCE—June 30, 2021	$ 227,386,948

Six Month Period Ended June 30, 2020

BALANCE—December 31, 2019	$ 200,404,139
Distributions	(27,941,706)
Net income	20,799,557
BALANCE—June 30, 2020	$ 196,261,990

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Combined Statements of Cash Flows

	Six Month Period Ended June 30, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 26,074,598	$ 20,799,557
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	820,485	988,195
(Gain)/Loss on disposition of model home furniture and fixtures	(72,073)	(15,099)
Net equity in earnings of unconsolidated entities	111,863	56,521
Amortization of loan acquisition costs	916,363	858,765
Changes in operating assets and liabilities:		
Notes and advances receivable, affiliates	4,280,985	4,856,990
Accounts receivable, other	635,032	976,027
Prepaid expenses and other assets	(4,684,869)	(1,262,962)
Residential housing and other inventory, net	(107,286,141)	(6,441,340)
Trade accounts payable	932,583	2,005,075
Accrued expenses and other liabilities	10,546,191	4,417,480
Net cash provided by (used in) operating activities	(67,724,983)	27,239,209
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to model home furniture and fixtures	(851,501)	(1,087,088)
Contributions to investment in unconsolidated entities	(1,099,113)	(926,217)
Net cash used in investing activities	(1,950,614)	(2,013,305)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt proceeds	180,212,503	133,529,620
Debt payments	(104,725,825)	(131,138,858)
Debt acquisition costs	(428,307)	(434,382)
Cash distributions to partners	(15,527,202)	(27,941,706)
Net cash provided by (used in) financing activities	59,531,169	(25,985,326)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,144,428)	(759,422)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH —Beginning of period	33,318,401	24,449,807
CASH, CASH EQUIVALENTS AND RESTRICTED CASH —End of period	$ 23,173,973	$ 23,690,385
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest—net of amounts capitalized	$ 505,055	$ 877,964
Cash paid for taxes	$ 1,463,366	$ -

See notes to consolidated financial statements.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Notes to Combined Financial Statements

June 30, 2021

Note 1 - Organization and Description of Business

MHI Partnership, Ltd., MHI Models, Ltd., McGuyer Homebuilders, Inc., and FMR IP, LLC (collectively "MHI"), are commonly owned businesses engaged in constructing and selling single-family residential homes. MHI's product lines feature entry-level, move-up, and luxury homes, with a focus on the move-up market. During the six months ended June 30, 2021 and 2020, MHI closed 800 and 861 homes, respectively. MHI's operations are in Texas, with principal markets in Houston, Dallas/Fort Worth, Austin, and San Antonio. To the extent there are positive or negative unforeseen economic or regulatory conditions affecting the Texas market, MHI's operations, cash flows, and financial position may be similarly affected.

During 2020, MHI consolidated its branding under the trade name Coventry in order to achieve better utilization of marketing and internet resources. It's other principal trade names, Plantation and Wilshire, are still owned by MHI, but are not currently active.

The COVID-19 pandemic has had a widespread impact to the Texas economy, but the demand for residential housing strengthened in 2020 for two primary reasons: (1) businesses are requiring or allowing employees to work from home, and (2) historically low interest rates on mortgage loans. Despite some disruption to operations from March to April 2020, MHI recovered strongly during the remainder of 2020. The U.S. Department of Homeland Security has classified residential construction as an essential business, and therefore MHI was not subject to shut down, stay-at-home orders or other significant restrictions. MHI was able to conduct normal operations during the remainder of the COVID-19 pandemic, but experienced shortages in materials and/or labor due to increased demand for residential housing.

Note 2 - Capital Structure

MHI's equity interests consist of a corporate general partner, McGuyer Homebuilders, Inc. ("INC"), and four limited partners. The following are the classes of ownership and their interest in earnings:

Class A - The profits and losses of MHI Partnership, Ltd. ("MHI Ltd."), Class A excluding Class C profits or losses, are to be allocated 0.50% to the general partner and 99.50% to the limited partners. The profits and losses of MHI Models, Ltd. ("MHI Models"), are allocated 0.485% to the general partner and 99.515% to the limited partners. INC is the general partner in both MHI Ltd. and MHI Models. The stockholder's equity of INC is included in Class A and voting interests in the statement of equity.

Class B - MHI's Class B interests were converted to Class A interests during 2013 and are no longer eligible for issuance.

Class C - The proceeds, including interest income and potential loss of principal, from 15% of the undivided interest in certain receivables due from related-party affiliates, are allocated to Class C members. Distributions are based solely upon the collection of principal and interest from these receivables but are subject to certain terms and conditions.

Note 3 - Summary of Significant Accounting Policies

Principles of consolidation

The combined financial statements include the accounts of MHI and MHI Ltd.'s wholly owned subsidiaries, Homeco Purchasing Company, Ltd., MHI (Nevada), LLC, Wilshire Homes, LLC and 2019 Sonoma, LLC. The combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), and all material intercompany accounts and transactions have been eliminated upon consolidation.

MHI uses the equity method of accounting for investments in which it has a significant equity interest, but not control of the majority interest. Under the equity method, MHI's share of earnings is accrued as additional investment in unconsolidated entities and reported in the combined statements of income under equity in earnings of unconsolidated entities.

MHI assesses the consolidation of entities in which it does not own a majority interest under the guidance of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810 *Consolidation*. Generally, these entities, referred to as variable interest entities ("VIEs"), are companies in which MHI contracted to purchase lots, but has no equity ownership. ASC 810 requires certain variable interest entities ("VIEs") to be consolidated by the primary beneficiary of the entity (See Note 8). See further financial information about MHI's VIEs in Note 8.

Use of estimates

The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial instruments

Management believes that the carrying amounts reported in the combined balance sheets for cash and cash equivalents, accounts receivables, and trade accounts payable approximate their fair values based on their short-term maturities. The fair value of secured debt is not believed to be materially different than the carrying value. The interest on secured debt is variable and believed to approximate market rates.

