

Edgar Filing: Taylor Morrison Home Corp - Form 10-Q

Taylor Morrison Home Corp
Form 10-Q
May 01, 2019

false--12-31Q120192019-03-3110-Q0001562476falseLarge Accelerated FilerTaylor Morrison Home CorpfalseTMHC11P5DP30D0.000010.000010.000010.000014000000002000000004000000002000000001245199420124997

<div style="line-height: 120%; padding-bottom: 8px; padding-top: 13px; font-size: 10pt;">RELATED-PARTY TRANSACTIONS</div><div style="line-height: 120%; font-size: 10pt;">From time to time, we may engage in transactions with entities or persons that are affiliated with us. Such transactions with related parties are typically conducted in the normal course of operations and are generally executed at arm's length, as they are entered into at terms comparable to those entered into with unrelated third parties. There was no activity for the three months ended March 31, 2019 and 2018.</div></div> 0001562476 2019-01-01 2019-03-31 0001562476 2019-05-01 0001562476 2019-03-31 0001562476 2018-12-31 0001562476 us-gaap:CommonClassAMember 2018-12-31 0001562476 us-gaap:CommonClassBMember 2019-03-31 0001562476 us-gaap:CommonClassAMember 2019-03-31 0001562476 us-gaap:CommonClassBMember 2018-12-31 0001562476 2018-01-01 2018-03-31 0001562476 tmhc:AVHomesInc.Member 2019-01-01 2019-03-31 0001562476 tmhc:AmenityMember 2018-01-01 2018-03-31 0001562476 tmhc:AmenityMember 2019-01-01 2019-03-31 0001562476 tmhc:HomeSalesMember 2019-01-01 2019-03-31 0001562476 tmhc:LandSalesMember 2019-01-01 2019-03-31 0001562476 tmhc:AVHomesInc.Member tmhc:FormerPrincipalShareholdersMember 2019-01-01 2019-03-31 0001562476 tmhc:LandSalesMember 2018-01-01 2018-03-31 0001562476 tmhc:AVHomesInc.Member us-gaap:CorporateJointVentureMember 2019-01-01 2019-03-31 0001562476 tmhc:HomeSalesMember 2018-01-01 2018-03-31 0001562476 srt:AffiliatedEntityMember 2018-01-01 2018-03-31 0001562476 srt:AffiliatedEntityMember 2019-01-01 2019-03-31 0001562476 us-gaap:AdditionalPaidInCapitalMember 2019-01-01 2019-03-31 0001562476 us-gaap:CommonClassAMember us-gaap:CommonStockMember 2018-12-31 0001562476 us-gaap:CorporateJointVentureMember us-gaap:NoncontrollingInterestMember 2019-01-01 2019-03-31 0001562476 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2019-03-31 0001562476 us-gaap:CorporateJointVentureMember us-gaap:NoncontrollingInterestMember 2019-03-31 0001562476 us-gaap:RetainedEarningsMember 2019-03-31 0001562476 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2018-12-31 0001562476 us-gaap:CommonClassAMember us-gaap:CommonStockMember 2019-03-31 0001562476 us-gaap:CorporateJointVentureMember us-gaap:TreasuryStockMember 2019-01-01 2019-03-31 0001562476 us-gaap:RetainedEarningsMember 2018-12-31 0001562476 us-gaap:AdditionalPaidInCapitalMember 2019-03-31 0001562476 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31 0001562476 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-01-01 2019-03-31 0001562476 us-gaap:TreasuryStockMember 2019-03-31 0001562476 us-gaap:CommonClassAMember us-gaap:CommonStockMember 2019-01-01 2019-03-31 0001562476 us-gaap:CorporateJointVentureMember 2019-01-01 2019-03-31 0001562476 us-gaap:TreasuryStockMember 2019-01-01 2019-03-31 0001562476 us-gaap:CorporateJointVentureMember us-gaap:NoncontrollingInterestMember 2018-12-31 0001562476 us-gaap:TreasuryStockMember 2018-12-31 0001562476 us-gaap:AdditionalPaidInCapitalMember 2018-12-31 0001562476 us-gaap:RetainedEarningsMember 2019-01-01 2019-03-31 0001562476 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-03-31 0001562476 us-gaap:CommonClassAMember us-gaap:CommonStockMember 2018-03-31 0001562476 2017-12-31 0001562476 us-gaap:AdditionalPaidInCapitalMember 2018-01-01 2018-03-31 0001562476 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2017-12-31 0001562476 us-gaap:AdditionalPaidInCapitalMember 2018-03-31 0001562476 us-gaap:TreasuryStockMember 2017-12-31 0001562476 us-gaap:AccountingStandardsUpdate201409Member us-gaap:RetainedEarningsMember 2018-03-31 0001562476 us-gaap:CorporateJointVentureMember us-gaap:NoncontrollingInterestMember 2018-01-01 2018-03-31 0001562476 srt:PartnershipInterestMember us-gaap:NoncontrollingInterestMember 2018-01-01 2018-03-31 0001562476 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2018-03-31 0001562476 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2018-01-01 2018-03-31 0001562476

Edgar Filing: Taylor Morrison Home Corp - Form 10-Q

us-gaap:CorporateJointVentureMember us-gaap:NoncontrollingInterestMember 2018-03-31 0001562476
us-gaap:AccountingStandardsUpdate201409Member 2018-03-31 0001562476
us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0001562476 us-gaap:CorporateJointVentureMember
us-gaap:NoncontrollingInterestMember 2017-12-31 0001562476 srt:PartnershipInterestMember
us-gaap:NoncontrollingInterestMember 2018-03-31 0001562476 us-gaap:TreasuryStockMember 2018-03-31
0001562476 us-gaap:CommonClassAMember us-gaap:CommonStockMember 2018-01-01 2018-03-31 0001562476
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-03-31 0001562476 2018-03-31 0001562476
us-gaap:CommonClassAMember us-gaap:CommonStockMember 2017-12-31 0001562476
us-gaap:RetainedEarningsMember 2018-03-31 0001562476
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0001562476 srt:PartnershipInterestMember
us-gaap:NoncontrollingInterestMember 2017-12-31 0001562476 us-gaap:RetainedEarningsMember 2018-01-01
2018-03-31 0001562476 us-gaap:RetainedEarningsMember 2017-12-31 0001562476 2019-01-01 0001562476
2019-01-01 2019-01-01 0001562476 tmhc:AVHomesInc.Member tmhc:WestHomebuildingSegmentMember
2018-10-02 0001562476 tmhc:AVHomesInc.Member tmhc:CentralHomebuildingSegmentMember 2018-10-02
0001562476 tmhc:AVHomesInc.Member tmhc:EastHomebuildingSegmentMember 2018-10-02 0001562476
tmhc:AVHomesInc.Member tmhc:FormerPrincipalShareholdersMember 2018-01-01 2018-03-31 0001562476
tmhc:AVHomesInc.Member 2018-01-01 2018-03-31 0001562476 tmhc:AVHomesInc.Member
us-gaap:CorporateJointVentureMember 2018-01-01 2018-03-31 0001562476 tmhc:AVHomesInc.Member
2018-10-02 0001562476 tmhc:StockOptionsandRestrictedStockUnitsRSUsMember 2019-01-01 2019-03-31
0001562476 tmhc:StockOptionsandRestrictedStockUnitsRSUsMember 2018-01-01 2018-03-31 0001562476
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2019-03-31 0001562476
tmhc:InventoryRealEstatePartiallyDevelopedMember 2018-12-31 0001562476
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0001562476
tmhc:InventoryRealEstateFinishedMember 2018-12-31 0001562476
us-gaap:PublicUtilitiesInventoryRawMaterialsMember 2019-03-31 0001562476
tmhc:InventoryRealEstateFinishedMember 2019-03-31 0001562476
tmhc:InventoryRealEstatePartiallyDevelopedMember 2019-03-31 0001562476
us-gaap:PublicUtilitiesInventoryRawMaterialsMember 2018-12-31 0001562476
us-gaap:EquityMethodInvestmentsMember 2018-01-01 2018-03-31 0001562476
us-gaap:EquityMethodInvestmentsMember 2019-01-01 2019-03-31 0001562476
us-gaap:EquityMethodInvestmentsMember 2018-12-31 0001562476 us-gaap:EquityMethodInvestmentsMember
2019-03-31 0001562476 tmhc:AVHomesInc.Member 2018-10-02 2018-10-02 0001562476
tmhc:A364DayTermLoanDebtFacilityMember 2019-03-31 0001562476 tmhc:SeniorNotesDue2022Member
us-gaap:SeniorNotesMember 2018-10-02 0001562476 tmhc:TwoThousandTwentyFourSeniorNotesMember
us-gaap:SeniorNotesMember 2014-03-05 0001562476 tmhc:TwoThousandTwentyOneSeniorNotesMember
us-gaap:SeniorNotesMember 2019-01-01 2019-03-31 0001562476 us-gaap:SecuredDebtMember 2019-03-31
0001562476 tmhc:TwoThousandTwentyThreeSeniorNotesMember us-gaap:UnsecuredDebtMember 2019-01-01
2019-03-31 0001562476 srt:MinimumMember us-gaap:NotesPayableOtherPayablesMember 2019-03-31 0001562476
tmhc:SeniorNotesDue2022Member us-gaap:SeniorNotesMember 2018-10-02 2018-10-02 0001562476
us-gaap:SecuredDebtMember 2018-12-31 0001562476 srt:MaximumMember
us-gaap:NotesPayableOtherPayablesMember 2019-03-31 0001562476
tmhc:TwoThousandTwentyOneSeniorNotesMember us-gaap:SeniorNotesMember 2013-04-16 0001562476
tmhc:TwoThousandTwentyThreeSeniorNotesMember us-gaap:UnsecuredDebtMember 2015-04-16 0001562476
tmhc:A364DayTermLoanDebtFacilityMember 2019-01-01 2019-03-31 0001562476
us-gaap:RevolvingCreditFacilityMember tmhc:RestatedRevolvingCreditFacilityMember 2018-06-29 0001562476
us-gaap:RevolvingCreditFacilityMember 2019-03-31 0001562476 tmhc:SeniorNotesDue2022Member
us-gaap:DebtInstrumentRedemptionPeriodTwoMember us-gaap:SeniorNotesMember 2018-12-31 2018-12-31
0001562476 tmhc:SeniorNotesDue2022Member us-gaap:DebtInstrumentRedemptionPeriodFourMember
us-gaap:SeniorNotesMember 2018-12-31 2018-12-31 0001562476 us-gaap:RevolvingCreditFacilityMember
2018-12-31 0001562476 tmhc:SeniorNotesDue2022Member us-gaap:SeniorNotesMember 2018-12-31 0001562476
tmhc:SeniorNotesDue2022Member us-gaap:DebtInstrumentRedemptionPeriodThreeMember

