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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2024

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from ____________ to _____________________

Commission File Number 1-12434

M/I HOMES, INC.

(Exact name of registrant as specified in it charter)

Ohio	**31-1210837**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4131 Worth Avenue, Suite 500, Columbus, Ohio 43219
(Address of principal executive offices) (Zip Code)

(614) 418-8000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value $.01	MHO	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

Large accelerated filer	☒	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. q

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.

Common shares, par value $.01 per common share: 27,411,758 shares outstanding as of July 29, 2024.

M/I HOMES, INC.

FORM 10-Q

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M/I HOMES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Dollars in thousands, except par values)		**June 30, 2024**		December 31, 2023
ASSETS:				
Cash, cash equivalents and restricted cash	**$**	**837,458**	$	732,804
Mortgage loans held for sale		**227,254**		176,329
Inventory		**2,938,464**		2,797,151
Property and equipment - net		**36,438**		34,918
Investment in joint venture arrangements		**46,180**		44,011
Operating lease right-of-use assets		**56,697**		56,364
Deferred income tax asset		**15,313**		16,094
Goodwill		**16,400**		16,400
Other assets		**165,866**		148,369
TOTAL ASSETS	**$**	**4,340,070**	$	4,022,440
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES:				
Accounts payable	**$**	**278,859**	$	204,678
Customer deposits		**93,259**		85,128
Operating lease liabilities		**58,043**		57,566
Other liabilities		**232,566**		252,303
Community development district obligations		**17,517**		19,339
Obligation for consolidated inventory not owned		**1,534**		26,899
Notes payable bank - financial services operations		**222,792**		165,844
Senior notes due 2028 - net		**397,266**		396,879
Senior notes due 2030 - net		**297,117**		296,865
TOTAL LIABILITIES	**$**	**1,598,953**	$	1,505,501
Commitments and contingencies (Note 6)		**—**		—
SHAREHOLDERS' EQUITY:				
Common shares - $0.01 par value; authorized 58,000,000 shares at both June 30, 2024 and December 31, 2023; issued 30,137,141 shares at both June 30, 2024 and December 31, 2023	**$**	**301**	$	301
Additional paid-in capital		**350,554**		349,907
Retained earnings		**2,586,155**		2,301,348
Treasury shares - at cost - 2,733,233 and 2,375,842 shares at June 30, 2024 and December 31, 2023, respectively		**(195,893)**		(134,617)
TOTAL SHAREHOLDERS' EQUITY	**$**	**2,741,117**	$	2,516,939
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**4,340,070**	$	4,022,440

See Notes to Unaudited Condensed Consolidated Financial Statements.

M/I HOMES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per common share amounts)	**2024**	2023	**2024**	2023
Revenue	**$ 1,109,781**	$ 1,014,013	**$ 2,156,484**	$ 2,014,543
Costs and expenses:				
Land and housing	**$ 800,501**	$ 755,829	**1,563,861**	1,521,733
General and administrative	**63,994**	55,654	**120,078**	106,614
Selling	**58,495**	51,871	**112,435**	100,951
Other income	**—**	(28)	**—**	(35)
Interest income, net of interest expense	**(7,348)**	(4,670)	**(14,268)**	(6,059)
Total costs and expenses	**$ 915,642**	$ 858,656	**$ 1,782,106**	$ 1,723,204
Income before income taxes	**194,139**	155,357	**374,378**	291,339
Provision for income taxes	**47,393**	37,356	**89,571**	70,272
Net income	**$ 146,746**	$ 118,001	**$ 284,807**	$ 221,067
Earnings per common share:				
Basic	**$ 5.26**	$ 4.25	**$ 10.18**	$ 7.98
Diluted	**$ 5.12**	$ 4.12	**$ 9.90**	$ 7.77
Weighted average shares outstanding:				
Basic	**27,878**	27,792	**27,965**	27,698
Diluted	**28,668**	28,624	**28,777**	28,469

See Notes to Unaudited Condensed Consolidated Financial Statements.

M/I HOMES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Three Months Ended June 30, 2024					
	Common Shares					
(Dollars in thousands)	Shares Outstanding	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at March 31, 2024	**27,751,658**	**$ 301**	**$ 348,039**	**$ 2,439,409**	**$ (148,964)**	**$ 2,638,785**
Net income	**—**	**—**	**—**	**146,746**	**—**	**146,746**
Repurchases of common shares	**(400,000)**	**—**	**—**	**—**	**(50,307)**	**(50,307)**
Stock options exercised	**52,250**	**—**	**(1,324)**	**—**	**3,378**	**2,054**
Stock-based compensation expense	**—**	**—**	**3,810**	**—**	**—**	**3,810**
Deferral of executive and director compensation	**—**	**—**	**29**	**—**	**—**	**29**
Balance at June 30, 2024	**27,403,908**	**$ 301**	**$ 350,554**	**$ 2,586,155**	**$ (195,893)**	**$ 2,741,117**

	Six Months Ended June 30, 2024					
	Common Shares					
(Dollars in thousands)	Shares Outstanding	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at December 31, 2023	**27,761,299**	**$ 301**	**$ 349,907**	**$ 2,301,348**	**$ (134,617)**	**$ 2,516,939**
Net income	**—**	**—**	**—**	**284,807**	**—**	**284,807**
Stock options exercised	**187,550**	**—**	**(3,623)**	**—**	**11,172**	**7,549**
Stock-based compensation expense	**—**	**—**	**7,349**	**—**	**—**	**7,349**
Repurchase of common shares	**(600,000)**	**—**	**—**	**—**	**(75,585)**	**(75,585)**
Deferral of executive and director compensation	**—**	**—**	**58**	**—**	**—**	**58**
Executive and director deferred compensation distributions	**55,059**	**—**	**(3,137)**	**—**	**3,137**	**—**
Balance at June 30, 2024	**27,403,908**	**$ 301**	**$ 350,554**	**$ 2,586,155**	**$ (195,893)**	**$ 2,741,117**

	Three Months Ended June 30, 2023					
	Common Shares					
(Dollars in thousands)	Shares Outstanding	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at March 31, 2023	27,715,616	$ 301	$ 349,988	$ 1,939,049	$ (106,123)	$ 2,183,215
Net income	—	—	—	118,001	—	118,001
Stock options exercised	277,000	—	(2,181)	—	12,311	10,130
Repurchase of common shares	(210,000)	—	—	—	(15,207)	(15,207)
Stock-based compensation expense	—	—	2,301	—	—	2,301
Deferral of executive and director compensation	—	—	19	—	—	19
Balance at June 30, 2023	27,782,616	$ 301	$ 350,127	$ 2,057,050	$ (109,019)	$ 2,298,459

	Six Months Ended June 30, 2023					
	Common Shares					
(Dollars in thousands)	Shares Outstanding	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at December 31, 2022	27,440,083	$ 301	$ 352,639	$ 1,835,983	$ (118,198)	$ 2,070,725
Net income	—	—	—	221,067	—	221,067
Stock options exercised	495,066	—	(5,299)	—	21,868	16,569
Stock-based compensation expense	—	—	4,324	—	—	4,324
Repurchase of common shares	(210,000)	—	—	—	(15,207)	(15,207)
Deferral of executive and director compensation	—	—	981	—	—	981
Executive and director deferred compensation distributions	57,467	—	(2,518)	—	2,518	—
Balance at June 30, 2023	27,782,616	$ 301	$ 350,127	$ 2,057,050	$ (109,019)	$ 2,298,459

See Notes to Unaudited Condensed Consolidated Financial Statements.

M/I HOMES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
(Dollars in thousands)	**2024**	2023
OPERATING ACTIVITIES:		
Net income	**$ 284,807**	$ 221,067
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Equity in income from joint venture arrangements	**—**	(35)
Mortgage loan originations	**(1,240,101)**	(1,009,994)
Proceeds from the sale of mortgage loans	**1,185,705**	1,062,524
Fair value adjustment of mortgage loans held for sale	**3,471**	(836)
Capitalization of originated mortgage servicing rights	**(2,456)**	(2,880)
Amortization of mortgage servicing rights	**612**	988
Depreciation	**6,846**	6,346
Amortization of debt issue costs	**1,616**	1,329
Gain on sale of mortgage servicing rights	**(2,613)**	(1,119)
Stock-based compensation expense	**7,349**	4,324
Excess tax benefits on equity compensation	**(2,408)**	(1,788)
Change in assets and liabilities:		
Inventory	**(143,868)**	157,048
Other assets	**(16,824)**	(71)
Accounts payable	**74,181**	36,059
Customer deposits	**8,131**	4,973
Accrued compensation	**(25,420)**	(26,865)
Other liabilities	**4,255**	(33,381)
Net cash provided by operating activities	**143,283**	417,689
INVESTING ACTIVITIES:		
Purchase of property and equipment	**(5,770)**	(2,122)
Investment in joint venture arrangements	**(29,004)**	(10,472)
Proceeds from sale of mortgage servicing rights	**7,233**	9,792
Net cash used in investing activities	**(27,541)**	(2,802)
FINANCING ACTIVITIES:		
Net proceeds from (repayments of) bank borrowings - financial services operations	**56,948**	(59,345)
Repurchase of common shares	**(75,585)**	(15,207)
Debt issue costs	**—**	(159)
Proceeds from exercise of stock options	**7,549**	16,569
Net cash used in financing activities	**(11,088)**	(58,142)
Net increase in cash, cash equivalents and restricted cash	**104,654**	356,745
Cash, cash equivalents and restricted cash balance at beginning of period	**732,804**	311,542
Cash, cash equivalents and restricted cash balance at end of period	**$ 837,458**	$ 668,287
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest — net of amount capitalized	**$ (320)**	$ 1,451
Income taxes	**$ 82,786**	$ 76,672
NON-CASH TRANSACTIONS DURING THE PERIOD:		
Community development district infrastructure	**$ (1,822)**	$ (5,969)
Consolidated inventory not owned	**$ (25,365)**	$ 3,606
Distribution of single-family lots from joint venture arrangements	**$ 27,234**	$ 20,073

See Notes to Unaudited Condensed Consolidated Financial Statements.

NOTE 1. Basis of Presentation

The accompanying Unaudited Condensed Consolidated Financial Statements (the “financial statements”) of M/I Homes, Inc. and its subsidiaries (the “Company”) and notes thereto have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) for interim financial information. The financial statements include the accounts of the Company. All intercompany transactions have been eliminated. Results for the interim period are not necessarily indicative of results for a full year. In the opinion of management, the accompanying financial statements reflect all adjustments (all of which are normal and recurring in nature) necessary for a fair presentation of financial results for the interim periods presented. These financial statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Form 10-K”).