Concentration of credit risk

At June 30, 2021 and 2020, MHI had cash and cash equivalents and restricted cash deposited in certain financial institutions in excess of federally insured levels. Management regularly monitors the financial stability of these financial institutions and believes that MHI is not exposed to any significant credit risk in cash and cash equivalents. The Federal Deposit Insurance Corporation, or "FDIC," generally only insures limited amounts per depositor per insured bank. The standard coverage limit is $250,000 for most deposit categories.

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Notes to Combined Financial Statements

June 30, 2021

Note 3 - Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

Liquid investments with an initial maturity of three months or less are classified as cash equivalents. Amounts in transit from title companies for home closings of approximately $10.5 million and $8.9 million are included in cash and cash equivalents at June 30, 2021 and 2020, respectively.

Accounts receivable, other

At June 30, 2021 and 2020, accounts receivable, other consist of reimbursable costs or accrued income as follows:

	2021	2020
Due under developer reimbursement agreements	$ 2,807,327	$ 1,096,354
Vendor rebates receivable	2,059,615	838,006
Other receivables	1,475,305	1,429,453
Total accounts receivable, other	$ 6,342,247	$ 3,363,813

Residential housing and other inventory, net

Residential housing and other inventory include completed and under-construction homes, as well as lots, land under development, and unimproved land. Completed homes and lots are stated at the lower of actual cost or net realizable value, less costs to sell. Capitalized costs include housing construction, land purchases, and development costs, as well as indirect costs, including interest on interim construction and development financing, allocated overhead, and taxes during the construction or development periods.

Completed homes, under-construction homes, improved residential lots and unimproved land are evaluated for impairment if potential impairment indicators are present. Housing inventory valuations are determined by comparing expected selling prices in the specific communities and selling prices in comparable surrounding communities, taking into consideration expected sales prices, cancellation rates, construction, and overhead costs. Residential lots are evaluated by comparing market prices in the specific and surrounding communities, along with calculating the expected profitability of the home constructed. When necessary, a valuation adjustment is recorded to reduce the asset to its estimated net realizable value, less costs to sell. For the six months ended June 30, 2021 and 2020, MHI recorded no valuation adjustment on residential housing and other inventory.

Although management believes the valuation estimates reflected in MHI's combined financial statements are reasonable, there can be no assurances that MHI could ultimately realize these values. Given the uncertainty and volatility in the current economic environment, MHI may be required to take future impairment charges on its residential housing and other inventory.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Notes to Combined Financial Statements

June 30, 2021

Note 3 - Summary of Significant Accounting Policies (Continued)

Capitalized interest on home-building activities

Interest is capitalized on lots and building activities during the construction period. Such capitalized interest is included in cost of sales when revenue is recognized on the sale. Subsequent to substantial completion of construction, interest on homes is no longer capitalized, but is charged directly to expense as incurred and reported as interest expense.

A summary of interest capitalized during the six months ended June 30, 2021 and 2020, is as follows:

	2021	2020
Capitalized in inventory—beginning of period	$ 8,146,925	$ 11,529,473
Incurred	5,040,652	6,734,284
Less amounts:		
Included in costs of sales	(4,041,590)	(6,086,921)
Included in operating expenses	(532,047)	(1,586,666)
Capitalized in inventory—end of period	$ 8,613,940	$ 10,590,170

Furniture and fixtures

Furniture and fixtures are recorded at cost. Depreciation expense for furniture and fixtures is calculated using the straight-line method over the expected useful life of three to five years. MHI owns its office facility in San Antonio and the building has an expected useful life of thirty-nine years. The costs of maintenance and repairs are charged to expense as incurred. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operations.

Accumulated depreciation was $6,920,545 and $6,650,803 as of June 30, 2021 and 2020, respectively. Depreciation expense for the six months ended June 30, 2021 and 2020, was $820,485 and $881,509, respectively, and is included in general and administrative expense in the combined statements of income.

Warranties

MHI provides a limited warranty to each homebuyer at the time of sale. MHI's warranty exposure is generally limited to one year for most costs. A third-party limited warranty is also provided to each homebuyer. The third-party warranty generally provides coverage in the event of major structural defects for a period of up to 10 years. MHI accrues for estimated warranty costs at the time of each home sale based on historical and anticipated warranty costs. MHI periodically assesses the adequacy of its recorded warranty liability and adjusts the accrued amount as necessary.

MHI Partnership, Ltd.
MHI Models, Ltd.
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FMR IP, LLC

Notes to Combined Financial Statements

June 30, 2021

Note 3 - Summary of Significant Accounting Policies (Continued)

Warranties (continued)

The following summarizes MHI's accrued warranty activity during the six months ended June 30, 2021 and 2020:

	2021	2020
Accrued warranty liability—beginning of period	$ 7,059,094	$ 4,501,195
Warranty accrual for current year home sales	(276,683)	2,839,292
Warranty payments made during the period	(1,192,354)	(2,376,398)
Accrued warranty liability—end of period	$ 5,590,057	$ 4,964,089

Advertising costs

MHI expenses advertising costs as they are incurred. Advertising costs included in marketing expenses totaled $928,383 and $1,177,101 for the six months ended June 30, 2021 and 2020, respectively.

The salaries of commissioned sales employees and commissions paid to outside real estate agents are included in cost of sales. Except for incremental commissions paid in advance of closing that are recoverable from a specific home sale, sales commissions are expensed as incurred. Prepaid commissions are included in prepaid expenses and other assets on the combined balance sheets.

Income taxes

MHI Ltd. and MHI Models are organized as limited partnerships. FMR IP, LLC is organized as a limited liability company. McGuyer Homebuilders, Inc. is organized as a corporation, but taxed as an S-Corp. No provision for federal income taxes is included in the accompanying combined financial statements since such liability, if any, is the individual liability of the respective partners or members. MHI does not believe it has any uncertain tax positions or unrecognized tax benefits requiring disclosure.

MHI is subject to a state margin tax. Because the margin tax is based on revenue and expenses of MHI, it is considered an income tax and is accounted for in accordance with the provisions of FASB ASC 740, *Income Taxes*. Income tax expense was $490,436 and $435,317 for the six months ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, MHI had no significant temporary differences, tax credits, or net operating loss carryforwards.