Edgar Filing: Taylor Morrison Home Corp - Form 10-Q

us-gaap:SeniorNotesMember 2018-12-31 2018-12-31 0001562476 us-gaap:RevolvingCreditFacilityMember
tmhc:RestatedRevolvingCreditFacilityMember 2019-01-01 2019-03-31 0001562476
tmhc:SeniorNotesDue2022Member us-gaap:DebtInstrumentRedemptionPeriodOneMember
us-gaap:SeniorNotesMember 2018-12-31 2018-12-31 0001562476 us-gaap:RevolvingCreditFacilityMember
tmhc:RestatedRevolvingCreditFacilityMember 2019-03-31 0001562476
tmhc:TwoThousandTwentyFourSeniorNotesMember us-gaap:SeniorNotesMember 2019-01-01 2019-03-31
0001562476 us-gaap:SecuredDebtMember tmhc:JpMorganChaseBankMember 2019-03-31 0001562476
us-gaap:SecuredDebtMember tmhc:FlagstarAgreementMember 2019-03-31 0001562476
us-gaap:SecuredDebtMember tmhc:ComericaBankMember 2018-12-31 0001562476 us-gaap:SecuredDebtMember
tmhc:JpMorganChaseBankMember 2018-12-31 0001562476 us-gaap:SecuredDebtMember
tmhc:FlagstarAgreementMember 2018-12-31 0001562476 us-gaap:SecuredDebtMember
tmhc:ComericaBankMember 2019-03-31 0001562476 tmhc:MortgageBorrowingsMember 2018-12-31 0001562476
tmhc:TwoThousandTwentyThreeSeniorNotesMember us-gaap:SeniorNotesMember 2018-12-31 0001562476
tmhc:TwoThousandTwentyOneSeniorNotesMember us-gaap:SeniorNotesMember 2019-03-31 0001562476
tmhc:SeniorNotesDue2022Member us-gaap:SeniorNotesMember 2019-03-31 0001562476
tmhc:TwoThousandTwentyFourSeniorNotesMember us-gaap:SeniorNotesMember 2019-03-31 0001562476
tmhc:TwoThousandTwentyThreeSeniorNotesMember us-gaap:SeniorNotesMember 2019-03-31 0001562476
tmhc:TwoThousandTwentyOneSeniorNotesMember us-gaap:SeniorNotesMember 2018-12-31 0001562476
us-gaap:SeniorNotesMember 2019-03-31 0001562476 us-gaap:SeniorNotesMember 2018-12-31 0001562476
tmhc:A364DayTermLoanDebtFacilityMember 2018-12-31 0001562476 tmhc:MortgageBorrowingsMember
2019-03-31 0001562476 tmhc:LoansPayableAndOtherBorrowingsMember 2018-12-31 0001562476
tmhc:TwoThousandTwentyFourSeniorNotesMember us-gaap:SeniorNotesMember 2018-12-31 0001562476
tmhc:LoansPayableAndOtherBorrowingsMember 2019-03-31 0001562476 srt:MaximumMember
us-gaap:NotesPayableOtherPayablesMember 2018-12-31 0001562476 srt:MinimumMember
us-gaap:NotesPayableOtherPayablesMember 2018-12-31 0001562476 us-gaap:SecuredDebtMember
tmhc:FlagstarAgreementMember 2018-01-01 2018-12-31 0001562476 us-gaap:SecuredDebtMember
tmhc:ComericaBankMember us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31
0001562476 us-gaap:SecuredDebtMember tmhc:JpMorganChaseBankMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001562476
us-gaap:SecuredDebtMember tmhc:JpMorganChaseBankMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2019-01-01 2019-03-31 0001562476
us-gaap:SecuredDebtMember tmhc:WarehouseBMember us-gaap:LondonInterbankOfferedRateLIBORMember
2019-01-01 2019-03-31 0001562476 us-gaap:SecuredDebtMember tmhc:FlagstarAgreementMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001562476
us-gaap:SecuredDebtMember tmhc:FlagstarAgreementMember us-gaap:LondonInterbankOfferedRateLIBORMember
2019-01-01 2019-03-31 0001562476 us-gaap:FairValueInputsLevel3Member
us-gaap:FairValueMeasurementsNonrecurringMember 2019-03-31 0001562476
tmhc:TwoThousandTwentyThreeSeniorNotesMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember 2018-12-31
0001562476 tmhc:TwoThousandTwentyFourSeniorNotesMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SeniorNotesMember 2018-12-31 0001562476
tmhc:TwoThousandTwentyFourSeniorNotesMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember 2019-03-31
0001562476 tmhc:SeniorNotesDue2022Member us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SeniorNotesMember 2018-12-31 0001562476
us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31
0001562476 tmhc:TwoThousandTwentyOneSeniorNotesMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SeniorNotesMember 2018-12-31 0001562476
tmhc:MortgageBorrowingsMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2019-03-31 0001562476
us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2019-03-31

Edgar Filing: Taylor Morrison Home Corp - Form 10-Q

0001562476 us-gaap:RevolvingCreditFacilityMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0001562476
tmhc:TwoThousandTwentyThreeSeniorNotesMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SeniorNotesMember 2018-12-31 0001562476
tmhc:MortgageBorrowingsMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2019-03-31 0001562476
tmhc:A364DayTermLoanDebtFacilityMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0001562476
us-gaap:RevolvingCreditFacilityMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2019-03-31 0001562476
tmhc:SeniorNotesDue2022Member us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SeniorNotesMember 2019-03-31 0001562476
tmhc:LoansPayableAndOtherBorrowingsMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2019-03-31 0001562476
tmhc:TwoThousandTwentyOneSeniorNotesMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember 2019-03-31
0001562476 tmhc:TwoThousandTwentyFourSeniorNotesMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SeniorNotesMember 2019-03-31 0001562476
tmhc:TwoThousandTwentyThreeSeniorNotesMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember 2019-03-31
0001562476 tmhc:A364DayTermLoanDebtFacilityMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2019-03-31 0001562476
tmhc:LoansPayableAndOtherBorrowingsMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0001562476
tmhc:A364DayTermLoanDebtFacilityMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0001562476
us-gaap:FairValueInputsLevel2Member us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31
0001562476 tmhc:MortgageBorrowingsMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0001562476
tmhc:SeniorNotesDue2022Member us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember 2019-03-31
0001562476 us-gaap:FairValueInputsLevel2Member us-gaap:CarryingReportedAmountFairValueDisclosureMember
2019-03-31 0001562476 tmhc:TwoThousandTwentyThreeSeniorNotesMember
us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember
us-gaap:SeniorNotesMember 2019-03-31 0001562476 tmhc:A364DayTermLoanDebtFacilityMember
us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2019-03-31
0001562476 tmhc:LoansPayableAndOtherBorrowingsMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2019-03-31 0001562476
tmhc:TwoThousandTwentyOneSeniorNotesMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SeniorNotesMember 2019-03-31 0001562476
tmhc:TwoThousandTwentyFourSeniorNotesMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember 2018-12-31
0001562476 tmhc:LoansPayableAndOtherBorrowingsMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0001562476
tmhc:TwoThousandTwentyOneSeniorNotesMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember 2018-12-31
0001562476 tmhc:MortgageBorrowingsMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0001562476
us-gaap:RevolvingCreditFacilityMember us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0001562476
tmhc:SeniorNotesDue2022Member us-gaap:FairValueInputsLevel2Member

Edgar Filing: Taylor Morrison Home Corp - Form 10-Q

us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember 2018-12-31
0001562476 us-gaap:RevolvingCreditFacilityMember us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2019-03-31 0001562476
us-gaap:DomesticCountryMember 2019-03-31 0001562476 us-gaap:CommonClassAMember 2018-01-08 2018-01-17
0001562476 us-gaap:CommonClassAMember 2019-01-01 2019-03-31 0001562476 us-gaap:CommonClassBMember
2019-01-01 2019-03-31 0001562476 2018-01-01 2018-12-31 0001562476
tmhc:TwoThousandAndThirteenOmnibusEquityAwardPlanMember 2019-03-31 0001562476
tmhc:RestrictedStockUnitsAndPerformanceBasedRestrictedStockUnitsMember 2018-12-31 0001562476
tmhc:RestrictedStockUnitsAndPerformanceBasedRestrictedStockUnitsMember 2019-01-01 2019-03-31 0001562476
tmhc:RestrictedStockUnitsAndPerformanceBasedRestrictedStockUnitsMember 2019-03-31 0001562476
us-gaap:RestrictedStockUnitsRSUMember 2019-01-01 2019-03-31 0001562476
us-gaap:RestrictedStockUnitsRSUMember 2018-01-01 2018-03-31 0001562476
us-gaap:EmployeeStockOptionMember 2019-01-01 2019-03-31 0001562476 us-gaap:EmployeeStockOptionMember
2018-01-01 2018-03-31 0001562476 srt:MaximumMember tmhc:TimeBasedRestrictedStockUnitsMember
2019-01-01 2019-03-31 0001562476 us-gaap:EmployeeStockOptionMember 2019-01-01 2019-03-31 0001562476
srt:MinimumMember tmhc:TimeBasedRestrictedStockUnitsMember 2019-01-01 2019-03-31 0001562476
us-gaap:PerformanceSharesMember 2019-01-01 2019-03-31 0001562476
us-gaap:AccumulatedTranslationAdjustmentMember 2019-03-31 0001562476
us-gaap:AociAttributableToNoncontrollingInterestMember 2018-12-31 0001562476
us-gaap:AociAttributableToNoncontrollingInterestMember 2019-01-01 2019-03-31 0001562476
us-gaap:AccumulatedForeignCurrencyAdjustmentIncludingPortionAttributableToNoncontrollingInterestMember
2019-01-01 2019-03-31 0001562476 us-gaap:AociAttributableToNoncontrollingInterestMember 2019-03-31
0001562476 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2019-03-31 0001562476
us-gaap:AccumulatedTranslationAdjustmentMember 2018-12-31 0001562476
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentIncludingPortionAttributableToNoncontrollingInterestMember
2019-01-01 2019-03-31 0001562476 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-12-31
0001562476 us-gaap:AociAttributableToNoncontrollingInterestMember 2018-03-31 0001562476
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-12-31 0001562476
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-03-31 0001562476
us-gaap:AccumulatedTranslationAdjustmentMember 2018-01-01 2018-03-31 0001562476
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-01-01 2018-03-31 0001562476
us-gaap:AccumulatedTranslationAdjustmentMember 2017-12-31 0001562476
us-gaap:AociAttributableToNoncontrollingInterestMember 2018-01-01 2018-03-31 0001562476
us-gaap:AccumulatedTranslationAdjustmentMember 2018-03-31 0001562476
us-gaap:AociAttributableToNoncontrollingInterestMember 2017-12-31 0001562476
us-gaap:OperatingSegmentsMember tmhc:CentralSegmentMember 2019-03-31 0001562476
us-gaap:OperatingSegmentsMember tmhc:FinancialServicesMember 2019-03-31 0001562476
us-gaap:OperatingSegmentsMember tmhc:EastHomebuildingSegmentMember 2019-03-31 0001562476
us-gaap:OperatingSegmentsMember tmhc:WestHomebuildingSegmentMember 2019-03-31 0001562476
tmhc:CorporateAndReconcilingItemsMember 2019-03-31 0001562476 us-gaap:OperatingSegmentsMember
tmhc:WestHomebuildingSegmentMember 2018-01-01 2018-03-31 0001562476 us-gaap:OperatingSegmentsMember
tmhc:EastHomebuildingSegmentMember 2018-01-01 2018-03-31 0001562476 us-gaap:OperatingSegmentsMember
tmhc:FinancialServicesMember 2018-01-01 2018-03-31 0001562476 us-gaap:OperatingSegmentsMember
tmhc:CentralSegmentMember 2018-01-01 2018-03-31 0001562476 tmhc:CorporateAndReconcilingItemsMember
2018-01-01 2018-03-31 0001562476 us-gaap:OperatingSegmentsMember tmhc:EastHomebuildingSegmentMember
2018-12-31 0001562476 tmhc:CorporateAndReconcilingItemsMember 2018-12-31 0001562476
us-gaap:OperatingSegmentsMember tmhc:CentralSegmentMember 2018-12-31 0001562476
us-gaap:OperatingSegmentsMember tmhc:FinancialServicesMember 2018-12-31 0001562476
us-gaap:OperatingSegmentsMember tmhc:WestHomebuildingSegmentMember 2018-12-31 0001562476
us-gaap:OperatingSegmentsMember tmhc:WestHomebuildingSegmentMember 2019-01-01 2019-03-31 0001562476
tmhc:CorporateAndReconcilingItemsMember 2019-01-01 2019-03-31 0001562476