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during that period. Actual results could differ from these estimates and have a significant impact on the financial condition and results of operations and cash flows. With regard to the Company, estimates and assumptions are inherent in calculations relating to valuation of inventory and investment in unconsolidated joint ventures, property and equipment depreciation, valuation of derivative financial instruments, accounts payable on inventory, accruals for costs to complete inventory, accruals for warranty claims, accruals for self-insured general liability claims, litigation, accruals for health care and workers’ compensation, accruals for guaranteed or indemnified loans, stock-based compensation expense, income taxes, and contingencies. Items that could have a significant impact on these estimates and assumptions include the risks and uncertainties listed in “Item 1A. Risk Factors” in Part I of our 2023 Form 10-K, as the same may be updated from time to time in our subsequent filings with the SEC.

Impact of New Accounting Standards and SEC Guidance.

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). ASU 2023-07 requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”) and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items to reconcile to segment profit or loss, and the title and position of the entity’s CODM. The amendments in this update also expand the interim segment disclosure requirements. ASU 2023-07 will be applied retrospectively and is effective for annual reporting periods in fiscal years beginning after December 15, 2023, and interim reporting periods in fiscal years beginning after December 31, 2024. The Company is currently evaluating the impact the adoption of ASU 2023-07 may have on our consolidated financial statements and disclosures, but we do not expect the impact to be significant.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (“ASU 2023-09”). ASU 2023-09 requires public companies to annually (1) disclose specific categories in the income tax rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). ASU 2023-09 will be effective for the annual reporting periods in fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact the adoption of ASU 2023-09 may have on our consolidated financial statements and disclosures, but we do not expect the impact to be significant.

In March 2024, the SEC issued Final Rule Release No. 33-11275, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*. This rule will require registrants to disclose certain climate-related information in registration statements and annual reports. The rules require information about a registrant’s climate-related risks that are reasonably likely to have a material impact on its business, results of operations, or financial condition. The required information about climate-related risks will also include disclosure of a registrant’s greenhouse gas emissions. In addition, the rules will require registrants to present certain climate-related financial metrics in their audited financial statements. These requirements are effective for the Company in various fiscal years, starting with the disclosure requirements in the Company's fiscal year beginning January 1, 2025. Disclosures will be required prospectively, with information for prior periods required only to the extent it was previously disclosed in an SEC filing. The Company is currently evaluating the final rule to determine its impact on the Company's disclosures. The Rule is currently the subject of litigation in the 8th Circuit Court of Appeals. On April 4, 2024, the SEC voluntarily stayed the implementation of the Rule pending completion of the litigation.

Significant Accounting Policies

There have been no significant changes to our significant accounting policies during the quarter ended June 30, 2024 as compared to those disclosed in our 2023 Form 10-K.

NOTE 2. Inventory and Capitalized Interest

Inventory

Inventory is recorded at cost, unless events and circumstances indicate that the carrying value of the inventory is impaired, at which point the inventory is written down to fair value (see Note 4 to our financial statements for additional details relating to our procedures for evaluating our inventories for impairment). Inventory includes the costs of land acquisition, land development and home construction, capitalized interest, real estate taxes, direct overhead costs incurred during development and home construction, and common costs that benefit the entire community, less impairments, if any.

A summary of the Company's inventory as of June 30, 2024 and December 31, 2023 is as follows:

(In thousands)	June 30, 2024	December 31, 2023
Single-family lots, land and land development costs	$ 1,467,961	$ 1,446,576
Land held for sale	4,235	6,932
Homes under construction	1,306,650	1,177,101
Model homes and furnishings - at cost (less accumulated depreciation: June 30, 2024 - $11,693; December 31, 2023 - $10,940)	77,621	68,696
Community development district infrastructure	17,517	19,339
Land purchase deposits	62,946	51,608
Consolidated inventory not owned	1,534	26,899
Total inventory	$ 2,938,464	$ 2,797,151

Single-family lots, land and land development costs include raw land that the Company has purchased to develop into lots, costs incurred to develop the raw land into lots, and lots for which development has been completed, but which have not yet been used to start construction of a home.

Homes under construction include homes that are in various stages of construction. As of June 30, 2024 and December 31, 2023, we had 2,150 homes (with a carrying value of $426.8 million) and 2,023 homes (with a carrying value of $424.2 million), respectively, included in homes under construction that were not subject to a sales contract.

Model homes and furnishings include homes that are under construction or have been completed and are being used as sales models. The amount also includes the net book value of furnishings included in our model homes. Depreciation on model home furnishings is recorded using an accelerated method over the estimated useful life of the assets, which is typically three years.

We own lots in certain communities in Florida that have Community Development Districts ("CDDs"). The Company records a liability for the estimated developer obligations that are probable and estimable and user fees that are required to be paid or transferred at the time the parcel or unit is sold to an end user. The Company reduces this liability at the time of closing and the transfer of the property. The Company recorded a $17.5 million liability and a $19.3 million liability related to these CDD bond obligations as of June 30, 2024 and December 31, 2023, respectively, along with the related inventory infrastructure.

Land purchase deposits include both refundable and non-refundable amounts paid to third party sellers relating to the purchase of land. On an ongoing basis, the Company evaluates the land option agreements relating to the land purchase deposits. The Company expenses any deposits and accumulated pre-acquisition costs relating to such agreements in the period when the Company makes the decision not to proceed with the purchase of land under an agreement.

Capitalized Interest

The Company capitalizes interest during land development and home construction. Capitalized interest is charged to land and housing costs and expenses as the related inventory is delivered to a third party. A summary of capitalized interest for the three and six months ended June 30, 2024 and 2023 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2024**	2023	**2024**	2023
Capitalized interest, beginning of period	**$ 32,792**	$ 30,609	**$ 32,144**	$ 29,625
Interest capitalized to inventory	**9,004**	8,925	**17,954**	17,949
Capitalized interest charged to land and housing costs and expenses	**(7,938)**	(8,734)	**(16,240)**	(16,774)
Capitalized interest, end of period	**$ 33,858**	$ 30,800	**$ 33,858**	$ 30,800
Interest incurred - net	**$ 1,656**	$ 4,255	**$ 3,686**	$ 11,890

NOTE 3. Investment in Joint Venture Arrangements

Investment in Joint Venture Arrangements

In order to minimize our investment and risk of land exposure in a single location, we have periodically partnered with other land developers or homebuilders to share in the land investment and development of a property through joint ownership and development agreements, joint ventures, and other similar arrangements. As of June 30, 2024 and December 31, 2023, our investment in such joint venture arrangements totaled $46.2 million and $44.0 million, respectively, and was reported as Investment in Joint Venture Arrangements on our Unaudited Condensed Consolidated Balance Sheets. The $2.2 million increase during the six-month period ended June 30, 2024 was driven primarily by our cash contributions to our joint venture arrangements during the first half of 2024 of $29.0 million, offset, in part, by lot distributions from our joint venture arrangements of $ 27.2 million.

The majority of our investment in joint venture arrangements for both June 30, 2024 and December 31, 2023 consisted of joint ownership and development agreements for which a special purpose entity was not established ("JODAs"). In these JODAs, we own the property jointly with partners which are typically other builders, and land development activities are funded jointly until the developed lots are subdivided for separate ownership by the partners in accordance with the JODA and the approved site plan. As of June 30, 2024 and December 31, 2023, the Company had $40.1 million and $38.4 million, respectively, invested in JODAs.

The remainder of our investment in joint venture arrangements was comprised of joint venture arrangements where a special purpose entity was established to own and develop the property. For these joint venture arrangements, we generally enter into limited liability company or similar arrangements ("LLCs") with the other partners. These entities typically engage in land development activities for the purpose of distributing or selling developed lots to the Company and its partners in the LLC. As of June 30, 2024 and December 31, 2023, the Company had $6.0 million and $5.6 million of equity invested in LLCs, respectively. The Company's percentage of ownership in these LLCs as of both June 30, 2024 and December 31, 2023 ranged from 25% to 50%.

We use the equity method of accounting for investments in LLCs and other joint venture arrangements, including JODAs, over which we exercise significant influence but do not have a controlling interest. Under the equity method, our share of the LLCs' earnings or loss, if any, is included in our Unaudited Condensed Consolidated Statements of Income. There were no losses or income from the Company's LLCs during the three and six months ended June 30, 2024. The Company's equity in income relating to earnings from its LLCs was less than $0.1 million for both the three and six months ended June 30, 2023. Our share of the profit relating to lots we purchase from our LLCs is deferred until homes are delivered by us and title passes to a homebuyer.

We believe that the Company's maximum exposure related to its investment in these joint venture arrangements as of June 30, 2024 was the amount invested of $46.2 million, which is reported as Investment in Joint Venture Arrangements on our Unaudited Condensed Consolidated Balance Sheets. We expect to invest further amounts in these joint venture arrangements as development of the properties progresses.

The Company assesses its investments in unconsolidated LLCs for recoverability on a quarterly basis. See Note 4 to our financial statements for additional details relating to our procedures for evaluating our investments for impairment.

Variable Interest Entities

With respect to our investments in these LLCs, we are required, under Accounting Standards Codification ("ASC") 810-10, *Consolidation* ("ASC 810"), to evaluate whether or not such entities should be consolidated into our consolidated financial statements. We initially perform these evaluations when each new entity is created and upon any events that require reconsideration of the entity. See Note 1, "Summary of Significant Accounting Policies - Variable Interest Entities" in the Company's 2023 Form 10-K for additional information regarding the Company's methodology for evaluating entities for consolidation.

Land Option Agreements

In the ordinary course of business, the Company enters into land option or purchase agreements for which we generally pay non-refundable deposits. Pursuant to these land option agreements, the Company provides a deposit to the seller as consideration for the right to purchase land at different times in the future, usually at predetermined prices. In accordance with ASC 810, we analyze our land option or purchase agreements to determine whether the corresponding land sellers are variable interest entities ("VIEs") and, if so, whether we are the primary beneficiary, as further described in Note 1, "Summary of Significant Accounting Policies - Land Option Agreements" in the 2023 Form 10-K. If we are deemed to be the primary beneficiary of the VIE, we will consolidate the VIE in our consolidated financial statements and reflect such assets and liabilities in our Consolidated Inventory Not Owned in our Unaudited Condensed Consolidated Balance Sheets. At both June 30, 2024 and December 31, 2023, we concluded that we were not the primary beneficiary of any VIEs from which we are purchasing land under option or purchase agreements.

NOTE 4. Fair Value Measurements

There are three measurement input levels for determining fair value: Level 1, Level 2, and Level 3. Fair values determined by Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liabilities, such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Assets Measured on a Recurring Basis

The Company measures both mortgage loans held for sale and interest rate lock commitments ("IRLCs") at fair value. Fair value measurement results in a better presentation of the changes in fair values of the loans and the derivative instruments used to economically hedge them.