MHI Partnership, Ltd.
MHI Models, Ltd.
McGuyer Homebuilders, Inc.
FMR IP, LLC

Notes to Combined Financial Statements

June 30, 2021

Note 3 - Summary of Significant Accounting Policies (Continued)

Trade name

In conjunction with an acquisition during the year ended December 31, 2011, MHI acquired the Wilshire Homes trade name and allocated $2,425,712 of the purchase price to this asset. Accumulated amortization related to the trade name was $2,425,712 and $1,521,666 as of June 30, 2021 and 2020, respectively. During the six months ended June 30, 2021 and 2020, MHI recorded amortization of $0 and $106,686, respectively.

Revenue recognition

Revenues from homes sales are recognized when MHI has satisfied its performance obligation and control has transferred to the customer. For production homes, this occurs at a point in time, which is the closing date. On this date, title passes to the new homeowner and MHI is entitled to payment. For homes built on a customer's lot, referred to as the Build on Your Own Lot program ("BOYL"), MHI's performance obligation and the transfer of control occurs over time, as the construction in process has no alternative use to MHI and it's then entitled to all payments received as well as payments for work completed to date. Therefore, MHI uses the input method in determining the amount of revenue that is recognizable.

Disaggregated revenues from home sales during the six months ended June 30, 2021 and 2020 are as follows:

	2021	2020
Production home sales	$ 368,122,564	$ 370,613,648
BOYL home sales	8,060,192	12,502,788
Home sales revenue	$ 376,182,756	$ 383,116,436

Revenues from sales of land are recognized at a point in time, which is the closing date. On this date, title passes to the customer and MHI is entitled to payment.

Contract liabilities related to production homes are recorded as customer deposits within accrued expenses and other liabilities on the combined balance sheets. See Note 5.

Leases

In February 2016, the FASB issued ASU 2016-02, which changes how leases are reported in financial statements. ASU 2016-02 primarily impacts off-balance sheet operating leases and will require such leases, with the exception of leases with a term of one year or less, to be recorded on the balance sheet. Under ASU 2016-02, an intangible asset is recorded for the lessee's right-of-use, and is amortized over the lease term. The lessee also records an offsetting lease obligation at the inception of a lease for the present value of future lease payments that will be amortized as lease payments are made.

MHI Partnership, Ltd.
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Notes to Combined Financial Statements

June 30, 2021

Note 4 - Residential Housing and Other Inventory, Net

Residential housing and other inventory at June 30, 2021 and 2020, consist of the following:

	2021	2020
Under contract:		
Homes completed	$ 11,712,223	$ 37,585,985
Homes under construction	332,215,734	135,186,986
Lots owned	20,409,328	25,904,299
Total inventory under contract	364,337,285	198,677,270
Speculative units:		
Homes completed	1,296,991	29,931,829
Homes under construction	33,719,660	50,289,679
Lots owned	97,710,246	116,651,592
Total speculative units	132,726,897	196,873,100
Model homes:		
Completed	47,611,692	53,226,757
Under construction	2,375,427	881,002
Total model homes	49,987,119	54,107,759
Land:		
Unimproved land	-	5,156,718
Land under development	959,980	2,991,212
Total land	959,980	8,147,930
Total residential housing and other inventory	$ 548,011,281	$ 457,806,059

Residential housing and other inventory include accumulated valuation adjustments of $791,315 and $279,576 at June 30, 2021 and 2020, respectively.

MHI Partnership, Ltd.
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Notes to Combined Financial Statements

June 30, 2021

Note 5 - Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities at June 30, 2021 and 2020, consist of the following:

	2021	2020
Warranty and legal	$ 6,177,214	$ 5,665,017
Property taxes	695,932	971,420
Salaries, wages, and bonuses—net	11,806,900	11,629,096
Customer deposits	35,912,448	14,412,913
Interest	735,694	708,702
Other	8,804,196	7,321,870
Total accrued and other liabilities	$ 64,132,384	$ 40,709,018

Note 6 - Debt Agreements

MHI's debt agreements as of June 30 are summarized as follows:

	2021	2020
Revolving credit	$ 291,219,454	$ 261,424,623
Unsecured debt	7,849,000	7,849,000
Working capital ($5,000,000 maximum)	5,000,000	5,000,000
Total outstanding loans	$ 304,068,454	$ 274,273,623
Revolving credit:		
Credit line maximum	$ 676,849,000	$ 655,349,000
Committed loans	$ 675,604,133	$ 407,009,071
Revolving credit loan availability	$ 393,332,868	$ 327,313,689
Outstanding balances:		
Loans	(291,219,454)	(261,424,623)
Letters-of-credit outstanding & limitations	(1,770,794)	(1,055,951)
Revolving credit available borrowing	$ 100,342,620	$ 64,833,115
Interest rates as of June 30	1.00%–4.25%	1.00%–4.77%

Interest rates on loan facilities are based on the London InterBank Offering Rate ("LIBOR") or lender-based US "Prime" interest rates, plus an applicable margin.

MHI Partnership, Ltd.
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Notes to Combined Financial Statements

June 30, 2021

Note 6 - Debt Agreements (Continued)

Revolving credit agreements for residential construction are secured by residential construction units and lots. For each lot or residential unit, MHI may initially borrow the lesser of the following: 70%-100% of cost or 70%-95% of appraised value. Initial advance rates are subject to 5%-10% annual reduction, depending on the age of inventory. Borrowing availability ends after the lot or residential unit has aged 12-48 months, depending on the loan facility. MHI's working capital loan is cross-collateralized with a revolving credit agreement from the same lender. Additionally, certain revolving credit agreements allow for land development construction within the revolving credit facility, as described below.

Land development construction loans ("Development Loans") are secured by land, related improvements, and residential lots upon completion. Prospective land development projects must receive lender pre-approval, and borrowings are limited to an itemized budget for each project. Development Loans are repaid as lots are sold or converted to residential construction loan facilities based on a minimum release price (per lot) as determined by the lender. As of June 30, 2021, there were no Development Loans outstanding.