us-gaap:OperatingSegmentsMember tmhc:FinancialServicesMember 2019-01-01 2019-03-31 0001562476
us-gaap:OperatingSegmentsMember tmhc:CentralSegmentMember 2019-01-01 2019-03-31 0001562476
us-gaap:OperatingSegmentsMember tmhc:EastHomebuildingSegmentMember 2019-01-01 2019-03-31 0001562476
srt:MaximumMember 2019-01-01 2019-03-31 0001562476 srt:MinimumMember 2019-01-01 2019-03-31
0001562476 us-gaap:InterestRateLockCommitmentsMember 2018-12-31 0001562476
us-gaap:MortgageBackedSecuritiesMember 2019-03-31 0001562476 us-gaap:InterestRateLockCommitmentsMember
2019-03-31 0001562476 us-gaap:MortgageBackedSecuritiesMember 2018-12-31 0001562476
us-gaap:CommonClassAMember us-gaap:SubsequentEventMember 2019-05-01 0001562476
us-gaap:CommonClassAMember us-gaap:SubsequentEventMember 2019-04-01 2019-05-01 tmhc:equity_cure_right
xbrli:shares xbrli:pure tmhc:lot tmhc:segment tmhc:fiscal_quarter iso4217:USD xbrli:shares tmhc:vote iso4217:USD
[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2019

OR

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

For the transition period from _____ to _____

Commission File Number: 001-35873

TAYLOR MORRISON HOME CORPORATION

(Exact name of Registrant as specified in its Charter)

Delaware 83-2026677
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
4900 N. Scottsdale Road, Suite 2000 85251
Scottsdale, Arizona (Address of principal executive offices) (Zip Code)
(480) 840-8100
(Registrant's telephone number, including area code)
N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant

Edgar Filing: Taylor Morrison Home Corp - Form 10-Q

was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Outstanding as of May 1, 2019 |
|---|-------------------------------|
| Class A common stock, \$0.00001 par value | 107,368,829 |

Table of Contents

TAYLOR MORRISON HOME CORPORATION
TABLE OF CONTENTS

| | Page |
|--|------------------|
| <u>PART I. FINANCIAL INFORMATION</u> | |
| <u>Item 1. Financial Statements of Taylor Morrison Home Corporation (Unaudited)</u> | <u>2</u> |
| <u>Condensed Consolidated Balance Sheets as of March 31, 2019 and December 31, 2018</u> | <u>2</u> |
| <u>Condensed Consolidated Statements of Operations for the three month periods ended March 31, 2019 and 2018</u> | <u>3</u> |
| <u>Condensed Consolidated Statements of Comprehensive Income for the three month periods ended March 31, 2019 and 2018</u> | <u>4</u> |
| <u>Condensed Consolidated Statement of Stockholders' Equity for the three month periods ended March 31, 2019 and 2018</u> | <u>5</u> |
| <u>Condensed Consolidated Statements of Cash Flows for the three month periods ended March 31, 2019 and 2018</u> | <u>7</u> |
| <u>Notes to the Unaudited Condensed Consolidated Financial Statements</u> | <u>8</u> |
| <u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>25</u> |
| <u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u> | <u>39</u> |
| <u>Item 4. Controls and Procedures</u> | <u>40</u> |
| <u>PART II. OTHER INFORMATION</u> | |
| <u>Item 1. Legal Proceedings</u> | <u>41</u> |
| <u>Item 1A. Risk Factors</u> | <u>41</u> |
| <u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u> | <u>41</u> |
| <u>Item 3. Defaults Upon Senior Securities</u> | <u>41</u> |
| <u>Item 4. Mine Safety Disclosures</u> | <u>41</u> |
| <u>Item 5. Other Information</u> | <u>41</u> |
| <u>Item 6. Exhibits</u> | <u>42</u> |
| <u>SIGNATURES</u> | <u>44</u> |

Table of Contents**PART I — FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****TAYLOR MORRISON HOME CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share amounts, unaudited)

| | March 31, 2019 | December 31, 2018 |
|--|---------------------------|------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 171,982 | \$ 329,645 |
| Restricted cash | 1,824 | 2,214 |
| Total cash, cash equivalents, and restricted cash | 173,806 | 331,859 |
| Owned inventory | 4,101,283 | 3,965,306 |
| Real estate not owned | 14,893 | 15,259 |
| Total real estate inventory | 4,116,176 | 3,980,565 |
| Land deposits | 55,063 | 57,929 |
| Mortgage loans held for sale | 103,705 | 181,897 |
| Derivative assets | 3,470 | 1,838 |
| Operating lease right of use assets | 29,378 | — |
| Prepaid expenses and other assets, net | 94,459 | 98,225 |
| Other receivables, net | 92,585 | 86,587 |
| Investments in unconsolidated entities | 138,334 | 140,541 |
| Deferred tax assets, net | 145,076 | 145,076 |
| Property and equipment, net | 85,275 | 86,736 |
| Intangible assets, net | 961 | 1,072 |
| Goodwill | 152,116 | 152,116 |
| Total assets | \$ 5,190,404 | \$ 5,264,441 |
| Liabilities | | |
| Accounts payable | \$ 143,082 | \$ 151,586 |
| Accrued expenses and other liabilities | 250,277 | 266,686 |
| Operating lease liabilities | 32,497 | — |
| Customer deposits | 176,902 | 165,432 |
| Estimated development liability | 37,104 | 37,147 |
| Senior notes, net | 1,653,459 | 1,653,746 |
| Loans payable and other borrowings | 192,764 | 225,497 |
| Revolving credit facility borrowings | 235,000 | 200,000 |
| Mortgage warehouse borrowings | 59,114 | 130,353 |
| Liabilities attributable to real estate not owned | 14,893 | 15,259 |
| Total liabilities | 2,795,092 | 2,845,706 |
| COMMITMENTS AND CONTINGENCIES (Note 16) | | |
| Stockholders' Equity | | |
| Class A common stock, \$0.00001 par value, 400,000,000 shares authorized, 124,997,685 and 124,519,942 shares issued, 109,066,720 and 112,965,856 shares outstanding as of March 31, 2019 and December 31, 2018, respectively | 1 | 1 |
| Class B common stock, \$0.00001 par value, 200,000,000 shares authorized. Zero shares issued and outstanding as of March 31, 2019 and December 31, 2018. | — | — |
| Preferred stock, \$0.00001 par value, 50,000,000 shares authorized, no shares issued and outstanding as of March 31, 2019 and December 31, 2018 | — | — |

Edgar Filing: Taylor Morrison Home Corp - Form 10-Q

| | | |
|---|-------------|--------------|
| Additional paid-in capital | 2,073,542 | 2,071,579 |
| Treasury stock at cost, 15,930,963 and 11,554,084 shares as of March 31, 2019 and December 31, 2018, respectively | (263,926) | (186,087) |
| Retained earnings | 578,829 | 527,698 |
| Accumulated other comprehensive income | 2,285 | 2,001 |
| Total stockholders' equity attributable to Taylor Morrison Home Corporation | 2,390,731 | 2,415,192 |
| Non-controlling interests – joint ventures | 4,581 | 3,543 |
| Total stockholders' equity | 2,395,312 | 2,418,735 |
| Total liabilities and stockholders' equity | \$5,190,404 | \$ 5,264,441 |

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements

Table of Contents**TAYLOR MORRISON HOME CORPORATION**
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts, unaudited)

| | Three Months Ended | |
|---|---------------------------|-------------|
| | March 31, | |
| | 2019 | 2018 |
| Home closings revenue, net | \$899,881 | \$732,959 |
| Land closings revenue | 4,113 | 5,168 |
| Financial services revenue | 16,044 | 14,206 |
| Amenity and other revenue | 5,054 | — |
| Total revenue | 925,092 | 752,333 |
| Cost of home closings | 735,797 | 594,906 |
| Cost of land closings | 2,692 | 4,281 |
| Financial services expenses | 10,721 | 10,044 |
| Amenity and other expenses | 3,842 | — |
| Total cost of revenue | 753,052 | 609,231 |
| Gross margin | 172,040 | 143,102 |
| Sales, commissions and other marketing costs | 67,429 | 53,698 |
| General and administrative expenses | 36,454 | 33,318 |
| Equity in income of unconsolidated entities | (2,319) | (3,246) |
| Interest income, net | (333) | (343) |
| Other (income)/expense, net | (1,392) | 437 |
| Transaction expenses | 4,129 | — |
| Income before income taxes | 68,072 | 59,238 |
| Income tax provision | 16,791 | 11,706 |
| Net income before allocation to non-controlling interests | 51,281 | 47,532 |
| Net income attributable to non-controlling interests — joint ventures | (150) | (129) |
| Net income before non-controlling interests | 51,131 | 47,403 |
| Net income attributable to non-controlling interests | — | (2,470) |
| Net income available to Taylor Morrison Home Corporation | \$51,131 | \$44,933 |
| Earnings per common share | | |
| Basic | \$0.46 | \$0.42 |
| Diluted | \$0.46 | \$0.41 |
| Weighted average number of shares of common stock: | | |
| Basic | 110,512 | 107,195 |
| Diluted | 111,668 | 114,767 |