In the normal course of business, our financial services segment enters into contractual commitments to extend credit to buyers of single-family homes with fixed expiration dates. The commitments become effective when the borrowers "lock-in" a specified interest rate within established time frames. Market risk arises if interest rates move adversely between the time of the "lock-in" of rates by the borrower and the sale date of the loan to an investor. To mitigate the effect of the interest rate risk inherent in providing rate lock commitments to borrowers, the Company enters into optional or mandatory delivery forward sale contracts to sell whole loans and mortgage-backed securities to broker/dealers. The forward sale contracts lock in an interest rate and price for the sale of loans similar to the specific rate lock commitments. The Company does not engage in speculative trading or derivative activities. Both the rate lock commitments to borrowers and the forward sale contracts to broker/dealers or investors are undesignated derivatives, and accordingly, are marked to fair value through earnings. Changes in fair value measurements are included in earnings in the accompanying statements of income.

The fair value of mortgage loans held for sale is estimated based primarily on published prices for mortgage-backed securities with similar characteristics. To calculate the effects of interest rate movements, the Company utilizes applicable published mortgage-backed security prices, and multiplies the price movement between the rate lock date and the balance sheet date by the notional loan commitment amount. The Company applies a fallout rate to IRLCs when measuring the fair value of rate lock commitments. Fallout is defined as locked loan commitments for which the Company does not close a mortgage loan and is based on management's judgment and company experience.

The Company sells loans on a servicing released or servicing retained basis and receives servicing compensation. Thus, the value of the servicing rights included in the fair value measurement is based upon contractual terms with investors and depends on the loan type. Mortgage servicing rights (Level 3 financial instruments as they are measured using significant unobservable inputs such as mortgage prepayment rates, discount rates and delinquency rates) are periodically evaluated for impairment. The amount of impairment is the amount by which the mortgage servicing rights, net of accumulated amortization, exceed their fair value, which is calculated using third-party valuations. Impairment, if any, is recognized through a valuation allowance and a reduction of revenue. Both the carrying value and fair value of our mortgage servicing rights were $7.5 million at June 30, 2024. At December 31, 2023, both the carrying value and fair value of our mortgage servicing rights were $10.7 million.

The fair value of the Company's forward sales contracts to broker/dealers solely considers the market price movement of the same type of security between the trade date and the balance sheet date. The market price changes are multiplied by the notional amount of the forward sales contracts to measure the fair value.

Interest Rate Lock Commitments. IRLCs are extended to certain homebuying customers who have applied for a mortgage loan and meet certain defined credit and underwriting criteria. Typically, the IRLCs will have a term of less than six months; however, in certain markets, the term could extend to nine months.

Some IRLCs are committed to a specific third-party investor through the use of whole loan delivery commitments matching the exact terms of the IRLC loan. Uncommitted IRLCs are considered derivative instruments and are fair value adjusted, with the resulting gain or loss recorded in current earnings.

Forward Sales of Mortgage-Backed Securities. Forward sales of mortgage-backed securities ("FMBSs") are used to protect uncommitted IRLC loans against the risk of changes in interest rates between the lock date and the funding date. FMBSs related to uncommitted IRLCs and FMBSs related to mortgage loans held for sale are classified and accounted for as non-designated derivative instruments and are recorded at fair value, with gains and losses recorded in current earnings.

Mortgage Loans Held for Sale. Mortgage loans held for sale consists primarily of single-family residential loans collateralized by the underlying property. Generally, all of the mortgage loans and related servicing rights are sold to third-party investors shortly after origination. During the period between when a loan is closed and when it is sold to an investor, the interest rate risk is covered through the use of a whole loan contract or by FMBSs.

The table below shows the notional amounts of our financial instruments at June 30, 2024 and December 31, 2023:

Description of Financial Instrument (in thousands)		**June 30, 2024**		December 31, 2023
Uncommitted IRLCs	**$**	**227,821**	$	174,274
FMBSs related to uncommitted IRLCs		**250,000**		174,000
Whole loan contracts and related mortgage loans held for sale		**16,238**		10,398
FMBSs related to mortgage loans held for sale		**194,000**		152,000
Mortgage loans held for sale covered by FMBSs		**211,151**		160,547

The following table sets forth the amount of (loss) gain recognized, within our revenue in the Unaudited Condensed Consolidated Statements of Income, on assets and liabilities measured on a recurring basis for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,				**Six Months Ended June 30,**			
Description (in thousands)		**2024**		2023		**2024**		2023
Mortgage loans held for sale	**$**	**(623)**	$	(3,139)	**$**	**(3,471)**	$	836
Forward sales of mortgage-backed securities		**1,647**		4,632		**8,888**		5,867
Interest rate lock commitments		**(1,322)**		(2,537)		**(2,179)**		961
Whole loan contracts		**843**		474		**(49)**		94
Total gain (loss) recognized	**$**	**545**	$	(570)	**$**	**3,189**	$	7,758

The following tables set forth the fair value of the Company's derivative instruments and their location within the Unaudited Condensed Consolidated Balance Sheets for the periods indicated (except for mortgage loans held for sale which are disclosed as a separate line item):

	Asset Derivatives			**Liability Derivatives**		
	June 30, 2024			**June 30, 2024**		
Description of Derivatives	**Balance Sheet Location**	**Fair Value (in thousands)**		**Balance Sheet Location**	**Fair Value (in thousands)**	
Forward sales of mortgage-backed securities	**Other assets**	**$**	**1,668**	**Other liabilities**	**$**	**—**
Interest rate lock commitments	**Other assets**		**1,438**	**Other liabilities**		**—**
Whole loan contracts	**Other assets**		**—**	**Other liabilities**		**384**
Total fair value measurements		**$**	**3,106**		**$**	**384**

	Asset Derivatives			Liability Derivatives		
	December 31, 2023			December 31, 2023		
Description of Derivatives	Balance Sheet Location	Fair Value (in thousands)		Balance Sheet Location	Fair Value (in thousands)	
Forward sales of mortgage-backed securities	Other assets	$	—	Other liabilities	$	7,220
Interest rate lock commitments	Other assets		3,617	Other liabilities		—
Whole loan contracts	Other assets		—	Other liabilities		335
Total fair value measurements		$	3,617		$	7,555

Assets Measured on a Non-Recurring Basis

Inventory. The Company assesses inventory for recoverability on a quarterly basis based on the difference in the carrying value of the inventory and its fair value at the time of the evaluation. Determining the fair value of a community's inventory involves a number of variables, estimates and projections, which are Level 3 measurement inputs. See Note 1, "Summary of Significant Accounting Policies - Inventory" in the 2023 Form 10-K for additional information regarding the Company's methodology for determining fair value.

The Company uses significant assumptions to evaluate the recoverability of its inventory, such as estimated average selling price, construction and development costs, absorption rate (reflecting any product mix change strategies implemented or to be implemented), selling strategies, alternative land uses (including disposition of all or a portion of the land owned), or discount rates. Changes in these assumptions could materially impact future cash flow and fair value estimates and may lead the Company to incur additional impairment charges in the future. Our analysis is conducted only if indicators of a decline in value of our inventory exist, which include, among other things, declines in gross margin on sales contracts in backlog or homes that have been delivered, slower than anticipated absorption pace, declines in average sales price or high incentive offers by management to improve absorptions, declines in margins regarding future land sales, or declines in the value of the land itself as a result of third party appraisals. If communities are not recoverable based on the estimated future undiscounted cash flows, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. During the three and six months ended June 30, 2024 and 2023, the Company did not record any impairment charges on its inventory.

Investment in Unconsolidated Joint Ventures. We evaluate our investments in unconsolidated joint ventures for impairment on a quarterly basis based on the difference in the investment's carrying value and its fair value at the time of the evaluation. If the Company has determined that the decline in value is other than temporary, the Company would write down the value of the investment to its estimated fair value. Determining the fair value of investments in unconsolidated joint ventures involves a number of variables, estimates and assumptions, which are Level 3 measurement inputs. See Note 1, "Summary of Significant Accounting Policies - Investment in Unconsolidated Joint Ventures," in the 2023 Form 10-K for additional information regarding the Company's methodology for determining fair value. Because of the high degree of judgment involved in developing these assumptions, it is possible that changes in these assumptions could materially impact future cash flow and fair value estimates of the investments which may lead the Company to incur additional impairment charges in the future. During the three and six months ended June 30, 2024 and 2023, the Company did not record any impairment charges on its investments in unconsolidated joint ventures.

Financial Instruments

Counterparty Credit Risk. To reduce the risk associated with losses that would be recognized if counterparties failed to perform as contracted, the Company limits the entities with whom management can enter into commitments. This risk of accounting loss is the difference between the market rate at the time of non-performance by the counterparty and the rate to which the Company committed.

The following table presents the carrying amounts and fair values of the Company's financial instruments at June 30, 2024 and December 31, 2023. The objective of the fair value measurement is to estimate the price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions.

		June 30, 2024		December 31, 2023	
(In thousands)	**Fair Value Hierarchy**	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Assets:					
Cash, cash equivalents and restricted cash	Level 1	**$ 837,458**	**$ 837,458**	$ 732,804	$ 732,804
Mortgage loans held for sale	Level 2	**227,254**	**227,254**	176,329	176,329
Interest rate lock commitments	Level 2	**1,438**	**1,438**	3,617	3,617
Forward sales of mortgage-backed securities	Level 2	**1,668**	**1,668**	—	—
Liabilities:					
Notes payable - homebuilding operations	Level 2	**—**	**—**	—	—
Notes payable - financial services operations	Level 2	**222,792**	**222,792**	165,844	165,844
Senior notes due 2028 [(a)]	Level 2	**400,000**	**384,000**	400,000	383,500
Senior notes due 2030 [(a)]	Level 2	**300,000**	**267,750**	300,000	267,375
Whole loan contracts for committed IRLCs and mortgage loans held for sale	Level 2	**384**	**384**	335	335
Forward sales of mortgage-backed securities	Level 2	**—**	**—**	7,220	7,220

(a) Our senior notes are stated at the principal amount outstanding which does not include the impact of premiums, discounts, and debt issuance costs that are amortized to interest cost over the respective terms of the notes.

The following methods and assumptions were used by the Company in estimating its fair value disclosures of financial instruments at June 30, 2024 and December 31, 2023:

Cash, Cash Equivalents and Restricted Cash. The carrying amounts of these items approximate fair value because they are short-term by nature.

Mortgage Loans Held for Sale, Forward Sales of Mortgage-Backed Securities, Interest Rate Lock Commitments, Whole Loan Contracts for Committed IRLCs and Mortgage Loans Held for Sale, Senior Notes due 2028 and Senior Notes due 2030. The fair value of these financial instruments was determined based upon market quotes at June 30, 2024 and December 31, 2023. The market quotes used were quoted prices for similar assets or liabilities along with inputs taken from observable market data by correlation. The inputs were adjusted to account for the condition of the asset or liability.