Model home loans are secured by completed model homes. Prospective model home loans must receive lender preapproval, and borrowings are generally limited to 75% of the appraised value. The initial loan is subject to annual reductions of approximately 5%-10% based on the age of the model and subsequent appraisal. Additionally, the model home term loans contain significant financial covenants regarding interest coverage and leverage.

MHI's loan facilities contain significant restrictive financial covenants. The most rigorous of these covenants are as follows:

	2021	**2020**
Liquidity test (cash and available borrowing)	$ 20,000,000	$ 15,000,000
Interest coverage ratio	2.00-2.25 to 1.00	2.00-2.25 to 1.00
Leverage ratio	2.75-3.50 to 1.00	2.75-3.50 to 1.00
Tangible net worth, excluding intercompany	$ 120,000,000	$ 118,785,596
Maximum investment in land and lots owned	$ 264,595,876	$ 171,198,793

To the extent that distributions do not cause the violation of a financial covenant, MHI's loan agreements allow for unlimited distributions to partners. MHI is also subject to inventory sublimit covenants as follows: (1) maintain speculative/model home ratio of less than 55% of all homes for the first three calendar quarters and less than 60% for the fourth quarter; and (2) speculative homes over one year old are not allowed to be greater than 20% of the total number of homes owned by MHI. Loan covenants are tested by all lenders at the end of each calendar quarter. As of June 30, 2021, MHI believes it was in compliance with all covenants.

MHI Partnership, Ltd.
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Notes to Combined Financial Statements

June 30, 2021

Note 6 - Debt Agreements (Continued)

MHI received a loan from a financial institution in the amount of $7,849,000 under the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief, and Economics Security ("CARES") Act. The loan was subject to a note dated April 16, 2020. The PPP provides that the loan may be partially or wholly forgiven if the funds are used for certain qualifying expenses as described in the CARES Act. The interest rate on the loan is 1%. The loan was fully forgiven in August 2021.

Maturities of MHI's debt, as revised for subsequent events if applicable, are as follows:

Year Ending December 31,	
2021	$ 11,104,478
2022	189,627,791
2023	60,970,810
2024	22,746,769
2025	19,618,606
Total	$ 304,068,454

During the six months ended June 30, 2021 and 2020, MHI incurred debt acquisition costs of $428,307 and $434,382, respectively. Debt acquisition costs are amortized over the loan term as a component of interest expense or written off on termination of the related loan facility.

Note 7 - Investment in Unconsolidated Entities

MHI Ltd. owns a 31% interest in WKMM, LLC, a Texas limited liability company, whose sole purpose is the ownership of a 49% interest in Prosperity Title, LLC, located in Austin, Texas. During 2020, MHI Ltd.'s interest increased to 60%. Additionally, MHI Ltd. owns a 50% interest in Felder MHI-Blackhawk, LLC ("Felder MHI"). Felder MHI is developing land in the Austin market to sell as residential lots back to the members. Summarized financial information (unaudited) is as follows at June 30,:

	2021	**2020**
Assets	$ 11,074,831	$ 16,375,047
Liabilities	4,571,188	11,448,134
Revenues	9,175,717	512,247
Expenses	8,854,958	3,505

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Notes to Combined Financial Statements

June 30, 2021

Note 8 - Lot Purchase Contracts and Variable Interest Entities

MHI enters into purchase agreements with residential lot developers for lots in the normal course of business as a homebuilder. Typically, these agreements require a non-refundable earnest money deposit and provide for the quarterly acquisition of lots in quantities that approximate the demand for new homes. Should the lot developer be unable to fulfill its commitment to deliver lots, the earnest money may be refundable. The lots generally have a fixed purchase price, plus an annual escalation rate, however, a small number of agreements are based on a percentage of MHI's home selling price.

The provisions of these agreements usually create a VIE with the lot developer under the provisions of ASC 810, *Consolidation*. If the Partnership is considered the primary beneficiary of the agreement, the Partnership would consolidate the lot developer. To consolidate a VIE, the Partnership must assess whether it controls the activities of the VIE that most significantly impact economic performance as well as whether it is expected to absorb losses or receive benefits from the VIE.

In most cases, MHI's maximum exposure to loss is limited to the non-refundable earnest money, and the VIE's creditors have no recourse against MHI. As described in Note 10, MHI has irrevocable standby letters of credit for the benefit of one affiliate, however, this does not create significant additional exposure risk. MHI did not consolidate any VIEs in 2021 or 2020. Except for the portion of the purchase price represented by the non-refundable earnest money deposit, MHI's lots under purchase agreements are not recorded in the combined financial statements.

MHI's lot purchase agreements are summarized as follows for 2021:

	Lots	Purchase Price	Earnest Money
Third parties	3,213	$ 268,151,226	$ 29,402,624
Related parties	1,323	102,001,571	11,212,575
	4,536	$ 370,152,797	$ 40,615,199

MHI's lot purchase agreements are summarized as follows for 2020:

	Lots	Purchase Price	Earnest Money
Third parties	2,231	$ 209,001,918	$ 27,718,541
Related parties	1,307	81,633,928	10,376,583
	3,538	$ 290,635,846	$ 38,095,124

Earnest money deposits are included in these combined financial statements under prepaid expenses and other assets.

MHI Partnership, Ltd.
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Notes to Combined Financial Statements

June 30, 2021

Note 9 - Related Party Transactions

7676 Woodway, Ltd.

MHI leases its administrative offices in Houston from a limited partnership that is commonly owned by the owners in MHI. For the six months ended June 30, 2021 and 2020, MHI paid rent of $430,079 each period. The lease agreement requires fixed monthly payments of $71,680 and expires December 31, 2021.

Adam Property & Casualty Company

MHI contracted for insurance coverage through an affiliate (“Adam”) that is commonly owned by the owners of MHI. The policy with Adam was not renewed in 2021. During the six months ended June 30, 2020, MHI paid Adam $325,122 for liability insurance coverage. MHI was indebted to Adam for $0 and $3,220,593 as of and for the six months ended June 30, 2021 and 2020 (See Note 6). MHI pays interest on this loan on a monthly basis. Under the terms of the loan agreement, Adam has a second lien on certain model homes owned by MHI. The loan was paid off in February 2021.