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements

Table of Contents

TAYLOR MORRISON HOME CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, unaudited)

| | Three Months | |
|---|------------------------|-------------|
| | Ended March 31, | |
| | 2019 | 2018 |
| Income before non-controlling interests, net of tax | \$ 51,281 | \$ 47,532 |
| Post-retirement benefits adjustments, net of tax | (284) | — |
| Comprehensive income | 50,997 | 47,532 |
| Comprehensive income attributable to non-controlling interests — joint ventures | (150) | (129) |
| Comprehensive income attributable to non-controlling interests | — | (2,470) |
| Comprehensive income available to Taylor Morrison Home Corporation | \$ 50,847 | \$ 44,933 |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**TAYLOR MORRISON HOME CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**

(In thousands, except share data, unaudited)

| | Common Stock | | Additional Paid-in Capital | Treasury Stock | | Stockholders' Equity | | | | |
|---|-------------------|-------------------|----------------------------------|----------------|------------|----------------------|---|--|----------------------------------|-------------|
| | Class A Shares | Class B Amount | | Shares | Amount | Retained Earnings | Accumulated Other Comprehensive Income | Non-controlling Interest - Joint Venture | Total Stockholders' Equity | |
| Balance – December 31, 2018 | 112,965,856 | \$ 1 | —\$ — | —\$2,071,579 | 11,554,084 | \$(186,087) | \$527,698 | \$ 2,001 | \$ 3,543 | \$2,418,735 |
| Net income | — | — | — | — | — | — | 51,131 | — | 150 | 51,281 |
| Other comprehensive income | — | — | — | — | — | — | — | 284 | — | 284 |
| Exercise of stock options | 3,176 | — | — | 39 | — | — | — | — | — | 39 |
| Issuance of restricted stock units, net of shares withheld for tax | 474,567 | — | — | (1,493) | — | — | — | — | — | (1,493) |
| Repurchase of Class A common stock | (4,376,879) | — | — | — | 4,376,879 | (77,839) | — | — | — | (77,839) |
| Stock Compensation Expense | — | — | — | 3,417 | — | — | — | — | — | 3,417 |
| Distributions to non-controlling interests of consolidated joint ventures | — | — | — | — | — | — | — | — | (17) | (17) |
| Changes in non-controlling interests of consolidated joint ventures | — | — | — | — | — | — | — | — | 905 | 905 |
| Balance – March 31, 2019 | 109,066,720 | \$ 1 | —\$ — | —\$2,073,542 | 15,930,963 | \$(263,926) | \$578,829 | \$ 2,285 | \$ 4,581 | \$2,395,312 |

Table of Contents**TAYLOR MORRISON HOME CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**

(In thousands, except share data, unaudited)

| | Common Stock | | Additional Paid-in Capital | Treasury Stock | | Stockholders' Equity | | | | |
|---|--------------|-----------------|----------------------------------|----------------|------------|----------------------|---|--|---------------------------------------|----------------------------------|
| | Class A | Class B | | Shares | Amount | Retained Earnings | Accumulated Other Comprehensive Loss | Non-controlling Interest - Venture | Non-controlling Joint Interests | Total Stockholders' Equity |
| | Shares | Amount | | Shares | Amount | | | | | |
| Balance – December 31, 2017 | 82,399,996 | \$ 1 37,179,616 | \$ —\$1,341,873 | 3,049,257 | \$(47,622) | \$319,833 | \$(17,968) | \$ 1,663 | \$ 748,765 | \$ 2,346,545 |
| Cumulative-effect adjustment to Retained Earnings, net of tax related to adoption of ASU No. 2014-09 (see Note 2) | — | — | — | — | — | 1,983 | — | — | — | 1,983 |
| Net income | — | — | — | — | — | 44,933 | — | 129 | 2,470 | 47,532 |
| Exchange of New TMM Units and corresponding number of Class B Common Stock | 15,000 | (15,000) | 1,265 | — | — | — | — | — | (1,265) | — |
| TMHC repurchase and cancellation of New TMM Units from Former Principal Equityholders | — | (7,588,771) | (201,775) | — | — | — | — | — | — | (201,775) |
| Exercise of stock options | 37,060 | — | 580 | — | — | — | — | — | — | 580 |
| Issuance of restricted stock units | 149,217 | — | (1,482) | — | — | — | — | — | — | (1,482) |
| Exchange of B shares from public offerings | 28,706,924 | — | 730,112 | — | — | — | — | — | — | 730,112 |
| Repurchase of New TMM Units from Former Principal Equityholders | — | (28,706,924) | — | — | — | — | — | — | (730,963) | (730,963) |
| Share based compensation | — | — | 3,359 | — | — | — | — | — | 184 | 3,543 |
| Changes in non-controlling interests of consolidated joint ventures | — | — | — | — | — | — | — | (445) | — | (445) |
| Balance – March 31, 2018 | 111,308,197 | \$ 1 868,921 | \$ —\$1,873,932 | 3,049,257 | \$(47,622) | \$366,749 | \$(17,968) | \$ 1,347 | \$ 19,191 | \$ 2,195,630 |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**TAYLOR MORRISON HOME CORPORATION**
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, unaudited)

| | Three Months Ended | |
|---|---------------------------|---------------------|
| | March 31, | |
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income before allocation to non-controlling interests | \$51,281 | \$47,532 |
| Adjustments to reconcile net income to net cash (used in)/provided by operating activities: | | |
| Equity in income of unconsolidated entities | (2,319) | (3,246) |
| Stock compensation expense | 3,417 | 3,543 |
| Distributions of earnings from unconsolidated entities | 2,435 | 541 |
| Depreciation and amortization | 7,765 | 5,015 |
| Operating lease expense | 2,065 | — |
| Debt issuance costs/premium amortization | (71) | 878 |
| Contingent consideration | — | 146 |
| Deferred income taxes | — | 106 |
| Changes in operating assets and liabilities: | | |
| Real estate inventory and land deposits | (133,111) | (120,004) |
| Mortgages held for sale, prepaid expenses and other assets | 42,670 | 78,862 |
| Customer deposits | 11,470 | 37,294 |
| Accounts payable, accrued expenses and other liabilities | (13,896) | (59,494) |
| Income taxes payable | — | 9,532 |
| Net cash (used in)/provided by operating activities | (28,294) | 705 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (6,194) | (2,695) |
| Distributions of capital from unconsolidated entities | 3,180 | 492 |
| Investments of capital into unconsolidated entities | (1,089) | (2,118) |
| Net cash used in investing activities | (4,103) | (4,321) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Increase in loans payable and other borrowings | 2,066 | 1,823 |
| Repayments of loans payable and other borrowings | (13,078) | (2,884) |
| Borrowings on revolving credit facility | 35,000 | — |
| Borrowings on mortgage warehouse | 159,522 | 145,925 |
| Repayment on mortgage warehouse | (230,761) | (223,225) |
| Payment of contingent consideration | — | (265) |
| Proceeds from stock option exercises | 39 | 580 |
| Proceeds from issuance of shares from public offerings | — | 767,116 |
| TMHC repurchase and cancellation of New TMM Units from Former Principal Equityholders | — | (201,775) |
| Repurchase of shares from Former Principal Equityholders | — | (767,967) |
| Repurchase of common stock, net | (77,839) | — |
| Payment of taxes related to net share settlement of equity awards | (1,493) | (1,482) |
| Changes to non-controlling interests of consolidated joint ventures, net | 888 | (445) |
| Net cash used in financing activities | (125,656) | (282,599) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | \$(158,053) | \$(286,215) |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — Beginning of period | 331,859 | 575,503 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — End of period | \$173,806 | \$289,288 |
| SUPPLEMENTAL CASH FLOW INFORMATION: | | |

Edgar Filing: Taylor Morrison Home Corp - Form 10-Q

| | | |
|--|-----------|--------------|
| Income taxes paid, net | \$ (1) | \$ (2,069) |
| SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Change in loans payable issued to sellers in connection with land purchase contracts | \$ 11,120 | \$ 7,829 |
| Change in inventory not owned | \$ (366) | \$ (517) |
| Change in Prepaid expenses and other assets, net due to adoption of ASU 2014-09 | \$ — | \$ (32,004) |
| Change in Property and equipment, net due to adoption of ASU 2014-09 | \$ — | \$ 32,004 |
| Beginning Operating lease right of use assets due to adoption of ASU 2016-02 | \$ 27,384 | \$ — |
| Beginning Operating lease right of use liabilities due to adoption of ASU 2016-02 | \$ 30,331 | \$ — |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements

7

Table of Contents

TAYLOR MORRISON HOME CORPORATION
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS

Organization and Description of the Business — Taylor Morrison Home Corporation “TMHC” through its subsidiaries (together with TMHC referred to herein as “we,” “our,” “the Company” and “us”), owns and operates a residential homebuilding business and is a developer of lifestyle communities. As of March 31, 2019, we operated in the states of Arizona, California, Colorado, Florida, Georgia, Illinois, North and South Carolina, and Texas. Our Company serves a wide array of consumer groups from coast to coast, including first time, move-up, luxury, and active adult. Our homebuilding segments operate under our Taylor Morrison and Darling Homes brand names. Our business is organized into multiple homebuilding operating components, and a financial services component, all of which are managed as four reportable segments: East, Central, West, and Financial Services. The communities in our homebuilding segments offer single and multi-family attached and detached homes. We are the general contractors for all real estate projects and retain subcontractors for home construction and land development. Our Financial Services segment provides financial services to customers through our wholly owned mortgage subsidiary, operating as Taylor Morrison Home Funding, LLC (“TMHF”), and title services through our wholly owned title services subsidiary, Inspired Title Services, LLC (“Inspired Title”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation — The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2018 (the “Annual Report”). In the opinion of management, the accompanying unaudited Condensed Consolidated Financial Statements include all normal and recurring adjustments that are considered necessary for the fair presentation of our results for the interim periods presented. Results for interim periods are not necessarily indicative of results to be expected for a full fiscal year.

Non-controlling interests – Represents the amount of income attributable to our former principal equityholders for the quarter ended March 31, 2018 on the Condensed Consolidated Statement of Operations. As of March 31, 2018, the former principal equityholders no longer held any ownership interest in the Company.

Non-controlling interests - Joint Ventures - We consolidate certain joint ventures in accordance with Accounting Standards Codification (“ASC”) *Topic 810, “Consolidation.”* The income from the percentage of the joint venture not owned by us is presented as “Net income attributable to non-controlling interests - joint ventures” on the Condensed Consolidated Statements of Operations.

Use of Estimates — The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes. Significant estimates include real estate development costs to complete, valuation of real estate, valuation of acquired assets, valuation of goodwill, valuation of equity awards, valuation allowance on deferred tax assets and reserves for warranty and self-insured risks. Actual results could differ from those estimates.

Real Estate Inventory — Inventory consists of raw land, land under development, homes under construction, completed homes, and model homes, all of which are stated at cost. In addition to direct carrying costs, we also capitalize interest, real estate taxes, and related development costs that benefit the entire community, such as field construction supervision and related direct overhead. Home vertical construction costs are accumulated and charged to cost of sales at the time of home closing using the specific identification method. Land acquisition, development,

interest, real estate taxes and overhead are allocated to homes and units using the relative sales value method. These costs are capitalized to inventory from the point development begins to the point construction is completed. Changes in estimated costs to be incurred in a community are generally allocated to the remaining lots on a prospective basis. For those communities that have been temporarily closed or development has been discontinued, we do not allocate interest or other costs to the community's inventory until activity resumes. Such costs are expensed as incurred.