Notes Payable - Homebuilding Operations. The interest rate available to the Company during the quarter ended June 30, 2024 under the Company's $650 million unsecured revolving credit facility, dated July 18, 2013, as amended (the "Credit Facility"), fluctuated daily with the secured overnight financing rate ("SOFR") plus a margin of 175 basis points, and thus the carrying value is a reasonable estimate of fair value. See Note 8 to our financial statements for additional information regarding the Credit Facility.

Notes Payable - Financial Services Operations. M/I Financial, LLC, a 100% owned subsidiary of M/I Homes, Inc. ("M/I Financial"), is a party to a $300 million mortgage repurchase agreement, dated October 24, 2023 (the "MIF Mortgage Repurchase Facility"). For this credit facility, the interest rate is based on a variable rate index, and thus its carrying value is a reasonable estimate of fair value. The interest rate available to M/I Financial fluctuated with SOFR. See Note 8 to our financial statements for additional information regarding the MIF Mortgage Repurchase Facility.

NOTE 5. Guarantees and Indemnifications

In the ordinary course of business, M/I Financial enters into agreements that provide a limited-life guarantee on loans sold to certain third-party purchasers of its mortgage loans that M/I Financial will repurchase a loan if certain conditions occur, primarily if the mortgagor does not meet the terms of the loan within the first six months after the sale of the loan. Loans totaling approximately $659.3 million and $544.5 million were covered under these guarantees as of June 30, 2024 and December 31, 2023, respectively. The increase in loans covered by these guarantees from December 31, 2023 is a result of a change in the mix of investors and their related purchase terms. A portion of the revenue paid to M/I Financial for providing the guarantees on these loans was deferred at June 30, 2024, and will be recognized in income as M/I Financial is released from its obligation under the guarantees. The risk associated with the guarantees above is offset by the value of the underlying assets.

M/I Financial has received inquiries concerning underwriting matters from purchasers of its loans regarding certain loans totaling approximately $4.1 million and $6.3 million at June 30, 2024 and December 31, 2023, respectively.

M/I Financial has also guaranteed the collectability of certain loans to third party insurers (U.S. Department of Housing and Urban Development and U.S. Veterans Administration) of those loans for periods ranging from five to thirty years. The maximum potential amount of future payments is equal to the outstanding loan value less the value of the underlying asset plus administrative costs incurred related to foreclosure on the loans, should this event occur.

The Company recorded a liability relating to the guarantees described above totaling $ 1.1 million and $1.7 million at June 30, 2024 and December 31, 2023, respectively, which is management’s best estimate of the Company’s liability with respect to such guarantees.

NOTE 6. Commitments and Contingencies

Warranty

We use subcontractors for nearly all aspects of home construction. Although our subcontractors are generally required to repair and replace any product or labor defects, we are, during applicable warranty periods, ultimately responsible to the homeowner for making such repairs. As such, we record warranty reserves to cover our exposure to the costs for materials and labor not expected to be covered by our subcontractors to the extent they relate to warranty-type claims. Warranty reserves are established by charging cost of sales and crediting a warranty reserve for each home delivered. The amounts charged are estimated by management to be adequate to cover expected warranty-related costs under the Company’s warranty programs. Warranty reserves are recorded for warranties under our Home Builder’s Limited Warranty (“HBLW”) and our transferable structural warranty in Other Liabilities on the Company’s Unaudited Condensed Consolidated Balance Sheets.

The warranty reserves for the HBLW are established as a percentage of average sales price and adjusted based on historical payment patterns determined, generally, by geographic area and recent trends. Factors that are given consideration in determining the HBLW reserves include: (1) the historical range of amounts paid per average sales price on a home; (2) type and mix of amenity packages added to the home; (3) any warranty expenditures not considered to be normal and recurring; (4) timing of payments; (5) improvements in quality of construction expected to impact future warranty expenditures; and (6) conditions that may affect certain projects and require a different percentage of average sales price for those specific projects. Changes in estimates for warranties occur due to changes in the historical payment experience and differences between the actual payment pattern experienced during the period and the historical payment pattern used in our evaluation of the warranty reserve balance at the end of each quarter. Actual future warranty costs could differ from our current estimated amount.

Our warranty reserves for our transferable structural warranty programs are established on a per-unit basis. While the structural warranty reserve is recorded as each house is delivered, the sufficiency of the structural warranty per unit charge and total reserve is reevaluated on an annual basis, with the assistance of an actuary, using our own historical data and trends, industry-wide historical data and trends, and other project specific factors. The reserves are also evaluated quarterly and adjusted if we encounter activity that is inconsistent with the historical experience used in the annual analysis. These reserves are subject to variability due to uncertainties regarding structural defect claims for products we build, the markets in which we build, claim settlement history, insurance and legal interpretations, among other factors.

Our warranty reserve amounts are based upon historical experience and geographic location. While we believe that our warranty reserves are sufficient to cover our projected costs, there can be no assurances that historical data and trends will accurately predict our actual warranty costs.

A summary of warranty activity for the three and six months ended June 30, 2024 and 2023 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2024**	2023	**2024**	2023
Warranty reserves, beginning of period	**$ 32,263**	$ 33,193	**$ 31,980**	$ 32,902
Warranty expense on homes delivered during the period	**5,904**	5,378	**11,503**	10,751
Changes in estimates for pre-existing warranties	**580**	1,058	**605**	1,700
Settlements made during the period	**(5,686)**	(6,110)	**(11,027)**	(11,835)
Warranty reserves, end of period	**$ 33,061**	$ 33,519	**$ 33,061**	$ 33,519

Performance Bonds and Letters of Credit

At June 30, 2024, the Company had outstanding approximately $ 467.1 million of completion bonds and standby letters of credit, some of which were issued to various local governmental entities that expire at various times through June 2029. Included in this total are: (1) $381.2 million of performance and maintenance bonds and $62.4 million of performance letters of credit that serve as completion bonds for land development work in progress; (2) $17.7 million of financial letters of credit, of which $ 17.2 million represent deposits on land and lot purchase agreements; (3) $ 4.6 million of financial bonds; and (4) $1.2 million of corporate notes.

Land Option Contracts and Other Similar Contracts

At June 30, 2024, the Company also had options and contingent purchase agreements to acquire land and developed lots with an aggregate purchase price of approximately $1.34 billion. Purchase of properties under these agreements is contingent upon satisfaction of certain requirements by the Company and the sellers.

Legal Matters

The Company and certain of its subsidiaries have been named as defendants in certain legal proceedings which are incidental to our business. While management currently believes that the ultimate resolution of these other legal proceedings, individually and in the aggregate, will not have a material adverse effect on the Company’s financial position, results of operations and cash flows, such legal proceedings are subject to inherent uncertainties. The Company has recorded a liability to provide for the anticipated costs, including legal defense costs, associated with the resolution of these other legal proceedings. However, the possibility exists that the costs to resolve these legal proceedings could differ from the recorded estimates and, therefore, have a material effect on the Company’s net income for the periods in which they are resolved. At both June 30, 2024 and December 31, 2023, we had $1.0 million reserved for legal expenses.

NOTE 7. Goodwill

Goodwill represents the excess of the purchase price paid over the fair value of the net assets acquired and liabilities assumed in business combinations. In connection with the Company’s acquisition of the homebuilding assets and operations of Pinnacle Homes in Detroit, Michigan in March of 2018, the Company recorded goodwill of $16.4 million, which is included as Goodwill in our Consolidated Balance Sheets. This amount was based on the estimated fair values of the acquired assets and liabilities at the date of the acquisition in accordance with ASC 350.

In accordance with ASC 350, the Company analyzes goodwill for impairment on an annual basis (or more often if indicators of impairment exist). The Company performs a qualitative assessment to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment indicates that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, then a quantitative assessment is performed to determine the reporting unit’s fair value. If the reporting unit’s carrying value exceeds its fair value, then an impairment loss is recognized for the amount of the excess of the carrying amount over the reporting unit’s fair value. The Company performed its annual goodwill impairment analysis via a quantitative test during the fourth quarter of 2023, and there was no impairment recorded at December 31, 2023. At June 30, 2024, no indicators for impairment existed and therefore no impairment was recorded. However, we will continue to monitor the fair value of the reporting unit in future periods if conditions worsen or other events occur that could impact the fair value of the reporting unit.

NOTE 8. Debt

Notes Payable - Homebuilding

The Credit Facility provides for an aggregate commitment amount of $ 650 million and also includes an accordion feature pursuant to which the maximum borrowing availability may be increased to an aggregate of $800 million, subject to obtaining additional commitments from lenders. The Credit Facility matures on December 9, 2026. Interest on amounts borrowed under the Credit Facility is payable at multiple interest rate options including one, three or six month adjusted term SOFR (subject to a floor of 0.25%) plus a margin of 175 basis points (subject to adjustment in subsequent quarterly periods based on the Company's leverage ratio). The Credit Facility also contains certain financial covenants. At June 30, 2024, the Company was in compliance with all financial covenants of the Credit Facility.

The available amount under the Credit Facility is computed in accordance with a borrowing base, which is calculated by applying various advance rates for different categories of inventory, and totaled $2.10 billion of availability for additional senior debt at June 30, 2024. As a result, the full $650 million commitment amount of the Credit Facility was available, less any borrowings and letters of credit outstanding. At June 30, 2024, there were no borrowings outstanding and $80.1 million of letters of credit outstanding, leaving a net remaining borrowing availability of $ 569.9 million. The Credit Facility includes a $250 million sub-facility for letters of credit.

The Company's obligations under the Credit Facility are guaranteed by all of the Company's subsidiaries, with the exception of subsidiaries that are primarily engaged in the business of mortgage financing, title insurance or similar financial businesses relating to the homebuilding and home sales business, certain subsidiaries that are not 100%-owned by the Company or another subsidiary, and other subsidiaries designated by the Company as Unrestricted Subsidiaries (as defined in the Credit Facility), subject to limitations on the aggregate amount invested in such Unrestricted Subsidiaries in accordance with the terms of the Credit Facility and the indentures governing the Company's $300.0 million aggregate principal amount of 3.95% Senior Notes due 2030 (the "2030 Senior Notes") and the Company's $400.0 million aggregate principal amount of 4.95% Senior Notes due 2028 (the "2028 Senior Notes"). The guarantors for the Credit Facility (the "Subsidiary Guarantors") are the same subsidiaries that guarantee the 2030 Senior Notes and the 2028 Senior Notes.

The Company's obligations under the Credit Facility are general, unsecured senior obligations of the Company and the Subsidiary Guarantors and rank equally in right of payment with all our and the Subsidiary Guarantors' existing and future unsecured senior indebtedness. Our obligations under the Credit Facility are effectively subordinated to our and the Subsidiary Guarantors' existing and future secured indebtedness with respect to any assets comprising security or collateral for such indebtedness.