Land affiliates

MHI purchases lots from various land developers and lot resellers (“Land Affiliates”) which are commonly owned by MHI’s partners. For the six months ended June 30, 2021 and 2020, MHI purchased $25,111,125 (329 lots) and $14,141,865 (220 lots), respectively, from Land Affiliates. As of June 30, 2021 and 2020, MHI has outstanding non-refundable earnest money deposits and lot purchase contracts with Land Affiliates (See Note 8).

MHI receives reimbursement of personnel costs and operating expenses from Land Affiliates that are reported as a reduction of general and administrative expenses. For the six months ended June 30, 2021 and 2020, MHI received reimbursements of $650,000 each period.

MHI periodically provides advances to Land Affiliates. As of June 30, 2021 and 2020, balances due from such advances were $12,637 and $4,329,866, respectively. For the six months ended June 30, 2021 and 2020, MHI accrued interest income from Land Affiliates of $23,629 and $27,249, respectively. The advances were paid in full by the affiliates as of September 30, 2021.

Note 10 - Commitments and Contingencies

Litigation

MHI is engaged in various claims and litigation arising from ordinary business operations. Uninsured losses, if any, resulting from these matters are not expected to have a material adverse impact on the combined financial statements of MHI.

MHI Partnership, Ltd.
MHI Models, Ltd.
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Notes to Combined Financial Statements

June 30, 2021

Note 10 - Commitments and Contingencies (Continued)

Operating leases

MHI leases division office facilities under non-cancelable operating leases that expire through 2026. Total rent expense incurred under office facility operating lease agreements for the six months ended June 30, 2021 and 2020 was approximately $685,000 and $656,000, respectively.

The following is a summary of future expected minimum payments under non-cancelable lease terms as of June 30, 2021:

Year Ending December 31,		
2021	$	614,281
2022		366,123
2023		336,043
2024		271,538
2024		265,624
Thereafter		78,224
Total	$	1,931,833

Guarantees

As of June 30, 2021, MHI has guaranteed up to $945,000 of bank debt owed by an unconsolidated entity, Felder MHI-Blackhawk, LLC (see Note 7). A guarantee liability has not been recorded as the probability of required performance is remote.

Letters of credit

As of June 30, 2021, MHI has irrevocable standby letters of credit in the amount of $1,770,794 outstanding for the benefit of a land development affiliate that may be used in the event of a loan default by the affiliate. MHI currently believes that the likelihood of performing under these agreements is remote.

Note 11 - Employee Benefit Plan

MHI participates in a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. The plan covers substantially all employees who meet specified service requirements. Under the plan, a discretionary match may be made equal to 25% of each participant's contribution up to a maximum of $1,800 each year. MHI contributed approximately $499,000 and $449,000 related to the plan for each of the six months ended June 30, 2021 and 2020, respectively.

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Notes to Combined Financial Statements

June 30, 2021

Note 12 - Subsequent Events

In August 2021, MHI received forgiveness of its PPP loan in the amount of $7,849,000 under the terms of the loan.

In June 2021, MHI entered into an agreement with Dream Finders Homes, Inc. ("DFH") to sell substantially all its assets at cost as recorded in the combined financial statements at the closing date plus a premium of $50,000,000. Additionally, DFH assumed certain trade payables and accrued liabilities. The sale closed on October 1, 2021. At closing, MHI and DFH also entered into a lot purchase contract in which MHI retained approximately $109,000,000 of lot inventory that DFH may subsequently purchase. The lot purchase contract has no fixed takedown requirements and allows DFH to purchase lots as needed at MHI's cost, plus price escalation at the annual rate of ten percent (10%), computed on a daily basis.

Management has reviewed for subsequent events through December 8, 2021, which was the date the combined financial statements were available to be issued, and determined that no other events have occurred which require disclosure.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On October 1, 2021, the Company, through its subsidiaries Dream Finders Holdings LLC, a Florida limited liability company, and DFH Coventry, LLC, a Florida limited liability company, completed the acquisition of certain assets, rights and properties, and assumed certain liabilities, of MHI Partnership, Ltd., a Texas limited partnership, MHI Models, Ltd., a Texas limited partnership, McGuyer Homebuilders, Inc., a Texas corporation, and FMR IP, LLC, a Texas limited liability company (the "MHI Acquisition").

The acquired assets and liabilities primarily include inventory home sites completed and under construction, approximately 5,500 lots under control in the Houston, Austin, Dallas, and San Antonio, Texas metropolitan areas, trade payables and other accruals. The assets and liabilities not acquired primarily consist of cash and cash equivalents, and debt obligations.

The acquisition transaction will be accounted for by applying the guidance under ASC 805,*Business Combinations* (ASC 805). In accordance with ASC 805, the acquired assets and liabilities will be recorded by the Company at estimated fair values as of October 1, 2021, the date the acquisition was completed. The following unaudited pro forma combined financial information and notes present the pro forma impact of the MHI Acquisition on the Company's historical financial position and results of operations as of and for the six months ended June 30, 2021 and for the year ended December 31, 2020. The unaudited pro forma financial information has been prepared in accordance with Article 11 of Regulation S-X. The acquisition method of accounting is dependent upon certain valuations and other procedures that have not been completed; therefore, there is not sufficient information to determine the final measurement. The pro forma adjustments are based on currently available information and certain estimates and assumptions. Management believes that the assumptions provide a reasonable basis for presenting the significant effects of the transaction accounting adjustments, as contemplated, and the pro forma adjustments give appropriate effect to those assumptions. The pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma combined financial data. Differences between these preliminary estimates and the final purchase accounting will occur during 2022 and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position.

We derived the unaudited pro forma combined financial information by applying pro forma adjustments to the audited consolidated financial statements for the Company and MHI for the year ended December 31, 2020 and the unaudited consolidated financial statements as of and for the six months ended June 30, 2021. The unaudited pro forma condensed combined financial statements do not reflect any revenue enhancements or any cost savings from operating efficiencies, synergies or other restructurings that could result from the acquisition. The unaudited pro forma combined balance sheet as of June 30, 2021 is presented to reflect the acquisition as if it had occurred on June 30, 2021. The unaudited pro forma combined statement of operations for the six months ended June 30, 2021 and the year ended December 31, 2020 gives pro forma effect to the MHI Acquisition, as if the acquisition had been completed on January 1, 2020.