We capitalize qualifying interest costs to inventory during the development and construction periods. Capitalized interest is charged to cost of sales when the related inventory is charged to cost of sales.

Table of Contents

We assess the recoverability of our inventory in accordance with the provisions of ASC Topic 360, *Property, Plant, and Equipment*. We review our real estate inventory for indicators of impairment by community during each reporting period. If indicators of impairment are present for a community, we first perform an undiscounted cash flow analysis to determine if the carrying value of the assets in that community exceeds the expected undiscounted cash flows. Generally, if the carrying value of the assets exceeds their estimated undiscounted cash flows, then the assets are deemed to be impaired and are recorded at fair value as of the assessment date. Our determination of fair value is primarily based on a discounted cash flow model which includes projections and estimates relating to sales prices, construction costs, sales pace, and other factors. Changes in these expectations may lead to a change in the outcome of our impairment analysis, and actual results may also differ from our assumptions. For the three months ended March 31, 2019 and 2018, no impairment charges were recorded.

In certain cases, we may elect to cease development and/or marketing of an existing community if we believe the economic performance of the community would be maximized by deferring development for a period of time to allow for market conditions to improve. We refer to such communities as long-term strategic assets. The decision may be based on financial and/or operational metrics as determined by us. If we decide to cease development, we will evaluate the project for impairment and then cease future development and marketing activity until such a time when we believe that market conditions have improved and economic performance can be maximized. Our assessment of the carrying value of our long-term strategic assets typically includes subjective estimates of future performance, including the timing of when development will recommence, the type of product to be offered, and the margin to be realized. In the future, some of these inactive communities may be re-opened while others may be sold. As of March 31, 2019 and December 31, 2018 we had no inactive projects.

In the ordinary course of business, we enter into various specific performance agreements to acquire lots. Real estate not owned under these agreements is reflected in *Real estate not owned* with a corresponding liability in *Liabilities attributable to real estate not owned* in the Condensed Consolidated Balance Sheets.

Investments in Unconsolidated Entities — We evaluate our investments in unconsolidated entities for indicators of impairment. A series of operating losses of an investee or other factors may indicate that a decrease in value of our investment in the unconsolidated entity has occurred which is other-than-temporary. The amount of impairment recognized is the excess of the investment's carrying amount over its estimated fair value. Additionally, we consider various qualitative factors to determine if a decrease in the value of the investment is other-than-temporary. These factors include age of the venture, stage in its life cycle, our intent and ability to recover our investment in the unconsolidated entity, financial condition and long-term prospects of the unconsolidated entity, short-term liquidity needs of the unconsolidated entity, trends in the general economic environment of the land, entitlement status of the land held by the unconsolidated entity, overall projected returns on investment, defaults under contracts with third parties (including bank debt), recoverability of the investment through future cash flows and relationships with the other partners. If the Company believes that the decline in the fair value of the investment is temporary, then no impairment is recorded. We did not record any impairment charges for the three months ended March 31, 2019 or 2018.

Leases — We adopted Accounting Standards Update (“ASU”) No. 2016-02—*Leases* (Topic 842), as amended, on January 1, 2019, using the modified retrospective approach. In addition, we elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed us to carry forward the historical lease classification. We also elected the hindsight practical expedient to determine the lease term for existing leases.

Our leases primarily consist of office space, construction trailers, model leasebacks, and equipment or storage units. Certain of our leases offer the option to renew or to increase rental square footage. The execution of such options are at our discretion and may result in a lease modification.

Adoption of the new standard resulted in the recording of an opening balance of Operating lease right of use assets and Operating lease liabilities of approximately \$27.4 million and \$30.3 million, respectively. The weighted average discount rate used in determining our operating lease liabilities is 5.795%. Payments on the lease liabilities for the three months ended March 31, 2019 were approximately \$2.0 million. For the three months ended March 31, 2019, we recorded lease expense of approximately \$2.1 million within General and administrative expenses on our condensed consolidated statement of operations.

The future minimum lease payments required under our leases as of March 31, 2019 are as follows (dollars in thousands):

9

Table of Contents

| Years Ending December 31, | Lease Payments ⁽¹⁾ |
|-------------------------------------|-------------------------------|
| 2019 ⁽¹⁾ | \$ 7,314 |
| 2020 | 7,906 |
| 2021 | 7,050 |
| 2022 | 5,728 |
| 2023 | 4,701 |
| Thereafter | 9,069 |
| Total lease payments | \$ 41,768 |
| Less: Interest | \$ 9,271 |
| Present value of lease liabilities. | \$ 32,497 |

⁽¹⁾Lease payments for the period beginning April 1, 2019 through December 31, 2019.

Revenue RecognitionTopic 606

We recognize revenue in accordance with ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09” or “Topic 606”). The standard's core principle requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

Home and land closings revenue

Under Topic 606, the following steps are applied to determine the proper home closings revenue and land closings revenue recognition: (1) we identify the contract(s) with our customer; (2) we identify the performance obligations in the contract; (3) we determine the transaction price; (4) we allocate the transaction price to the performance obligations in the contract; and (5) we recognize revenue when (or as) we satisfy the performance obligation. For our home sales transactions, we have one contract, with one performance obligation, with each customer to build and deliver the home purchased (or develop and deliver land). Based on the application of the five steps, the following summarizes the timing and manner of home and land sales revenue:

Revenue from closings of residential real estate is recognized when closings have occurred, the buyer has made the required minimum down payment, obtained necessary financing, the risks and rewards of ownership are transferred to the buyer, and we have no continuing involvement with the property, which is generally upon the close of escrow. Revenue is reported net of any discounts and incentives.

Revenue from land sales is recognized when a significant down payment is received, title passes and collectability of the receivable is reasonably assured, and we have no continuing involvement with the property, which is generally upon the close of escrow.

Amenity and other revenue

We own and operate certain amenities pursuant to recorded mandatory club plans, which require us to provide club members with access to amenity facilities in exchange for the payment of club dues. We collect club dues and other fees from the club members, which are billed on a monthly basis. Revenue from our golf club operations is also included in amenity revenue.

Financial services revenue

Mortgage operations and hedging activity related to financial services are not within the scope of Topic 606. Loan origination fees (including title fees, points, and closing costs) are recognized at the time the related real estate transactions are completed, usually upon the close of escrow. All of the loans TMHF originates are sold to third party investors within a short period of time, on a non-recourse basis. Gains and losses from the sale of mortgages are

recognized in accordance with ASC Topic 860-20, *Sales of Financial Assets*. TMHF does not have continuing involvement with the transferred assets, therefore, we derecognize the mortgage loans at time of sale, based on the difference between the selling price and carrying value of the related loans upon sale, recording a gain/loss on sale in the period of sale. Also included in financial services revenue/expenses are realized and unrealized gain and losses from hedging instruments.

3. BUSINESS COMBINATIONS

In accordance with ASC Topic 805, *Business Combinations*, all material assets acquired and liabilities assumed from our acquisition of AV homes on October 2, 2018, were measured and recognized at fair value as of the date of the acquisition to reflect the purchase price paid.

Table of Contents

We determined the estimated fair value of real estate inventory primarily using the sales comparison and income approaches. To a certain extent, certain inventory was valued using third party appraisals and/or market comparisons. The sales comparison approach was used for all inventory in process. The income approach derives a value using a discounted cash flow for income-producing real property. This approach was used exclusively for finished lots. These estimated cash flows and ultimate valuation are significantly affected by the discount rate, estimates related to expected average selling prices and sales incentives, expected sales paces and cancellation rates, expected land development and construction timelines, and anticipated land development, construction, overhead costs and may vary significantly between communities.

We performed a preliminary allocation of purchase price as of the acquisition date. The following is a summary of the fair value of assets acquired and liabilities assumed.

| | |
|--|----------------------------|
| <i>(Dollars in thousands)</i> | AV Homes |
| <i>Acquisition Date</i> | <i>October 2, 2018</i> |
| Assets acquired | |
| Real estate inventory | \$ 778,174 |
| Prepaid expenses and other assets ⁽¹⁾ | 106,612 |
| Deferred tax assets, net | 71,411 |
| Property and equipment | 50,996 |
| Goodwill ⁽²⁾ | 85,918 |
| Total assets | \$ 1,093,111 |

Less liabilities assumed

| | |
|--|-------------------|
| Accrued expenses and other liabilities | \$ 94,308 |
| Customer deposits | 14,130 |
| Estimated development liability | 37,230 |
| Senior notes, net | 412,520 |
| Net assets acquired | \$ 534,923 |

⁽¹⁾ Includes cash acquired.

⁽²⁾ Goodwill is not deductible for tax purposes. We allocated \$45.1 million of goodwill to the East homebuilding segment, \$30.3 million to the Central homebuilding segment, and \$10.5 million to the West homebuilding segment.

Unaudited Pro Forma Results of Business Combinations

The following unaudited pro forma information for the periods presented include the results of operations of our acquisition of AV Homes as if it had been completed on January 1, in the year prior to our acquisition year. The pro forma results are presented for informational purposes only and do not purport to be indicative of the results of operations or future results that would have been achieved if the acquisition had taken place one year prior to the acquisition year. The pro forma information combines the historical results of the Company with the historical results of AV Homes for the periods presented.

The unaudited pro forma results do not give effect to any synergies, operating efficiencies, other costs savings that may result from the acquisitions, or other significant non-reoccurring expenses or transactions that do not have a continuing impact. Earnings per share utilizes net income and total weighted average shares of common stock. The pro forma amounts are based on available information and certain assumptions that we believe are reasonable.

Table of Contents

| | As Adjusted for the three months ended March 31, | |
|--|---|--------------------|
| | 2019 | 2018 |
| <i>(Dollars in thousands except per share data)</i> | <i>(As reported)</i> | <i>(Pro forma)</i> |
| Total revenues | \$925,092 | \$904,341 |
| Net income | \$51,281 | \$45,189 |
| Net income attributable to non-controlling interests — joint ventures | (150) | (129) |
| Net income attributable to non-controlling interest - Former Principal Equityholders | — | (2,470) |
| Net income available to TMHC - Basic | \$51,131 | \$42,590 |
| Net income attributable to non-controlling interest - Former Principal Equityholders | — | 2,470 |
| Loss fully attributable to public holding company | — | 165 |
| Net income - Diluted | \$51,131 | \$45,225 |
| Weighted average shares - Basic | 110,512 | 116,319 |
| Weighted average shares - Diluted | 111,668 | 123,890 |
| Earnings per share - Basic | \$0.46 | \$0.37 |
| Earnings per share - Diluted | \$0.46 | \$0.37 |

4. EARNINGS PER SHARE

Basic earnings per common share is computed by dividing net income available to TMHC by the weighted average number of shares of Class A Common Stock outstanding during the period. Diluted earnings per share gives effect to the potential dilution that could occur if all outstanding dilutive equity awards to issue shares of Class A Common Stock were exercised or settled.