Notes Payable - Financial Services

The MIF Mortgage Repurchase Facility is used to finance eligible residential mortgage loans originated by M/I Financial. The MIF Mortgage Repurchase Facility provides for a mortgage repurchase facility with a maximum borrowing availability of $300 million (subject to increases and decreases during certain periods). The borrowing availability under the MIF Mortgage Repurchase Facility is $240 million through September 17, 2024 and will increase to $270 million from September 18, 2024 until maturity. The MIF Mortgage Repurchase Facility expires on October 22, 2024. M/I Financial pays interest on each advance under the MIF Mortgage Repurchase Facility at a per annum rate based on Daily Adjusting One-Month Term SOFR plus a margin as defined in the repurchase agreement. The MIF Mortgage Repurchase Facility also contains certain financial covenants. At June 30, 2024, M/I Financial was in compliance with all financial covenants of the MIF Mortgage Repurchase Facility.

At June 30, 2024 and December 31, 2023, M/I Financial's maximum borrowing availability under its credit facility was $ 240.0 million and $300.0 million, respectively. At June 30, 2024 and December 31, 2023, M/I Financial had $222.8 million and $165.8 million, respectively, in borrowings outstanding under its credit facility.

Senior Notes

As of both June 30, 2024 and December 31, 2023, we had $ 300.0 million of our 2030 Senior Notes outstanding. The 2030 Senior Notes bear interest at a rate of 3.95% per year, payable semiannually in arrears on February 15 and August 15 of each year, and mature on February 15, 2030. The Company may redeem some or all of the 2030 Senior Notes at any time prior to August 15, 2029 (the date that is six months prior to the maturity of the 2030 Senior Notes), at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the redemption date, plus a "make-whole" amount set forth in the indenture governing the 2030 Senior Notes. In addition, on or after August 15, 2029 (the date that is six months prior to the maturity of the 2030 Senior Notes), the Company may redeem some or all of the 2030 Senior

Notes at a redemption price equal to 100.000% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

As of both June 30, 2024 and December 31, 2023, we had $ 400.0 million of our 2028 Senior Notes outstanding. The 2028 Senior Notes bear interest at a rate of 4.95% per year, payable semiannually in arrears on February 1 and August 1 of each year and mature on February 1, 2028. We may redeem all or any portion of the 2028 Senior Notes at a stated redemption price, together with accrued and unpaid interest thereon. The redemption price is currently 102.475% of the principal amount outstanding, but will decline to 101.238% of the principal amount outstanding if redeemed during the 12-month period beginning on February 1, 2025 and will further decline to 100.000% of the principal amount outstanding if redeemed on or after February 1, 2026, but prior to maturity.

The 2030 Senior Notes contain certain covenants, as more fully described and defined in the indenture governing the 2030 Senior Notes, which limit the ability of the Company and the restricted subsidiaries to, among other things: incur certain liens securing indebtedness without equally and ratably securing the 2030 Senior Notes and the guarantees thereof; enter into certain sale and leaseback transactions; and consolidate or merge with or into other companies, liquidate or sell or otherwise dispose of all or substantially all of the Company's assets. These covenants are subject to a number of exceptions and qualifications as described in the indenture governing the 2030 Senior Notes. As of June 30, 2024, the Company was in compliance with all terms, conditions, and covenants under the indenture.

The 2028 Senior Notes contain certain covenants, as more fully described and defined in the indenture governing the 2028 Senior Notes, which limit the ability of the Company and the restricted subsidiaries to, among other things: incur additional indebtedness; make certain payments, including dividends, or repurchase any shares, in an aggregate amount exceeding our "restricted payments basket"; make certain investments; and create or incur certain liens, consolidate or merge with or into other companies, or liquidate or sell or transfer all or substantially all of our assets. These covenants are subject to a number of exceptions and qualifications as described in the indenture governing the 2028 Senior Notes. As of June 30, 2024, the Company was in compliance with all terms, conditions, and covenants under the indenture.

The 2030 Senior Notes and the 2028 Senior Notes are fully and unconditionally guaranteed jointly and severally on a senior unsecured basis by the Subsidiary Guarantors. The 2030 Senior Notes and the 2028 Senior Notes are general, unsecured senior obligations of the Company and the Subsidiary Guarantors and rank equally in right of payment with all our and the Subsidiary Guarantors' existing and future unsecured senior indebtedness. The 2030 Senior Notes and the 2028 Senior Notes are effectively subordinated to our and the Subsidiary Guarantors' existing and future secured indebtedness with respect to any assets comprising security or collateral for such indebtedness.

The indenture governing the 2028 Senior Notes limits our ability to pay dividends on, and repurchase, our common shares and any of our preferred shares then outstanding to the amount of the positive balance in our "restricted payments basket," as defined in the indenture. The "restricted payments basket" is equal to $125.0 million plus (1) 50% of our aggregate consolidated net income (or minus 100% of our aggregate consolidated net loss) from October 1, 2015, excluding income or loss from Unrestricted Subsidiaries (as defined in the indenture), plus (2) 100% of the net cash proceeds from either contributions to the common equity of the Company after December 1, 2015 or the sale of qualified equity interests after December 1, 2015, plus other items and subject to other exceptions. The positive balance in our restricted payments basket was $869.8 million at June 30, 2024 and $813.7 million at December 31, 2023. The determination to pay future dividends on, or make future repurchases of, our common shares will be at the discretion of our board of directors and will depend upon our results of operations, financial condition, capital requirements and compliance with debt covenants, and other factors deemed relevant by our board of directors (see Note 12 to our financial statements for more information).

NOTE 9. Earnings Per Common Share

The table below presents a reconciliation between basic and diluted weighted average shares outstanding, net income, and basic and diluted income per common share for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per common share amounts)	**2024**	2023	**2024**	2023
NUMERATOR				
Net income	**$ 146,746**	$ 118,001	**$ 284,807**	$ 221,067
DENOMINATOR				
Basic weighted average shares outstanding	**27,878**	27,792	**27,965**	27,698
Dilutive securities	**790**	832	**812**	771
Diluted weighted average shares outstanding	**28,668**	28,624	**28,777**	28,469
Earnings per common share:				
Basic	**$ 5.26**	$ 4.25	**$ 10.18**	$ 7.98
Diluted	**$ 5.12**	$ 4.12	**$ 9.90**	$ 7.77
Anti-dilutive equity awards not included in the calculation of diluted earnings per common share	**—**	—	**—**	8

NOTE 10. Income Taxes

The Inflation Reduction Act (IRA) was enacted on August 16, 2022 to address the high cost of prescription drugs, healthcare availability, climate change and inflation. The IRA extended the energy efficient homes credit through 2032 and, as a result, the Company recognized a $1.3 million tax benefit for energy efficient homes credit during the first six months of 2024. The Company recognized a $0.9 million tax benefit for energy efficient homes credit during the first six months of 2023.

During the three months ended June 30, 2024 and 2023, the Company recorded a tax provision of $ 47.4 million and $37.4 million, respectively, which reflects income tax expense related to income before income taxes for the periods. The effective tax rate for the three months ended June 30, 2024 and 2023 was 24.4% and 24.0%, respectively. The increase in the effective rate from the three months ended June 30, 2023 was primarily attributable to a $0.7 million decrease in tax benefit from equity compensation in 2024.

During the six months ended June 30, 2024 and 2023, the Company recorded a tax provision of $ 89.6 million and $70.3 million, respectively. The effective tax rate for the six months ended June 30, 2024 and 2023 was 23.9% and 24.1%, respectively. The decrease in the effective rate from the six months ended June 30, 2023 was primarily attributable to a $0.6 million increase in tax benefit from equity compensation in 2024.

NOTE 11. Business Segments

The Company's chief operating decision makers evaluate the Company's performance in various ways, including: (1) the results of our individual homebuilding operating segments and the results of our financial services operations; (2) the results of our homebuilding reportable segments; and (3) our consolidated financial results.

In accordance with ASC 280, *Segment Reporting* ("ASC 280"), we have identified each homebuilding division as an operating segment and have elected to aggregate our operating segments into separate reportable segments as they share similar aggregation characteristics prescribed in ASC 280 in the following regards: (1) long-term economic characteristics; (2) historical and expected future long-term gross margin percentages; (3) housing products, production processes and methods of distribution; and (4) geographical proximity.

The homebuilding operating segments that comprise each of our reportable segments are as follows:

Northern	Southern
Chicago, Illinois	Ft. Myers/Naples, Florida
Cincinnati, Ohio	Orlando, Florida
Columbus, Ohio	Sarasota, Florida
Indianapolis, Indiana	Tampa, Florida
Minneapolis/St. Paul, Minnesota	Austin, Texas
Detroit, Michigan	Dallas/Fort Worth, Texas
	Houston, Texas
	San Antonio, Texas
	Charlotte, North Carolina
	Raleigh, North Carolina
	Nashville, Tennessee

The following table shows, by segment, revenue, operating income (loss) and interest (income) expense - net for the three and six months ended June 30, 2024 and 2023, as well as the Company's income before income taxes for such periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2024**	2023	**2024**	2023
Revenue:				
Northern homebuilding	**$ 464,781**	$ 383,886	**$ 873,301**	$ 766,616
Southern homebuilding	**614,238**	604,861	**1,225,459**	1,197,380
Financial services [(a)]	**30,762**	25,266	**57,724**	50,547
Total revenue	**$ 1,109,781**	$ 1,014,013	**$ 2,156,484**	$ 2,014,543
Operating income (loss):				
Northern homebuilding	**$ 72,821**	$ 46,853	**$ 130,882**	$ 86,013
Southern homebuilding	**119,750**	109,912	**237,593**	207,524
Financial services [(a)]	**17,883**	13,743	**33,070**	28,711
Less: Corporate selling, general and administrative expense	**(23,663)**	(19,849)	**(41,435)**	(37,003)
Total operating income	**$ 186,791**	$ 150,659	**$ 360,110**	$ 285,245
Interest (income) expense - net:				
Northern homebuilding	**$ (56)**	$ (47)	**$ (136)**	$ (93)
Southern homebuilding	**—**	(203)	**(398)**	(205)
Financial services [(a)]	**3,483**	2,584	**6,358**	4,911
Corporate	**(10,775)**	(7,004)	**(20,092)**	(10,672)
Total interest income, net of interest expense	**$ (7,348)**	$ (4,670)	**$ (14,268)**	$ (6,059)
Other income	**—**	(28)	**—**	(35)
Income before income taxes	**$ 194,139**	$ 155,357	**$ 374,378**	$ 291,339

(a) Our financial services operational results should be viewed in connection with our homebuilding business as its operations originate loans and provide title services primarily for our homebuying customers, with the exception of an immaterial amount of mortgage refinancing.