The unaudited pro forma combined financial information is presented for informational purposes only and should not be considered indicative of actual results of operations that would have been achieved had the acquisition of MHI been consummated on the dates indicated, and do not purport to be indicative of the financial condition or results of operations as of any future date or for any future period. There were no material transactions between the Company and MHI during the periods presented in the unaudited pro forma combined financial statements that would need to be eliminated. The unaudited pro forma condensed combined financial statements should be read in conjunction with the accompanying footnotes. In addition, the unaudited pro forma combined financial information was based on and should be read in conjunction with the following historical consolidated financial statements and accompanying notes of the Company and MHI for the applicable periods:

- historical financial statements of the Company and the related notes included in the Company's Form 10-K that was filed with the SEC on March 30, 2021;
- historical financial statements of the Company as of June 30, 2021 and for the six months ended June 30, 2021 and 2020 and the related notes included in the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2021;

- historical financial statements of MHI for the year ended December 31, 2020 and 2019 and the related notes included in MHI's audited combined financial statements for the year ended December 31, 2020, included as Exhibit 99.1 to this Current Report on Form 8-K/A; and

- historical financial statements of MHI for the six months ended June 30, 2021 and the related notes included in MHI's unaudited combined financial statements for the six months ended June 30, 2021 and 2020, included as Exhibit 99.2 to this Current Report on Form 8-K/A.

The unaudited pro forma condensed combined financial statements reflect the following:

- *The MHI Acquisition and the application of purchase accounting, including:*

    - Net tangible assets of MHI, subject to certain assets and liabilities that were on MHI's balance sheet as of June 30, 2021, but not acquired including net tangible assets of $118.2 million and liabilities of $313.8. Management estimates MHI's book value of real estate inventory will be adjusted by a credit of $5.4 million to the June 30, 2021 historical balance. In addition, management estimates the trade name "Coventry Homes" will be valued at $8.9 million. The amortization of these adjustments was reflected in the unaudited pro forma statements of comprehensive income for the year ended December 31, 2020.

    - Management estimated the fair value of MHI's communities using MHI's historic gross margin and a market participant's expectation of selling, general and administrative expense that would be required to complete construction of the homes was applied. The historical performance of each community, as well as current trends in the market, and the potential economic impact were evaluated for each of the estimates above.

    - Goodwill of $137.4 million, based on an acquisition price of approximately $618.1 million, including (1) a $463 million payment at closing, (2) $64.1 million due post close, (3) estimated earn out payments with a fair value of $90.9 million, as well as purchase accounting valuation adjustments.

    - Income tax adjustments to MHI as if it were a taxable entity as of the beginning of the period assuming the 21% Federal tax rate applicable to C Corporations, partially offset by a 1.5% 45L New Energy Efficient Home Tax Credit, plus a 5.5% State tax rate.

    - A deposit of $10.8 million for the landbank financing facility provided by the former principal of MHI.

    - Ownership interests in three joint ventures acquired by DFH from the former principal of MHI.

    - A payable of $64.1 million to the seller based on the expected true up of the net asset value as of the acquisition date.

    - A $6.8 million preferred dividend associated with the Convertible Preferred Stock (as defined below) issuance.

- *The Financing Transactions associated with the MHI Acquisition, including:*

    - Increase of the Company's credit facility from $450 million to $817.5 million, utilizing $315.0 in proceeds to finance a portion of the acquisition. The rate and maturity were unchanged with the terms under the Company's credit facility.

    - Issuance of 150,000 shares of newly-created Series A Convertible Preferred Stock with an initial liquidation preference of $1,000 per share and a par value $0.01 per share (the "Convertible Preferred Stock"), for an aggregate purchase price of $150 million. The Company used the net proceeds of $148 million from the sale of the Convertible Preferred Stock to fund a portion of the MHI Acquisition. The dividend rate on this issuance is 9%.

    - Deferred contingent consideration of $90.9 million recorded at fair value.

The following represents the Company's preliminary purchase price allocation:

Cash and cash equivalents	$ -
Other assets	12,079,607
Lot deposits	51,422,653
Construction in process and finished homes	424,826,476
Company owned land and lots	24,055,497
Operating lease right-of-use assets	1,793,192
Equity method investments	5,802,559
Property and equipment, net	3,238,561
Intangible assets, net of amortization	8,840,000
Goodwill	137,418,036
Accounts payable	(35,940,702)
Accrued expenses	(47,356,561)
Customer Deposits	(35,912,448)
Contingent consideration	(90,920,000)
Operating lease liabilities	(1,793,192)