The following is a summary of the components of basic and diluted earnings per share (in thousands, except per share amounts):

| | Three months ended March 31, | |
|--|---|-------------|
| | 2019 | 2018 |
| <u>Numerator:</u> | | |
| Net income available to TMHC – basic | \$51,131 | \$44,933 |
| Net income attributable to non-controlling interest | — | 2,470 |
| Loss fully attributable to public holding company | — | 165 |
| Net income – diluted | \$51,131 | \$47,568 |
| <u>Denominator:</u> | | |
| Weighted average shares – basic | 110,512 | 107,195 |
| Weighted average shares – non-controlling interest | — | 5,849 |
| Restricted stock units | 922 | 1,126 |
| Stock Options | 234 | 597 |
| Weighted average shares – diluted | 111,668 | 114,767 |
| Earnings per common share – basic: | | |
| Net income available to Taylor Morrison Home Corporation | \$0.46 | \$0.42 |
| Earnings per common share – diluted: | | |
| Net income available to Taylor Morrison Home Corporation | \$0.46 | \$0.41 |

We excluded a total weighted average of 3,060,096 and 481,705 outstanding anti-dilutive stock options and unvested restricted stock units (“RSUs”) from the calculation of earnings per share for the three months ended March 31, 2019

and 2018, respectively.

12

Table of Contents**5. REAL ESTATE INVENTORY AND LAND DEPOSITS**

Inventory consists of the following (in thousands):

| | As of | |
|--|-------------------|----------------------|
| | March 31, 2019 | December 31, 2018 |
| Real estate developed and under development | \$2,857,408 | \$2,833,875 |
| Real estate held for development or held for sale ⁽¹⁾ | 72,118 | 61,415 |
| Operating communities ⁽²⁾ | 1,064,839 | 973,985 |
| Capitalized interest | 106,918 | 96,031 |
| Total owned inventory | 4,101,283 | 3,965,306 |
| Real estate not owned | 14,893 | 15,259 |
| Total real estate inventory | \$4,116,176 | \$3,980,565 |

⁽¹⁾ Real estate held for development or held for sale includes properties which are not in active production. This includes raw land recently purchased or awaiting entitlement and properties where we have ceased development and/or marketing.

⁽²⁾ Operating communities consist of all vertical construction costs relating to homes in progress and completed homes for all active production of inventory.

The development status of our land inventory is as follows (dollars in thousands):

| | As of | | As of | |
|---------------------|----------------|---|-------------------|---|
| | March 31, 2019 | | December 31, 2018 | |
| | Owned | Book Value of Land Lots and Development | Owned | Book Value of Land Lots and Development |
| Raw | 8,524 | \$ 367,988 | 9,653 | \$ 461,387 |
| Partially developed | 13,492 | 867,855 | 12,036 | 756,376 |
| Finished | 21,621 | 1,693,683 | 21,975 | 1,677,527 |
| Total | 43,637 | \$ 2,929,526 | 43,664 | \$ 2,895,290 |

Land Deposits — We provide deposits related to land options and land purchase contracts, which are capitalized when paid and classified as land deposits until the associated property is purchased.

As of March 31, 2019 and December 31, 2018, we had the right to purchase 4,136 and 4,781 lots under land option purchase contracts, respectively, for an aggregate purchase price of \$310.9 million and \$393.8 million, respectively. We do not have title to the properties, and the creditors generally have no recourse against the Company. As of March 31, 2019 and December 31, 2018, our exposure to loss related to our option contracts with third parties and unconsolidated entities consisted of non-refundable deposits totaling \$55.1 million and \$57.9 million, respectively.

Capitalized Interest — Interest capitalized, incurred and amortized is as follows (in thousands):

| | Three Months Ended March 31, | |
|---|------------------------------------|-----------|
| | 2019 | 2018 |
| Interest capitalized - beginning of period | \$96,031 | \$90,496 |
| Interest incurred | 27,792 | 19,686 |
| Interest amortized to cost of home closings | (16,905) | (14,848) |
| Interest capitalized - end of period | \$106,918 | \$95,334 |

6. INVESTMENTS IN UNCONSOLIDATED ENTITIES

We have investments in a number of joint ventures with related and unrelated third parties, with ownership interests up to 50.0%. These entities are generally involved in real estate development, homebuilding and/or mortgage lending activities.

13

Table of Contents

Some of these joint ventures develop land for the sole use of the joint venture participants, including us, and others develop land for sale to both the joint venture participants and to unrelated builders. Our share of the joint venture profit relating to lots we purchase from the joint ventures is deferred until homes are delivered by us and title passes to a homebuyer.

Summarized, unaudited combined financial information of unconsolidated entities that are accounted for by the equity method is as follows (in thousands):

| | As of | |
|--------------------------------------|--------------|-----------------|
| | March | December |
| | 31, | 31, |
| | 2019 | 2018 |
| Assets: | | |
| Real estate inventory | \$452,964 | \$ 508,795 |
| Other assets | 138,806 | 125,436 |
| Total assets | \$591,770 | \$ 634,231 |
| Liabilities and owners' equity: | | |
| Debt | \$193,901 | \$ 176,564 |
| Other liabilities | 16,178 | 16,061 |
| Total liabilities | 210,079 | 192,625 |
| Owners' equity: | | |
| TMHC | 138,334 | 140,541 |
| Others | 243,357 | 301,075 |
| Total owners' equity | 381,691 | 441,616 |
| Total liabilities and owners' equity | \$591,770 | \$ 634,241 |

| | Three Months | |
|--|---------------------|-------------|
| | Ended | |
| | March 31, | |
| | 2019 | 2018 |
| Revenues | \$61,016 | \$59,074 |
| Costs and expenses | (52,820) | (47,332) |
| Income of unconsolidated entities | \$8,196 | \$11,742 |
| TMHC's share in income of unconsolidated entities | \$2,319 | \$3,246 |
| Distributions to TMHC from unconsolidated entities | \$5,615 | \$1,033 |

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following (in thousands):

| | As of | As of |
|---|-----------------|-----------------|
| | March | December |
| | 31, 2019 | 31, 2018 |
| Real estate development costs to complete | \$ 15,044 | \$ 16,591 |
| Compensation and employee benefits | 38,663 | 73,955 |
| Self-insurance and warranty reserves | 87,887 | 93,790 |
| Interest payable | 35,526 | 21,385 |
| Property and sales taxes payable | 12,193 | 14,861 |
| Other accruals | 60,964 | 46,104 |

Total accrued expenses and other liabilities \$250,277 \$ 266,686

Self-Insurance and Warranty Reserves – We accrue for the expected costs associated with our limited warranty, deductibles and self-insured amounts under our various insurance policies within Beneva Indemnity Company ("Beneva"), a wholly owned subsidiary. A summary of the changes in our reserves are as follows (in thousands):

14

Table of Contents

| | Three Months Ended March 31, 2019 2018 | |
|--|--|----------|
| Reserve - beginning of period | \$93,790 | \$51,010 |
| Additions to reserves | 7,848 | 5,043 |
| Costs and claims incurred | (14,595) | (5,060) |
| Change in estimates to existing reserves | 844 | (657) |
| Reserve - end of period | \$87,887 | \$50,336 |

8. ESTIMATED DEVELOPMENT LIABILITY

The estimated development liability consists primarily of the estimated cost of future utilities improvements in Poinciana, Florida and Rio Rico, Arizona for more than 8,000 home sites previously sold, in most cases prior to 1980. The estimated development liability is reduced by actual expenditures and is evaluated and adjusted, as appropriate, to reflect management's estimate of potential completion costs. We obtained third-party engineer evaluations and recorded this liability at fair value to reflect the estimated completion costs. Future increases or decreases of costs for construction, material and labor, as well as other land development and utilities infrastructure costs, may have a significant effect on the estimated development liability.

9. DEBT

Total debt consists of the following (in thousands):

| | As of March 31, 2019 | | | December 31, 2018 | | |
|--|---------------------------------|--|---------------------------|--------------------------|--|---------------------------|
| | Principal | Unamortized Debt Issuance (Costs) / Premium | Carrying Value | Principal | Unamortized Debt Issuance (Costs) / Premium | Carrying Value |
| 5.25% Senior Notes due 2021 | \$550,000 | \$ (2,395) | \$547,605 | \$550,000 | \$ (2,695) | \$547,305 |
| 6.625% Senior Notes due 2022 | 400,000 | 10,794 | 410,794 | 400,000 | 11,656 | 411,656 |
| 5.875% Senior Notes due 2023 | 350,000 | (2,293) | 347,707 | 350,000 | (2,434) | 347,566 |
| 5.625% Senior Notes due 2024 | 350,000 | (2,647) | 347,353 | 350,000 | (2,781) | 347,219 |
| Senior Notes subtotal | 1,650,000 | 3,459 | 1,653,459 | 1,650,000 | 3,746 | 1,653,746 |
| Loans payable and other borrowings | 192,764 | — | 192,764 | 225,497 | — | 225,497 |
| Revolving Credit Facility | 35,000 | — | 35,000 | — | — | — |
| 364-Day Credit Agreement | 200,000 | — | 200,000 | 200,000 | — | 200,000 |
| Mortgage warehouse borrowings | 59,114 | — | 59,114 | 130,353 | — | 130,353 |
| Total Senior Notes and other financing | \$2,136,878 | \$ 3,459 | \$2,140,337 | \$2,205,850 | \$ 3,746 | \$2,209,596 |

2021 Senior Notes

On April 16, 2013, we issued \$550.0 million aggregate principal amount of 5.25% Senior Notes due 2021 (the "2021 Senior Notes").

The 2021 Senior Notes mature on April 15, 2021. The 2021 Senior Notes are guaranteed by TMM Holdings Limited Partnership ("TMM"), Taylor Morrison Holdings, Inc., Taylor Morrison Communities II, Inc. and their homebuilding subsidiaries (collectively, the "Guarantors"), which are all subsidiaries directly or indirectly of TMHC. The 2021 Senior

Notes and the related guarantees are senior unsecured obligations and are not subject to registration rights. The indenture for the 2021 Senior Notes contains covenants that limit (i) the making of investments, (ii) the payment of dividends and the redemption of equity and junior debt, (iii) the incurrence of additional indebtedness, (iv) asset dispositions, (v) mergers and similar corporate transactions, (vi) the incurrence of liens, (vii) prohibitions on payments and asset transfers among the issuers and restricted subsidiaries and (viii) transactions with affiliates, among others. The indenture governing the 2021 Senior Notes contains customary events of default. If we do not apply the net cash proceeds of certain asset sales within specified deadlines, we will be required to offer to repurchase the 2021 Senior Notes at par (plus accrued and unpaid interest) with such proceeds. We are

Table of Contents

also required to offer to repurchase the 2021 Senior Notes at a price equal to 101% of their aggregate principal amount (plus accrued and unpaid interest) upon certain change of control events.