The following tables show total assets by segment at June 30, 2024 and December 31, 2023:

	June 30, 2024			
(In thousands)	**Northern**	**Southern**	**Corporate, Financial Services and Unallocated**	**Total**
Deposits on real estate under option or contract	**$ 11,003**	**$ 51,943**	**$ —**	**$ 62,946**
Inventory [(a)]	**1,020,600**	**1,854,918**	**—**	**2,875,518**
Investments in joint venture arrangements	**—**	**46,180**	**—**	**46,180**
Other assets	**48,208**	**149,437** [(b)]	**1,157,781**	**1,355,426**
Total assets	**$ 1,079,811**	**$ 2,102,478**	**$ 1,157,781**	**$ 4,340,070**

	December 31, 2023			
(In thousands)	Northern	Southern	Corporate, Financial Services and Unallocated	Total
Deposits on real estate under option or contract	$ 8,990	$ 42,618	$ —	$ 51,608
Inventory [(a)]	1,016,982	1,728,561	—	2,745,543
Investments in joint venture arrangements	—	44,011	—	44,011
Other assets	37,171	104,306 [(b)]	1,039,801	1,181,278
Total assets	$ 1,063,143	$ 1,919,496	$ 1,039,801	$ 4,022,440

(a) Inventory includes single-family lots, land and land development costs; land held for sale; homes under construction; model homes and furnishings; community development district infrastructure; and consolidated inventory not owned.

(b) Includes development reimbursements from local municipalities.

NOTE 12. Share Repurchase Program

On July 28, 2021, the Company announced that its Board of Directors approved a new share repurchase program pursuant to which the Company may purchase up to $100 million of its outstanding common shares (the “2021 Share Repurchase Program”). On February 17, 2022, the Company announced that its Board of Directors approved an increase to its 2021 Share Repurchase Program by an additional $100 million. On November 15, 2023, the Company announced that its Board of Directors approved an increase to its 2021 Share Repurchase Program by an additional $100 million.

On May 13, 2024, the Company announced that its Board of Directors approved a new share repurchase program pursuant to which the Company may purchase up to $250 million of its outstanding common shares (the “2024 Share Repurchase Program”). The 2024 Share Repurchase Program replaces the 2021 Share Repurchase Program.

Pursuant to the 2024 Share Repurchase Program, the Company may purchase up to $ 250 million of its outstanding common shares through open market transactions, privately negotiated transactions or otherwise in accordance with all applicable laws. The timing, amount and other terms and conditions of any additional repurchases under the 2024 Share Repurchase Program will be based on a variety of factors, including the market price of the Company’s common shares, business considerations, general market and economic conditions and legal requirements. The 2024 Share Repurchase Program does not have an expiration date and the Board may modify, discontinue or suspend it at any time.

The Company repurchased 0.4 million outstanding common shares at an aggregate purchase price of $ 50.3 million under the 2021 and 2024 Share Repurchase Programs during the second quarter of 2024. As of June 30, 2024, $207.1 million remained available for repurchases under the 2024 Share Repurchase Program.

NOTE 13. Revenue Recognition

Revenue and the related profit from the sale of a home and revenue and the related profit from the sale of land to third parties are recognized in the financial statements on the date of closing if delivery has occurred, title has passed to the buyer, all performance obligations (as defined below) have been met, and control of the home or land is transferred to the buyer in an amount that reflects the consideration we expect to be entitled to receive in exchange for the home or land. If not received immediately upon closing, cash proceeds from home closings are held in escrow for the Company’s benefit, typically for up to three days, and are included in Cash, cash equivalents and restricted cash on the Condensed Consolidated Balance Sheets.

Sales incentives vary by type of incentive and by amount on a community-by-community and home-by-home basis. The costs of any sales incentives in the form of free or discounted products and services provided to homebuyers are reflected in Land and housing costs in the Condensed Consolidated Statements of Income because such incentives are identified in our home purchase contracts with homebuyers as an intrinsic part of our single performance obligation to deliver and transfer title to their home for the transaction price stated in the contracts. Sales incentives that we may provide in the form of closing cost allowances are recorded as a reduction of housing revenue at the time the home is delivered.

We record sales commissions within Selling expenses in the Condensed Consolidated Statements of Income when incurred (i.e., when the home is delivered) as the amortization period is generally one year or less and therefore capitalization is not required as part of the practical expedient for incremental costs of obtaining a contract.

Contract liabilities include customer deposits related to sold but undelivered homes. Substantially all of our home sales are scheduled to close and be recorded to revenue within one year from the date of receiving a customer deposit. Contract liabilities expected to be recognized as revenue, excluding revenue pertaining to contracts that have an original expected duration of one year or less, is not material.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. All of our home purchase contracts have a single performance obligation as the promise to transfer the home is not separately identifiable from other promises in the contract and, therefore, not distinct. Our performance obligation, to deliver the agreed-upon home, is generally satisfied in less than one year from the original contract date. Deferred revenue resulting from uncompleted performance obligations existing at the time we deliver new homes to our homebuyers is not material.

Although our third party land sale contracts may include multiple performance obligations, the revenue we expect to recognize in any future year related to remaining performance obligations, excluding revenue pertaining to contracts that have an original expected duration of one year or less, is not material. We do not disclose the value of unsatisfied performance obligations for land sale contracts with an original expected duration of one year or less.

We recognize the majority of the revenue associated with our mortgage loan operations when the mortgage loans are sold and/or related servicing rights are sold to third party investors or retained and managed under a third party sub-service arrangement. The revenue recognized is reduced by the fair value of the related guarantee provided to the investor. The fair value of the guarantee is recognized in revenue when the Company is released from its obligation under the guarantee (note that guarantees are excluded from the scope of ASC 606, *Revenue from Contracts with Customers*). We recognize financial services revenue associated with our title operations as homes are delivered, closing services are rendered, and title policies are issued, all of which generally occur simultaneously as each home is delivered. All of the underwriting risk associated with title insurance policies is transferred to third-party insurers.

The following table presents our revenues disaggregated by revenue source:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2024**	2023	**2024**	2023
Housing	**$ 1,072,044**	$ 980,198	**$ 2,088,557**	$ 1,955,144
Land sales	**6,975**	8,549	**10,203**	8,852
Financial services [(a)]	**30,762**	25,266	**57,724**	50,547
Total revenue	**$ 1,109,781**	$ 1,014,013	**$ 2,156,484**	$ 2,014,543

(a) Revenue includes hedging gains of $4.0 million for the three months ended June 30, 2024 and hedging losses of $0.1 million for the three months ended June 30, 2023. Revenue includes hedging gains of $1.1 million and $4.1 million for the six months ended June 30, 2024 and 2023, respectively. Hedging gains/losses do not represent revenue recognized from contracts with customers.

Refer to Note 11 for presentation of our revenues disaggregated by geography. As our homebuilding operations accounted for over 97% of our total revenues for the three and six months ended June 30, 2024 and 2023, with most of those revenues generated from home purchase contracts with customers, we believe the disaggregation of revenues as disclosed above and in Note 11 fairly depict how the nature, amount, timing and uncertainty of cash flows are affected by economic factors.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

M/I Homes, Inc. and subsidiaries (the "Company" or "we") is one of the nation's leading builders of single-family homes having sold over 156,200 homes since commencing homebuilding activities in 1976. The Company's homes are marketed and sold primarily under the M/I Homes brand. The Company has homebuilding operations in Columbus and Cincinnati, Ohio; Indianapolis, Indiana; Chicago, Illinois; Minneapolis/St. Paul, Minnesota; Detroit, Michigan; Ft. Myers/Naples, Tampa, Sarasota and Orlando, Florida; Austin, Dallas/Fort Worth, Houston and San Antonio, Texas; Charlotte and Raleigh, North Carolina; and Nashville, Tennessee.

Included in this Management's Discussion and Analysis of Financial Condition and Results of Operations are the following topics relevant to the Company's performance and financial condition:

- Information Relating to Forward-Looking Statements;
- Application of Critical Accounting Estimates and Policies;
- Results of Operations;
- Discussion of Our Liquidity and Capital Resources; and
- Impact of Interest Rates and Inflation.

FORWARD-LOOKING STATEMENTS

Certain information included in this report or in other materials we have filed or will file with the Securities and Exchange Commission (the "SEC") (as well as information included in oral statements or other written statements made or to be made by us) contains or may contain forward-looking statements, including, but not limited to, statements regarding our future financial performance and financial condition. Words such as "expects," "anticipates," "envisions," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements involve a number of risks and uncertainties. Any forward-looking statements that we make herein and in future reports and statements are not guarantees of future performance, and actual results may differ materially from those in such forward-looking statements as a result of various risk factors, including, without limitation, factors relating to the economic environment, interest rates, availability of resources, competition, market concentration, land development activities, construction defects, product liability and warranty claims and various governmental rules and regulations. See "Item 1A. Risk Factors" in Part I of our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K"), as the same may be updated from time to time in our subsequent filings with the SEC, for more information regarding those risk factors.

Any forward-looking statement speaks only as of the date made. Except as required by applicable law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in our subsequent reports on Forms 10-K, 10-Q and 8-K should be consulted. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995, and all of our forward-looking statements are expressly qualified in their entirety by the cautionary statements contained or referenced in this section.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates and assumptions on historical experience and various other factors that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. On an ongoing basis, management evaluates such estimates and assumptions and makes adjustments as deemed necessary. Actual results could differ from these estimates using different estimates and assumptions, or if conditions are significantly different in the future. See Note 1 (Summary of Significant Accounting Policies) to our consolidated financial statements included in our 2023 Form 10-K for additional information about our accounting policies.

We believe that there have been no significant changes to our critical accounting policies during the quarter ended June 30, 2024 as compared to those disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2023 Form 10-K.

RESULTS OF OPERATIONS

Our reportable segments are: Northern homebuilding; Southern homebuilding; and financial services operations. The homebuilding operating segments that comprise each of our reportable segments are as follows:

Northern	Southern
Chicago, Illinois	Ft. Myers/Naples, Florida
Cincinnati, Ohio	Orlando, Florida
Columbus, Ohio	Sarasota, Florida
Indianapolis, Indiana	Tampa, Florida
Minneapolis/St. Paul, Minnesota	Austin, Texas
Detroit, Michigan	Dallas/Fort Worth, Texas
	Houston, Texas
	San Antonio, Texas
	Charlotte, North Carolina
	Raleigh, North Carolina
	Nashville, Tennessee

Overview

We generated strong results during the first half of 2024. For the quarter ended June 30, 2024, we achieved all-time quarterly records in gross margin, income before income taxes, net income and diluted earnings per share and a second quarter record for revenue. In addition, our homes delivered increased 12% and our new contracts for the second quarter of 2024 increased 3% compared to the second quarter of 2023. Our performance reflects favorable demographic trends and rising household formations, which led to improvements in homebuyer demand, despite elevated and volatile mortgage interest rates that continued to challenge housing affordability. Homebuyers continued to demonstrate a strong desire for homeownership in an environment that was also impacted by an undersupply of new and resale homes. We also had strong cash flow and ended the quarter with ample liquidity and low leverage.