DREAM FINDERS HOMES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2021

	Dream Finders Homes Inc.	MHI	Transaction Accounting Adjustments	Financing Adjustments	DFH Inc. Pro Forma
Assets					
Cash and cash equivalents	6,154,320	23,173,973	(23,173,973) (f)		6,154,320
Restricted cash (VIE amounts of $5,946,424 and $8,793,201)	46,936,952				49,936,952
Accounts receivable	51,021,302	6,342,247			57,363,549
Inventories:					-
Construction in process and finished homes	537,758,853	428,931,727	(4,105,251) (b),(f),(g)		962,585,329
Joint venture owned land and lots					-
(VIE amounts of $18,151,982 and $40,900,552)	18,152,136				18,152,136
Company owned land and lots	75,083,602	119,079,554	(95,024,057) (f)	-	99,139,099
Lot deposits	107,717,122		51,422,653 (d) (g)	-	159,139,775
Equity method investments	7,453,783	3,560,185	2,242,374 (e)	-	13,256,342
Property and equipment, net	4,228,857	5,391,742	(2,153,181) (g)		7,467,418
Operating lease right-of-use assets	12,788,540		1,793,192 (b)	-	14,581,732
Finance lease right-of-use assets	256,612				256,612
Intangible assets, net of amortization	2,161,250		8,840,000 (b)	-	11,001,250
Goodwill	30,360,997		137,418,036 (a)	-	167,779,033
Deferred tax asset	3,312,736		3,111,631 (h)		6,424,367
Other assets (VIE amounts of $2,159,645 and $1,288,359)	28,894,891	45,049,060	(39,311,700) (g)		34,632,251
Total assets	**932,281,953**	**631,528,488**	**41,059,724**	**-**	**1,604,870,165**
Liabilities					-
Accounts payable (VIE amounts of $0 and $1,315,582)	34,204,013	35,940,702			70,144,715
Accrued expenses (VIE amounts of $8,571,439 and $9,977,268)	65,908,878	64,132,384	(10,899,260) (a),(f),(h),(g)	-	119,142,002
Customer deposits	93,275,468		35,912,448 (g)	-	129,187,916
Construction lines of credit	365,000,000	304,068,454	(304,068,454) (f)	321,758,896 (a)	686,758,896
Notes payable (VIE amounts of $2,992,531 and $8,821,282)	4,048,531				4,048,531
Operating lease liabilities	13,064,645		1,793,192 (b)	-	14,857,837
Finance lease liabilities	267,198				267,198
Contingent consideration	27,110,480		90,920,000 (a)	-	118,030,480
Total liabilities	**602,879,213**	**404,141,540**	**(186,342,074)**	**321,758,896**	**1,142,437,575**
					-
Mezzanine Equity					-
Preferred mezzanine equity	6,703,460			147,995,200 (a)	154,698,660
Common mezzanine equity	-				-
Total mezzanine equity	**6,703,460**	**-**	**-**	**147,995,200**	**154,698,660**
					-
Members' Equity					-
Common members' equity	-	227,386,948	235,617,148	(463,004,096)	-
Total members' equity	**-**	**227,386,948**	**235,617,148**	**(463,004,096)**	**-**
					-
Stockholders' Equity - Dream Finders Homes, Inc.					-
Class A common stock, $0.01 per share, 289,000,000					-
authorized, 32,295,329 outstanding	322,953	-			322,953
Class B common stock, $0.01 per share, 61,000,000					-
authorized, 60,226,153 outstanding	602,262	-			602,262
Additional paid-in capital	255,289,812	-		-	255,289,812
Retained earnings	45,610,738	-	(8,215,349) (c),(h)	(6,750,000) (a)	30,645,389
Non-controlling interests	20,873,515				20,873,515
Total stockholders' and members' equity	**329,402,740**	**227,386,948**	**227,401,798**	**(321,758,896)**	**462,432,591**
Total liabilities, mezzanine equity, members' equity and stockholders' equity	**$ 932,281,953**	**$ 631,528,488**	**$ 41,059,724**	**$ 0**	**$ 1,604,870,165**

(a) Reflects the acquisition of MHI and the related financing transactions associated with the acquisition. The anticipated purchase price is $618 million, which includes $148 million funded by the issuance of Convertible Preferred Stock, $315 million of funding from the Company's construction facility, $64.1 million of deferred seller payment and $90.9 million of contingent consideration for the former principal of MHI. The resulting goodwill after allocating the purchase price to the assets and liabilities acquired is $137.4 million. The contingent consideration estimate is based on the current pre-tax estimates provided by MHI. The former owner of MHI is entitled to receive deferred payments representing 25% of pre-tax earnings for the four-year period following the acquisition date, subject to meeting certain thresholds in each of the annual periods. The gross cash flow estimates were discounted back to present value using a weighted average cost of capital. The dividend of $6.8 million related to the Convertible Preferred Stock issued was financed by the line of credit increase. In addition, reflects $148 million in net proceeds from the Company's issuance of 150,000 shares of Convertible Preferred Stock for $1,000 per share. This issuance has a 9% preferred dividend, is redeemable at the Company's option beginning in October of 2025, and is convertible to common stock by the issuer in the event it has not been redeemed beginning in October of 2027.

(b) Reflects a day one adjustment to the book basis of certain of assets and liabilities held by MHI. Net tangible assets of $118.2 million and net liabilities of $313.8 million were not acquired as of June 30, 2021. This adjustment also includes a $10.9 million increase in real estate inventory to reflect the estimated the fair value of the acquired homes completed and under construction based on their stage of construction. In order to estimate the fair value of inventory, MHI's historic gross margin was used and a market participant's expectation of selling, general and administrative expense that would be required to complete construction of the homes was applied. An adjustment to the stage of completion for homes under construction was made, including a deduction in the book value of inventory for MHI's capitalized indirect costs of $16.2 million. The Company's accounting policy is to expense these direct costs as incurred. This entry also includes the establishment of an $8.9 million intangible asset related to the trade name "Coventry Homes" that was included in the acquisition. The trade name will be amortized over a five year period. The Company recorded $1.7 million in operating leases, into both right of use assets and operating lease liabilities.

(c) Income tax adjustments to MHI as if it were a taxable entity as of the beginning of the period assuming the 21% Federal tax rate applicable to C Corporations partially offset by a 1.5% 45L New Energy Efficient Home Tax Credit, plus a 5.5% State tax rate.

(d) Reflects a deposit of $10.8 million by DFH for the land bank financing facility provided by the former principal of MHI.

(e) Reflects ownership interests in three equity method joint ventures relating to mortgage and title services acquired by DFH from the former principal of MHI.

(f) The following line items have been adjusted from MHI's audited financial statements, as certain assets and liabilities within these financial statement line items were not included in the acquisition transaction. These items include cash and cash equivalents, undeveloped land assets, and debt obligations of MHI.

(g) The following items include re-classifications between MHI's financial statement line items in order to comply with DFH's accounting policies, including reclassifications of (1) $40.6 million of lot deposits from other assets on MHI's financial statements to lot deposits on DFH's financial statements, and (2) $35.9 million of customer deposits from accrued expenses on MHI's Financial Statements to customer deposits on DFH's Financial Statements.

(h) Reflects the deferred tax asset and liability recorded due to differences arising from the tax and book treatment of Goodwill. These adjustments were booked as if the transaction had occurred on January 1, 2020.