The 2021 Senior Notes are redeemable at scheduled redemption prices at 101.313%, as of March 31, 2019, and currently 100.0%, of their principal amount (plus accrued and unpaid interest).

There are no financial maintenance covenants for the 2021 Senior Notes.

2022 Senior Notes

On October 2, 2018, we assumed \$400.0 million aggregate principal amount of 6.625% Senior Notes due 2022 (the "2022 Senior Notes"). The carrying value of \$411.7 million at December 31, 2018 reflects the acquisition fair value adjustment of the debt instrument, net of amortization.

The 2022 Senior Notes mature on May 15, 2022. The 2022 Senior Notes are guaranteed by the same Guarantors that guarantee our other Senior Notes. The 2022 Senior Notes and the related guarantees are senior unsecured obligations and are not subject to registration rights. The indenture governing the 2022 Senior Notes contains covenants that limit our ability to incur debt secured by liens and enter into certain sale and leaseback transactions. The indenture governing the 2022 Senior Notes contains customary events of default that are similar to those contained in the indentures governing our other Senior Notes. We are also required to offer to repurchase the 2022 Senior Notes at a price equal to 101% of their aggregate principal amount (plus accrued and unpaid interest) upon certain change of control events.

Prior to May 15, 2019, the 2022 Senior Notes are redeemable at a price equal to 100% plus a "make-whole" premium for payments through May 15, 2019 (plus accrued and unpaid interest). Beginning on May 15, 2019, the 2022 Senior Notes are redeemable at 103.313% of principal (plus accrued and unpaid interest), beginning on May 15, 2020, the 2022 Senior Notes are redeemable at 101.656% of principal (plus accrued and unpaid interest) and beginning on May 21, 2021, the 2022 Senior Notes are redeemable at 100% of principal (plus accrued and unpaid interest).

There are no financial maintenance covenants for the 2022 Senior Notes.

2023 Senior Notes

On April 16, 2015, we issued \$350.0 million aggregate principal amount of 5.875% Senior Notes due 2023 (the "2023 Senior Notes"). The 2023 Senior Notes and the related guarantees are senior unsecured obligations and are not subject to registration rights.

The 2023 Senior Notes mature on April 15, 2023. The 2023 Senior Notes are guaranteed by the same Guarantors that guarantee our other Senior Notes. The indenture governing the 2023 Senior Notes contains covenants that limit our ability to incur debt secured by liens and enter into certain sale and leaseback transactions. The indenture governing the 2023 Senior Notes contains events of default that are similar to those contained in the indentures governing our other Senior Notes. The change of control provisions in the indenture governing the 2023 Senior Notes are similar to those contained in the indenture governing the 2021 Senior Notes, but a credit rating downgrade must occur in connection with the change of control before the repurchase offer requirement is triggered for the 2023 Senior Notes.

Prior to January 15, 2023, the 2023 Senior Notes are redeemable at a price equal to 100% plus a "make-whole" premium for payments through January 15, 2023 (plus accrued and unpaid interest). Beginning January 15, 2023, the 2023 Senior Notes are redeemable at par (plus accrued and unpaid interest).

There are no financial maintenance covenants for the 2023 Senior Notes.

2024 Senior Notes

On March 5, 2014, we issued \$350.0 million aggregate principal amount of 5.625% Senior Notes due 2024 (the "2024 Senior Notes").

The 2024 Senior Notes mature on March 1, 2024. The 2024 Senior Notes are guaranteed by the same Guarantors that guarantee our other Senior Notes. The 2024 Senior Notes and the related guarantees are senior unsecured obligations and are not subject to registration rights. The indenture governing the 2024 Senior Notes contains covenants that limit our ability to incur debt

Table of Contents

secured by liens and enter into certain sale and leaseback transactions similar to the 2023 Senior Notes. The indenture governing the 2024 Senior Notes contains events of default that are similar to those contained in the indentures governing our other Senior Notes. The change of control provisions in the indenture governing the 2024 Senior Notes are similar to those contained in the indenture governing the 2023 Senior Notes.

Prior to December 1, 2023, the 2024 Senior Notes are redeemable at a price equal to 100% plus a “make-whole” premium for payments through December 1, 2023 (plus accrued and unpaid interest). Beginning on December 1, 2023, the 2024 Senior Notes are redeemable at par (plus accrued and unpaid interest).

There are no financial maintenance covenants for the 2024 Senior Notes.

Revolving Credit Facility

Our \$600.0 million Revolving Credit Facility matures on January 26, 2022 and is guaranteed by the same Guarantors that guarantee the various Senior Notes.

The Revolving Credit Facility includes \$2.4 million and \$2.7 million of unamortized debt issuance costs as of March 31, 2019 and December 31, 2018, respectively, which are included in prepaid expenses and other assets, net on the condensed consolidated balance sheets. As of March 31, 2019 and December 31, 2018, we had \$61.0 million and \$62.3 million, respectively, of utilized letters of credit, resulting in \$504.0 million and \$537.7 million, respectively, of availability under the Revolving Credit Facility.

The Revolving Credit Facility contains certain “springing” financial covenants, requiring us and our subsidiaries to comply with a maximum debt to capitalization ratio of not more than 0.60 to 1.00 and a minimum consolidated tangible net worth level of at least \$1.8 billion. The financial covenants would be in effect for any fiscal quarter during which any (a) loans under the Revolving Credit Facility are outstanding during the last day of such fiscal quarter or on more than five separate days during such fiscal quarter or (b) undrawn letters of credit (except to the extent cash collateralized) issued under the Revolving Credit Facility in an aggregate amount greater than \$40.0 million or unreimbursed letters of credit issued under the Revolving Credit Facility are outstanding on the last day of such fiscal quarter or for more than five consecutive days during such fiscal quarter. For purposes of determining compliance with the financial covenants for any fiscal quarter, the Revolving Credit Facility provides that we may exercise an equity cure by issuing certain permitted securities for cash or otherwise recording cash contributions to our capital that will, upon the contribution of such cash to the borrower, be included in the calculation of consolidated tangible net worth and consolidated total capitalization. The equity cure right is exercisable up to twice in any period of four consecutive fiscal quarters and up to five times overall.

The Revolving Credit Facility contains certain restrictive covenants including limitations on incurrence of liens, dividends and other distributions, asset dispositions and investments in entities that are not guarantors, limitations on prepayment of subordinated indebtedness and limitations on fundamental changes. The Revolving Credit Facility contains customary events of default, subject to applicable grace periods, including for nonpayment of principal, interest or other amounts, violation of covenants (including financial covenants, subject to the exercise of an equity cure), incorrectness of representations and warranties in any material respect, cross default and cross acceleration, bankruptcy, material monetary judgments, ERISA events with material adverse effect, actual or asserted invalidity of material guarantees and change of control.

As of March 31, 2019, we were in compliance with all of the covenants under the Revolving Credit Facility.

364-Day Credit Agreement

Our 364-Day Credit Agreement matures on October 1, 2019 and is a term loan facility under which we borrowed an aggregate principal amount of \$200.0 million.

Edgar Filing: Taylor Morrison Home Corp - Form 10-Q

We may voluntarily repay outstanding loans under the 364-Day Credit Agreement at any time, without prepayment premium or penalty, subject to customary “breakage” costs with respect to LIBOR loans.

The 364-Day Credit Agreement contains certain financial covenants, requiring us and our subsidiaries to comply on a quarterly basis with a maximum debt to capitalization ratio of not more than 0.60 to 1.00 and a minimum consolidated tangible net worth level of at least \$1.8 billion.

As of March 31, 2019, we were in compliance with all of the covenants under the 364-Day Credit Agreement.

Table of Contents**Mortgage Warehouse Borrowings**

The following is a summary of our mortgage warehouse borrowings (in thousands):

| As of March 31, 2019 | | | | | |
|----------------------|---------------------|------------------------|----------------------|------------------------|------------------------------------|
| <u>Facility</u> | <u>Amount Drawn</u> | <u>Facility Amount</u> | <u>Interest Rate</u> | <u>Expiration Date</u> | <u>Collateral</u> ⁽¹⁾ |
| Warehouse A | \$ 12,271 | \$ 45,000 | LIBOR + 1.75% | On Demand | Mortgage Loans |
| Warehouse B | 9,181 | 50,000 | LIBOR + 1.75% | On Demand | Mortgage Loans |
| Warehouse C | 37,662 | 75,000 | LIBOR + 1.95% | On Demand | Mortgage Loans and Restricted Cash |
| Total | \$ 59,114 | \$ 170,000 | | | |

| As of December 31, 2018 | | | | | |
|-------------------------|---------------------|------------------------|----------------------|------------------------|------------------------------------|
| <u>Facility</u> | <u>Amount Drawn</u> | <u>Facility Amount</u> | <u>Interest Rate</u> | <u>Expiration Date</u> | <u>Collateral</u> ⁽¹⁾ |
| Warehouse A | \$ 29,484 | \$ 45,000 | LIBOR + 1.75% | On Demand | Mortgage Loans |
| Warehouse B | 38,164 | 85,000 | LIBOR + 1.75% | On Demand | Mortgage Loans |
| Warehouse C | 62,705 | 100,000 | LIBOR + 1.95% | On Demand | Mortgage Loans and Restricted Cash |
| Total | \$ 130,353 | \$ 230,000 | | | |

⁽¹⁾ The mortgage warehouse borrowings outstanding as of March 31, 2019 and December 31, 2018 were collateralized by a) \$103.7 million and \$181.9 million, respectively, of mortgage loans held for sale, which comprised the balance of mortgage loans held for sale and b) approximately \$1.4 million and \$1.6 million, respectively, of cash which are included in restricted cash in the accompanying Condensed Consolidated Balance Sheets.

Loans Payable and Other Borrowings

Loans payable and other borrowings as of March 31, 2019 and December 31, 2018 consist of project-level debt due to various land sellers and seller financing notes from current and prior year acquisitions. Project-level debt is generally secured by the land that was acquired and the principal payments generally coincide with corresponding project lot sales or a principal reduction schedule. Loans payable bear interest at rates that ranged from 0% to 8% at each of March 31, 2019 and December 31, 2018. We impute interest for loans with no stated interest rates.

10. FAIR VALUE DISCLOSURES

We have adopted ASC Topic 820, *Fair Value Measurements*, for valuation of financial instruments. ASC Topic 820 provides a framework for measuring fair value under GAAP, expands disclosures about fair value measurements, and establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the fair value hierarchy are summarized as follows:

Level 1 — Fair value is based on quoted prices for identical assets or liabilities in active markets.

Level 2 — Fair value is determined using quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active or are directly or indirectly observable.

Level 3 — Fair value is determined using one or more significant inputs that are unobservable in active markets at the measurement date, such as a pricing model, discounted cash flow, or similar technique.