We achieved the following results during the second quarter and first half of 2024 in comparison to the second quarter and first half of 2023:

- Revenue increased 9% to $1.11 billion (a second quarter record) and 7% to $2.16 billion (a year-to-date record), respectively;
- Number of homes delivered increased 12% to 2,224 homes (our second highest level for the second quarter) and increased 10% to 4,382 homes (a year-to-date record), respectively;
- Gross margins improved 240 basis points to 27.9% (an all-time quarterly record) and 300 basis points to 27.5%, respectively;
- Income before income taxes increased 25% to $194.1 million (an all-time quarterly record) and 29% to $374.4 million (an all-time year-to-date record), respectively;
- Income before income taxes as a percentage of revenue increased by 220 basis points to 17.5% (an all-time quarterly record) and 290 basis points to 17.4% (an all-time year-to-date record), respectively;
- Net income increased 24% to $146.7 million (an all-time quarterly record) and 29% to $284.8 million (an all-time year-to-date record), respectively;
- New contracts increased 3% to 2,255 from 2,197 and 10% to 4,802 from 4,368 (second highest year-to-date level in Company history), respectively;
- Shareholders' equity of $2.74 billion (a record high);
- Book value per common share increased to a record high $100 per share; and
- Homebuilding debt to capital ratio was 20%.

In addition to the results described above, our financial services operations also achieved all-time record quarterly revenues and strong income before income taxes for the first half of 2024, benefiting from higher margins and an increase in loans originated.

Our company-wide absorption pace of sales per community for the second quarter of 2024 declined slightly to 3.5 per month compared to 3.7 per month for the prior year's second quarter as a result of the limited lot supply in the increased number of our communities in closeout status. We plan to open additional new communities during 2024 and increase our average community count by approximately 5% from 2023.

Summary of Company Financial Results

Income before income taxes for the second quarter of 2024 increased 25% from $155.4 million in the second quarter of 2023 to an all-time quarterly record $194.1 million in 2024. We also achieved all-time quarterly record net income of $146.7 million, or $5.12 per diluted share, in 2024's second quarter, compared to net income of $118.0 million, or $4.12 per diluted share, in 2023's second quarter. Our effective tax rate was 24.4% in 2024's second quarter compared to 24.0% in 2023. Income before income taxes increased from $291.3 million in the first half of 2023 to $374.4 million in the first half of 2024, an all-time year-to-date record. We achieved all-time year-to-date record net income of $284.8 million, or $9.90 per diluted share, during 2024's first half compared to net income of $221.1 million, or $7.77 per diluted share, in the six months ended June 30, 2023. Our effective tax rate was 23.9% in 2024's first half compared to 24.1% in the same period in 2023.

During the quarter ended June 30, 2024, we achieved record second quarter total revenue of $1.11 billion, of which $1.07 billion was from homes delivered, $7.0 million was from land sales and $30.8 million was from our financial services operations. Revenue from homes delivered increased 9% in 2024's second quarter compared to the same period in 2023 driven primarily by a 12% increase in the number of homes delivered (234 units), offset partially by a 2% decrease in the average sales price of homes delivered ($11,000 per home delivered). Revenue from land sales decreased $1.6 million from the second quarter of 2023 due to fewer land sales in the current year compared to the prior year. Revenue from our financial services segment increased 22% to an all-time quarterly record $30.8 million in the second quarter of 2024 as a result of higher margins on and an increase in loans sold during the period compared to the second quarter of 2023, partially offset by a decrease in the average loan amount. For the first half of 2024, we recorded year-to-date record total revenue of $2.16 billion, of which $2.09 billion was from homes delivered, $10.2 million was from land sales and $57.7 million was from our financial services operations. Revenue from homes delivered increased 7% in the first half of 2024 compared to the same period in 2023 driven primarily by a 10% increase in the number of homes delivered (385 units), partially offset by a 2% decrease in the average sales price of homes delivered ($12,000 per home delivered). Revenue from land sales increased $1.4 million from the six months ended June 30, 2023 due to increased land sales in 2024's first six months compared to the prior year. Revenue from our financial services segment increased 14% to $57.7 million in the first half of 2024 as a result of higher margins on loans sold during the period compared to the first half of 2023 and an increase in loans sold during the period, partially offset by a decrease in the average loan amount compared to the first half of 2023.

Total gross margin (total revenue less total land and housing costs) increased $51.1 million in the second quarter of 2024 compared to the second quarter of 2023 as a result of a $45.6 million improvement in the gross margin of our homebuilding operations (housing gross margin and land sales gross margin) and a $5.5 million increase in the gross margin of our financial services operations. With respect to our homebuilding gross margin, our gross margin on homes delivered (housing gross margin) improved $44.6 million and our housing gross margin percentage improved by 210 basis points to 25.8% from 23.7%. The improvement in gross margin primarily resulted from the 12% increase in homes delivered, and our improvement in gross margin percentage was primarily due to the mix of homes being delivered. Our housing gross margin may fluctuate from quarter to quarter depending on the mix of communities delivering homes due to the variation in margin between different communities. Our gross margin on land sales (land sale gross margin) increased $1.0 million in the second quarter of 2024 compared to the second quarter of 2023 as a result of the mix of lots sold in the current year compared to the prior year. The gross margin of our financial services operations increased $5.5 million in the second quarter of 2024 compared to the second quarter of 2023 as a result of higher margins on and an increased number of loans sold, and an increase in the number of loan originations, offset partially by a decrease in the average loan amount during the second quarter of 2024 compared to the second quarter of 2023. Total gross margin increased $99.8 million in the first half of 2024 compared to the same period in 2023 as a result of a $92.7 million improvement in the gross margin of our homebuilding operations in addition to a $7.1 million improvement in the gross margin of our financial services operations. With respect to our homebuilding gross margin, our gross margin on homes delivered improved $90.3 million and our housing gross margin percentage improved 290 basis points from 22.6% in prior year’s first half to 25.5% in 2024's first half. These increases are primarily due to the 10% increase in the number of homes delivered primarily due to the mix of homes delivered, offset partially by the 2% decrease in the average sales price of homes delivered. Our gross margin on land sales improved $2.4 million in 2024's first six months compared to the same period in 2023. The gross margin of our financial services operations increased $7.1 million in the first half of 2024 compared to the same period in 2023 as a result of higher margins on, an increased number of loans sold during the first half of 2024 compared to the first half of 2023, and an increase in the number of loan originations, partially offset by a decrease in the average loan amount.

We opened 38 new communities during the first half of 2024 and closed 40 communities. We sell a variety of home types in various communities and markets, each of which yields a different gross margin. The timing of the openings of new replacement communities as well as underlying lot costs varies from year to year. The mix of communities delivering homes may cause fluctuations in our new contracts, absorption pace and housing gross margin from year to year.

For the three months ended June 30, 2024, selling, general and administrative expense increased $15.0 million, and increased as a percentage of revenue from 10.6% in the second quarter of 2023 to 11.0% in the second quarter of 2024. Selling expense increased $6.6 million from 2023's second quarter and increased as a percentage of revenue to 5.3% in 2024's second quarter from 5.1% for the same period in 2023. Variable selling expense for sales commissions contributed $3.8 million to the increase due to the higher number of homes delivered as well as higher co-op rates during the period compared to prior year. Non-variable selling expense increased $2.8 million primarily as a result of increased costs associated with our sales offices and models due to our increase in community count from prior year. General and administrative expense increased $8.4 million compared to the second quarter of 2023 and increased as a percentage of revenue from 5.5% in the second quarter of 2023 to 5.8% in the second quarter of 2024. The increase in general and administrative expense was primarily due to a $6.7 million increase in compensation-related expenses, a $0.6 million increase in land-related expenses, a $0.6 million increase in computer costs, a $0.3 million increase in advertising expenses, and a $0.2 million increase in miscellaneous expenses. For the six months ended June 30, 2024, selling, general and administrative expense increased $24.9 million, and increased as a percentage of revenue from 10.3% in the six months ended June 30, 2023 to 10.8% in the first six months of 2024. Selling expense increased $11.5 million from the first half of 2023 and increased as a percentage of revenue to 5.2% in 2024's first half from 5.0% for the same period in 2023. Variable selling expense for sales commissions contributed $7.7 million to the increase due to the higher number of homes delivered during the first half of 2024 and higher co-op rates during the period compared to prior year. Non-variable selling expense increased $3.8 million primarily as a result of increased costs associated with our sales offices and models due to our increase in community count from prior year. General and administrative expense increased $13.4 million compared to the first half of 2023 and increased as a percentage of revenue from 5.3% in the six months ended June 30, 2023 to 5.6% in the first six months of 2024. The increase in general and administrative expense was primarily due to a $9.3 million increase in compensation-related expenses, a $1.3 million increase in computer costs, a $1.2 million increase in land-related expenses, a $0.3 million increase in professional fees, and a $1.3 million increase in miscellaneous expenses.

Outlook

Housing market conditions improved during the second quarter of 2024 compared to the same period in 2023. However, the housing market remains subject to unpredictability as a result of uncertainty regarding the near-term direction of mortgage interest rates as well as various macroeconomic conditions, including labor and material costs and availability, inflation, and the economic concerns of our potential homebuyers. The extent to which these factors will impact our business is unpredictable. We believe that we are well positioned to manage through these economic conditions with our affordable product offerings, land position and planned new community openings. We remain sensitive to potential changes in market conditions, and continue to focus on controlling overhead leverage, carefully managing our investment in land and land development spending and selectively offering homebuyer concessions, such as mortgage interest rate buydowns, to support homebuyers, drive order activity and minimize cancellations. Our strong balance sheet and ample liquidity should also provide us with flexibility through changing economic conditions. However, we cannot provide any assurances that the strategic business objectives listed below will remain successful, and we may need to adjust elements of our strategy to effectively address evolving market conditions.

We expect to emphasize the following strategic business objectives throughout the remainder of 2024:

- managing our land spend and inventory levels;
- continued focus on cycle times;
- opening new communities;
- managing overhead spend;
- maintaining a strong balance sheet and liquidity levels; and
- emphasizing customer service, product quality and design, and premier locations.

During the first six months of 2024, we invested $226.8 million in land acquisitions and $263.9 million in land development compared to $141.7 million and $201.3 million, respectively, during the first six months of 2023. We invested in more land acquisitions in the first half of 2024 compared to the second quarter of 2023 in line with the land supply needs of our divisions. We continue to closely review our land acquisition and land development spending and monitor our ongoing pace of home sales and deliveries, and we will adjust our land and investment spend accordingly.

We ended the second quarter of 2024 with approximately 49,500 lots under control, which represents an approximately six-year supply of lots based on the past twelve months of homes delivered, including certain lots that we anticipate selling to third parties. This represents a 20% increase from our approximately 41,300 lots under control at the end of last year’s second quarter.

We opened 38 communities and closed 40 communities in the first half of 2024, ending the second quarter with 211 active communities, compared to 195 at the end of last year’s second quarter. Although the timing of opening new communities and closing existing communities is subject to substantial variation, we expect to grow our average community count by approximately 5% by the end of 2024.