DREAM FINDERS HOMES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2021

	Dream Finders Homes Inc.	MHI	Transaction Accounting Adjustments		DFH Inc. Pro Forma
Revenues	$ 708,836,466	$ 378,951,204	$ -		$ 1,087,787,670
Cost of sales	594,626,181	326,638,560	(11,029,691)	(f)	910,235,050
Selling, general and administrative expense	55,652,375	26,132,880	11,913,691	(b),(f)	93,698,946
Income from equity in earnings of unconsolidated entities	(2,857,394)	(192,636)	(2,530,563)	(d)	(5,580,593)
Gain on sale of assets	(17,483)				(17,483)
Loss of Extinguishment of Debt	697,423				697,423
Other Income					-
Other	(2,150,482)	(724,681)			(2,875,163)
Paycheck Protection Program forgiveness	(7,219,794)	-			(7,219,794)
Other expense					-
Other	5,337,828	-			5,337,828
Contingent consideration revaluation	5,159,725	-	4,249,570	(c)	9,409,295
Interest expense	657,657	532,047			1,189,704
Income before taxes	58,950,430	26,565,034	(2,603,007)		82,912,457
Income tax expense	(9,294,799)	(490,436)	(7,052,899)	(a)	(16,838,134)
Net and comprehensive income	49,655,631	26,074,598	(9,655,906)		66,074,323
Net and comprehensive income attributable to non-controlling interests	(4,961,107)	-	-		(4,961,107)
Net and comprehensive income attributable to Dream Finders Holdings LLC	44,694,524	26,074,598	(9,655,906)		61,113,216
Earnings per unit					
Basic	$ 0.49				$ 0.59
Diluted	$ 0.49				$ 0.54
Weighted-average number of units					
Basic	92,521,482				92,521,482
Diluted	92,641,222				100,814,391

(a) Income tax adjustments to MHI as if it were a taxable entity as of the beginning of the period assuming the 21% Federal tax rate applicable to C Corporations, partially offset by a 1.5% 45L New Energy Efficient Home Tax Credit, plus a 5.5% state tax rate.

(b) Gives effect to the amortization of intangible asset of $900 thousand related to the trade name “Coventry Homes” included in the acquisition. The trade name is amortized over a five year period.

(c) Represents accretion of $4.2 million of contingent consideration during the year, assuming contingent consideration had been applied as of January 1, 2020.

(d) Represents the $2.5 million of additional income associated with ownership interests in three equity method joint ventures relating to mortgage and title services acquired by DFH from the former principal of MHI.

(e) Gives effect of 8.2 million of preferred shares converted into common in the diluted earnings per share calculation using the “If converted” method.

(f) Reflects re-classifications between MHI’s financial statement line items in order to comply with DFH’s accounting policies, including $11.0 million of indirect costs capitalized, and subsequently expensed through cost of sales for MHI’s Financial Statements, reclassified from cost of sales to SG&A expense on DFH’s pro forma Financial Statements.

The unaudited pro forma statements of comprehensive income for the six months ended June 30, 2021 do not reflect an increase in the cost of sales associated with the changes in the value of the real estate inventory, as it will be amortized into the unaudited pro forma statements of comprehensive income for the year ended December 31, 2020.

DREAM FINDERS HOMES, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2020

	Year Ended December 31 2020 Dream Finders Homes Inc.	MHI	Transaction Accounting Adjustments		DFH Inc. Pro Forma
Revenues	$ 1,133,806,607	$ 908,584,480	$ -		$ 2,042,391,087
Cost of sales	962,927,606	794,337,610	(14,697,238)	(e) (f)	1,742,567,978
Selling, general and administrative expense	90,172,850	55,168,191	31,356,266	(b) (f)	176,697,307
Income from equity in earnings of unconsolidated entities	(7,991,764)	(563,497)	(6,803,466)	(d)	(15,358,727)
Gain on sale of assets	(117,840)				(117,840)
Loss of Extinguishment of Debt		-	-		-
Other Income					
Other	(1,630,546)	(1,079,938)	-		(2,710,484)
Paycheck Protection Program forgiveness	-	-	-		-
Other expense					
Other	4,522,100	-	-		4,532,100
Contingent consideration revaluation	539,905	-	8,196,956	(c)	8,736,861
Interest expense	870,868	2,212,735	-		3,083,603
Income before taxes	84,513,428	58,509,379	(18,052,518)		124,970,289
Income tax expense	-	(1,065,640)	(31,936,818)	(a)	(33,002,458)
Net and comprehensive income	84,513,428	57,443,739	(49,989,337)		91,967,830
Net and comprehensive income attributable to non-controlling interests	(5,419,972)	-	-		(5,419,972)
Net and comprehensive income attributable to Dream Finders Holdings LLC	79,093,456	57,443,739	(49,989,337)		86,547,858
					-
Earnings per unit		-	-		-
Basic	756.86				832.11
Diluted	753.75				828.56
Weighted-average number of units					-
Basic	99,065				99,065
Diluted	99,647				99,647

(a) Income tax adjustments to MHI as if it were a taxable entity as of the beginning of the period assuming the 21% Federal tax rate applicable to C corporations, partially offset by a 1.5% 45L New Energy Efficient Home Tax Credit, plus a 5.5% State tax rate.

(b) Gives effect to the amortization of intangible asset of $1.8 million related to the trade name "Coventry Homes" included in the acquisition. The trade name is amortized over a five year period.

(c) Represents accretion of contingent consideration of $8.2 million during the year, assuming contingent consideration had been recorded as of January 1, 2020.

(d) Represents $6.8 million of additional income associated with ownership interests in three equity method joint ventures relating to mortgage and title services acquired by DFH from the former principal of MHI.

(e) Gives effect to the results of MHI as of the beginning of the fiscal years presented after adjusting the operating results, reflecting additional amortization of $10.9 million that would have been recorded assuming the fair value adjustments to the acquired assets had been applied as of January 1, 2020.

(f) Reflects re-classifications between MHI's financial statement line items in order to comply with DFH's accounting policies, including $25.6 million of indirect costs capitalized, and subsequently expensed through cost of sales for MHI's Financial Statements, reclassified to SG&A expense on DFH's pro forma Financial Statements.