The fair value of our mortgage loans held for sale is derived from negotiated rates with partner lending institutions. The fair value of derivative assets includes interest rate lock commitments (“IRLCs”) and mortgage backed securities (“MBS”). The fair value of IRLCs is based on the value of the underlying mortgage loan, quoted MBS prices and the

probability that the

18

Table of Contents

mortgage loan will fund within the terms of the IRLCs. We estimate the fair value of the forward sales commitments based on quoted MBS prices. The fair value of our mortgage warehouse borrowings, loans payable and other borrowings, the borrowings under our Revolving Credit Facility and our 364-Day Credit Agreement approximate carrying value due to their short term nature and variable interest rate terms. The fair value of our Senior Notes is derived from quoted market prices by independent dealers in markets that are not active. There were no changes to or transfers between the levels of the fair value hierarchy for any of our financial instruments as of March 31, 2019, when compared to December 31, 2018.

The carrying value and fair value of our financial instruments are as follows:

| <i>(Dollars in thousands)</i> | Level in Fair Value Hierarchy | March 31, 2019 | | December 31, 2018 | |
|---|-------------------------------|----------------|----------------------|-------------------|----------------------|
| | | Carrying Value | Estimated Fair Value | Carrying Value | Estimated Fair Value |
| <u>Description:</u> | | | | | |
| Mortgage loans held for sale | 2 | \$ 103,705 | \$ 103,705 | \$ 181,897 | \$ 181,897 |
| Derivative assets, net | 2 | 2,488 | 2,488 | 1,099 | 1,099 |
| Mortgage warehouse borrowings | 2 | 59,114 | 59,114 | 130,353 | 130,353 |
| Loans payable and other borrowings | 2 | 192,764 | 192,764 | 225,497 | 225,497 |
| 5.25% Senior Notes due 2021 ⁽¹⁾ | 2 | 547,605 | 549,505 | 547,304 | 544,500 |
| 6.625% Senior Notes due 2022 ⁽²⁾ | 2 | 410,794 | 414,520 | 411,656 | 400,520 |
| 5.875% Senior Notes due 2023 ⁽¹⁾ | 2 | 347,707 | 356,125 | 347,566 | 337,750 |
| 5.625% Senior Notes due 2024 ⁽¹⁾ | 2 | 347,353 | 345,520 | 347,219 | 332,500 |
| Revolving Credit Facility | 2 | 35,000 | 35,000 | — | — |
| 364-Day Credit Agreement | 2 | 200,000 | 200,000 | 200,000 | 200,000 |

⁽¹⁾ Carrying value for Senior Notes, as presented, includes unamortized debt issuance costs. Debt issuance costs are not factored into the fair value calculation for the Senior Notes.

⁽²⁾ Carrying value for 6.625% Senior Notes due 2022 reflects the acquisition fair value adjustment whereas the fair value reflects current market pricing.

Fair value measurements are used for inventories on a nonrecurring basis when events and circumstances indicate that their carrying value is not recoverable. The following table presents the fair value for our inventories measured at fair value on a nonrecurring basis:

| <i>(Dollars in thousands)</i> | Level in Fair Value Hierarchy | For the Year Ended December 31, 2018 |
|-------------------------------|-------------------------------|--------------------------------------|
| <u>Description:</u> | | |
| Inventories | 3 | \$ 5,545 |

At March 31, 2019, the fair value for such inventories was not determined as there were no events and circumstances that indicated their carrying value was not recoverable.

11. INCOME TAXES

We recorded income tax expense of \$16.8 million and \$11.7 million for the three months ended March 31, 2019 and 2018, respectively. Our effective tax rate for the three months ended March 31, 2019 was 24.7%, compared to 19.8% for the same period in 2018. The effective tax rate for the first quarter of 2018 was favorably impacted by the

extension of federal energy tax credits earned from building energy efficient homes through 2017. To date, there has been no extension of the federal energy credits beyond 2017.

At both March 31, 2019 and December 31, 2018, cumulative gross unrecognized tax benefits were \$7.4 million. If the unrecognized tax benefits as of March 31, 2019 were to be recognized, approximately \$5.9 million would affect our effective tax rate. We had \$0.7 million of gross interest and penalties related to unrecognized tax positions accrued as of both March 31, 2019 and December 31, 2018.

Table of Contents**12. STOCKHOLDERS' EQUITY**

Stock Repurchase Program — The Company's stock repurchase program allows for repurchases of the Company's Class A Common Stock in open market purchases, privately negotiated transactions or other transactions. The stock repurchase program is subject to prevailing market conditions and other considerations, including our liquidity, the terms of our debt instruments, statutory requirements, planned land investment and development spending, acquisition and other investment opportunities and ongoing capital requirements.

The following table summarizes share repurchase activity for the program for the periods presented:

| <i>(Dollars in thousands)</i> | Three months ended March 31, | |
|---|---|---------------------------|
| | 2019 | 2018⁽¹⁾ |
| Amount available for repurchase — beginning of period | \$57,437 | \$95,902 |
| Additional amount authorized for repurchase | 100,000 | 100,000 |
| Amount repurchased | (77,839) | (100,000) |
| Amount available for repurchase — end of period | \$79,598 | \$95,902 |

⁽¹⁾ For the three months ended March 31, 2018, we repurchased 7.6 million shares of Class A Common Stock from our Former Principal Equityholders which is not reflected in the table above.

During the three months ended March, 31, 2019 and 2018, we repurchased 4,376,879 and 3,838,771 shares under the Company's stock repurchase program, respectively.

13. STOCK BASED COMPENSATION**Equity-Based Compensation**

In April 2013, we adopted the Taylor Morrison Home Corporation 2013 Omnibus Equity Award Plan (the "Plan"). The Plan was most recently amended and restated in May 2017. The Plan provides for the grant of stock options, RSUs and other equity-based awards deliverable in shares of our Class A Common Stock. As of March 31, 2019, we had an aggregate of 6,723,757 shares of Class A Common Stock available for future grants under the Plan.

The following table provides information regarding the amount and components of stock-based compensation expense, all of which is included in general and administrative expenses in the accompanying Condensed Consolidated Statements of Operations (in thousands):

| | Three Months Ended March 31, | |
|---------------------------------------|---|-------------|
| | 2019 | 2018 |
| Restricted stock units ⁽¹⁾ | \$2,514 | \$2,302 |
| Stock options | 903 | 1,241 |
| Total stock compensation | \$3,417 | \$3,543 |

⁽¹⁾ Includes compensation expense related to time-based RSUs and performance-based RSUs. Outstanding performance-based RSUs reflected in the table above are reported at target level of performance.

At March 31, 2019 and December 31, 2018, the aggregate unrecognized value of all outstanding stock-based compensation awards was approximately \$33.5 million and \$20.4 million, respectively.

Restricted Stock Units – The following table summarizes the time-based RSU and performance-based RSU activity for the three months ended March 31, 2019:

20

Table of Contents

| | Shares | Weighted Average Grant Date Fair Value |
|------------------------------|------------|--|
| Balance at December 31, 2018 | 1,925,364 | \$ 16.49 |
| Granted | 670,100 | 18.34 |
| Vested | (789,643) | 13.16 |
| Forfeited ⁽¹⁾ | (4,082) | 18.56 |
| Balance at March 31, 2019 | 1,801,739 | \$ 18.74 |

⁽¹⁾ Forfeitures on time-based RSUs are a result of terminations of employment, while forfeitures on performance-based RSUs are a result of failing to attain certain goals as outlined in our stock based compensation awards or termination of employment. Outstanding performance-based RSUs reflected in the table above are reported at target level of performance.

During the three months ended March 31, 2019, we granted time-based RSU awards and performance-based RSU awards to certain employees and members of the Board of Directors of the Company.

Our time-based RSUs consist of awards that settle in shares of Class A Common Stock and have been awarded to our employees and members of our Board of Directors. Vesting of these RSUs is subject to continued employment with TMHC or an affiliate, or continued service on the Board of Directors, through the applicable vesting dates. Time-based RSUs granted to employees generally vest ratably over a three to four year period, based on the grant date. Time-based RSUs granted to members of the Board of Directors generally vest on the first anniversary of the grant date.

Additionally, we granted performance-based RSUs to certain employees of the Company. These awards will vest in full based on the achievement of certain performance goals over a three-year performance period, subject to the employee's continued employment through the date the Compensation Committee certifies the applicable level of performance achieved and will be settled in shares of our Class A Common Stock. The number of shares that may be issued in settlement of the performance-based RSUs to the award recipients may be greater or less than the target award amount depending on actual performance achieved as compared to the performance targets set forth in the awards.

Stock Options – The following table summarizes the stock option activity for the three months ended March 31, 2019:

| | Shares | Weighted Average Exercise Price Per Share |
|---------------------------------------|-----------|---|
| Outstanding at December 31, 2018 | 3,239,995 | \$ 18.87 |
| Granted | 980,536 | 18.06 |
| Exercised | (3,176) | 12.12 |
| Canceled/Forfeited | (10,248) | 22.61 |
| Outstanding at March 31, 2019 | 4,207,107 | \$ 18.68 |
| Options exercisable at March 31, 2019 | 2,161,078 | \$ 18.48 |

Options granted to employees vest and become exercisable ratably on the second, third, fourth and fifth anniversary of the date of grant. Options granted to members of the Board of Directors vest and become exercisable ratably on the first, second and third anniversary of the date of grant. Vesting of the options is subject to continued employment with TMHC or an affiliate, or continued service on the Board of Directors, through the applicable vesting dates, and options expire within ten years from the date of grant.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME

The table below provides the components of accumulated other comprehensive income (loss) (“AOCI”) for the periods presented (in thousands).

21

Table of Contents

| | Three Months Ended March 31, 2019 | | | |
|---|---|---|---|--------------|
| | Total Post-Retirement Benefits Adjustments | Foreign Currency Translation Adjustments | Non-controlling Interest - Former Principal Equityholders Reclassification | Total |
| Balance, beginning of period | \$2,001 | \$ — | \$ — | \$2,001 |
| Other comprehensive income before reclassifications | 284 | — | — | 284 |
| Other comprehensive income, net of tax | \$284 | \$ — | \$ — | \$284 |
| Balance, end of period | \$2,285 | \$ — | \$ — | \$2,285 |

| | Three Months Ended March 31, 2018 | | | |
|--|---|---|---|--------------|
| | Total Post-Retirement Benefits Adjustments | Foreign Currency Translation Adjustments | Non-controlling Interest - Former Principal Equityholders Reclassification | Total |
| Balance, beginning of period | \$2,082 | \$ (45,205) | \$ 25,155 | \$ (17,968) |
| Gross amounts reclassified within AOCI | — | 25,155 | (25,155) | — |
| Balance, end of period | \$2,082 | \$ (20,050) | \$ — | \$ (17,968) |

15. REPORTING SEGMENTS

We have multiple homebuilding operating components which are engaged in the business of acquiring and developing land, constructing homes, marketing and selling those homes, and providing warranty and customer service. We aggregate our homebuilding operating components into three reporting segments, East, Central, and West, based on similar long-term economic characteristics. We also have a financial services reporting segment. We have no inter-segment sales as all sales are to external customers.