The following table shows, by segment: revenue; gross margin; selling, general and administrative expense; operating income (loss); and interest (income) expense - net for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2024**	2023	**2024**	2023
Revenue:				
Northern homebuilding	**$ 464,781**	$ 383,886	**$ 873,301**	$ 766,616
Southern homebuilding	**614,238**	604,861	**1,225,459**	1,197,380
Financial services [(a)]	**30,762**	25,266	**57,724**	50,547
Total revenue	**$ 1,109,781**	$ 1,014,013	**$ 2,156,484**	$ 2,014,543
Gross margin:				
Northern homebuilding	**$ 106,951**	$ 76,489	**$ 195,760**	$ 142,989
Southern homebuilding	**171,567**	156,429	**339,139**	299,274
Financial services [(a)]	**30,762**	25,266	**57,724**	50,547
Total gross margin	**$ 309,280**	$ 258,184	**$ 592,623**	$ 492,810
Selling, general and administrative expense:				
Northern homebuilding	**$ 34,130**	$ 29,636	**$ 64,878**	$ 56,976
Southern homebuilding	**51,817**	46,517	**101,546**	91,750
Financial services [(a)]	**12,879**	11,523	**24,654**	21,836
Corporate	**23,663**	19,849	**41,435**	37,003
Total selling, general and administrative expense	**$ 122,489**	$ 107,525	**$ 232,513**	$ 207,565
Operating income (loss):				
Northern homebuilding	**$ 72,821**	$ 46,853	**$ 130,882**	$ 86,013
Southern homebuilding	**119,750**	109,912	**237,593**	207,524
Financial services [(a)]	**17,883**	13,743	**33,070**	28,711
Less: Corporate selling, general and administrative expense	**(23,663)**	(19,849)	**(41,435)**	(37,003)
Total operating income	**$ 186,791**	$ 150,659	**$ 360,110**	$ 285,245
Interest (income) expense - net:				
Northern homebuilding	**$ (56)**	$ (47)	**$ (136)**	$ (93)
Southern homebuilding	**—**	(203)	**(398)**	(205)
Financial services [(a)]	**3,483**	2,584	**6,358**	4,911
Corporate	**(10,775)**	(7,004)	**(20,092)**	(10,672)
Total interest income - net of interest expense	**$ (7,348)**	$ (4,670)	**$ (14,268)**	$ (6,059)
Other income	**—**	(28)	—	(35)
Income before income taxes	**$ 194,139**	$ 155,357	**$ 374,378**	$ 291,339

(a) Our financial services operational results should be viewed in connection with our homebuilding business as its operations originate loans and provide title services primarily for our homebuyers, with the exception of a small amount of mortgage refinancing.

The following tables show total assets by segment at June 30, 2024 and December 31, 2023:

	At June 30, 2024			
(In thousands)	**Northern**	**Southern**	**Corporate, Financial Services and Unallocated**	**Total**
Deposits on real estate under option or contract	**$ 11,003**	**$ 51,943**	**$ —**	**$ 62,946**
Inventory [(a)]	**1,020,600**	**1,854,918**	**—**	**2,875,518**
Investments in joint venture arrangements	**—**	**46,180**	**—**	**46,180**
Other assets	**48,208**	**149,437** [(b)]	**1,157,781**	**1,355,426**
Total assets	**$ 1,079,811**	**$ 2,102,478**	**$ 1,157,781**	**$ 4,340,070**

	At December 31, 2023			
(In thousands)	Northern	Southern	Corporate, Financial Services and Unallocated	Total
Deposits on real estate under option or contract	$ 8,990	$ 42,618	$ —	$ 51,608
Inventory [(a)]	1,016,982	1,728,561	—	2,745,543
Investments in joint venture arrangements	—	44,011	—	44,011
Other assets	37,171	104,306 [(b)]	1,039,801	1,181,278
Total assets	$ 1,063,143	$ 1,919,496	$ 1,039,801	$ 4,022,440

(a) Inventory includes: single-family lots, land and land development costs; land held for sale; homes under construction; model homes and furnishings; community development district infrastructure; and consolidated inventory not owned.

(b) Includes development reimbursements from local municipalities.

Reportable Segments

The following table presents, by reportable segment, selected operating and financial information as of and for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	**2024**	2023	**2024**	2023
Northern Region				
Homes delivered	**951**	783	**1,794**	1,580
New contracts, net	**1,002**	949	**2,164**	1,777
Backlog at end of period	**1,618**	1,253	**1,618**	1,253
Average sales price of homes delivered	**$ 489**	$ 490	**$ 486**	$ 485
Average sales price of homes in backlog	**$ 527**	$ 504	**$ 527**	$ 504
Aggregate sales value of homes in backlog	**$ 852,472**	$ 630,985	**$ 852,472**	$ 630,985
Housing revenue	**$ 464,606**	$ 383,486	**$ 872,126**	$ 766,116
Land sale revenue	**$ 175**	$ 400	**$ 1,175**	$ 500
Operating income homes [(a)]	**$ 72,705**	$ 46,857	**$ 130,361**	$ 86,013
Operating income (loss) land	**$ 116**	$ (4)	**$ 521**	$ —
Number of average active communities	**97**	102	**98**	101
Number of active communities, end of period	**92**	100	**92**	100
Southern Region				
Homes delivered	**1,273**	1,207	**2,588**	2,417
New contracts, net	**1,253**	1,248	**2,638**	2,591
Backlog at end of period	**1,804**	2,255	**1,804**	2,255
Average sales price of homes delivered	**$ 477**	$ 494	**$ 470**	$ 492
Average sales price of homes in backlog	**$ 538**	$ 509	**$ 538**	$ 509
Aggregate sales value of homes in backlog	**$ 970,214**	$ 1,146,672	**$ 970,214**	$ 1,146,672
Housing revenue	**$ 607,438**	$ 596,712	**$ 1,216,431**	$ 1,189,028
Land sale revenue	**$ 6,800**	$ 8,149	**$ 9,028**	$ 8,352
Operating income homes [(a)]	**$ 117,933**	$ 109,016	**$ 234,868**	$ 206,635
Operating income (loss) land	**$ 1,817**	$ 896	**$ 2,725**	$ 889
Number of average active communities	**118**	96	**116**	96
Number of active communities, end of period	**119**	95	**119**	95
Total Homebuilding Regions				
Homes delivered	**2,224**	1,990	**4,382**	3,997
New contracts, net	**2,255**	2,197	**4,802**	4,368
Backlog at end of period	**3,422**	3,508	**3,422**	3,508
Average sales price of homes delivered	**$ 482**	$ 493	**$ 477**	$ 489
Average sales price of homes in backlog	**$ 533**	$ 507	**$ 533**	$ 507
Aggregate sales value of homes in backlog	**$ 1,822,686**	$ 1,777,657	**$ 1,822,686**	$ 1,777,657
Housing revenue	**$ 1,072,044**	$ 980,198	**$ 2,088,557**	$ 1,955,144
Land sale revenue	**$ 6,975**	$ 8,549	**$ 10,203**	$ 8,852
Operating income homes [(a)]	**$ 190,638**	$ 155,873	**$ 365,229**	$ 292,648
Operating income land	**$ 1,933**	$ 892	**$ 3,246**	$ 889
Number of average active communities	**215**	198	**214**	197
Number of active communities, end of period	**211**	195	**211**	195

(a) Includes the effect of total homebuilding selling, general and administrative expense for the region as disclosed in the first table set forth in this "Outlook" section.

	Three Months Ended June 30,				Six Months Ended June 30,			
(Dollars in thousands)		**2024**		2023		**2024**		2023
Financial Services								
Number of loans originated		**1,618**		1,281		**3,174**		2,539
Value of loans originated	**$**	**639,155**	$	515,533	**$**	**1,240,101**	$	1,009,994
Revenue	**$**	**30,762**	$	25,266	**$**	**57,724**	$	50,547
Less: Selling, general and administrative expenses		**12,879**		11,523		**24,654**		21,836
Less: Interest expense		**3,483**		2,584		**6,358**		4,911
Income before income taxes	**$**	**14,400**	$	11,159	**$**	**26,712**	$	23,800

A home is included in "new contracts" when our standard sales contract is executed. "Homes delivered" represents homes for which the closing of the sale has occurred. "Backlog" represents homes for which the standard sales contract has been executed, but which are not included in homes delivered because closings for these homes have not yet occurred as of the end of the period specified.

The composition of our homes delivered, new contracts, net and backlog is constantly changing and may be based on a dissimilar mix of communities between periods as new communities open and existing communities wind down. Further, home types and individual homes within a community can range significantly in price due to differing square footage, option selections, lot sizes and quality and location of lots. These variations may result in a lack of meaningful comparability between homes delivered, new contracts, net and backlog due to the changing mix of communities between periods.

Cancellation Rates

The following table sets forth the cancellation rates for each of our homebuilding segments for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	**2024**	2023
Northern	**9.3 %**	9.1 %	**8.2 %**	9.9 %
Southern	**10.2 %**	11.4 %	**9.7 %**	12.7 %
Total cancellation rate	**9.8 %**	10.4 %	**9.0 %**	11.6 %

Seasonality

Typically, our homebuilding operations experience significant seasonality and quarter-to-quarter variability in homebuilding activity levels. In general, homes delivered increase in the second half of the year compared to the first half of the year. We believe that this seasonality reflects the tendency of homebuyers to shop for a new home in the spring with the goal of closing in the fall or winter, as well as the scheduling of construction to accommodate seasonal weather conditions. Our financial services operations also experience seasonality because loan originations correspond with the delivery of homes in our homebuilding operations.

Year Over Year Comparison

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

Northern Region. During the three months ended June 30, 2024, homebuilding revenue in our Northern region increased $80.9 million, from $383.9 million in the second quarter of 2023 to $464.8 million in the second quarter of 2024. This 21% increase in homebuilding revenue was primarily the result of a 21% increase in the number of homes delivered (168 more units), which was primarily the result of the mix of homes being delivered. Operating income in our Northern region increased $25.9 million from $46.9 million in the second quarter of 2023 to $72.8 million during the quarter ended June 30, 2024. This increase in operating income was the result of a $30.5 million improvement in our gross margin offset partially by a $4.5 million increase in selling, general and administrative expense. With respect to our homebuilding gross margin, our housing gross margin improved $30.3 million and our housing gross margin percentage improved 310 basis points to 23.0% in the second quarter of 2024 from 19.9% in the prior year's second quarter. These improvements were primarily due to the increase in the number of homes delivered in addition to the mix of homes delivered compared to prior year. Our land sale gross margin improved $0.1 million in the second quarter of 2024 compared to the same period in 2023 as a result of the mix of lots sold in the current year compared to the prior year.

Selling, general and administrative expense increased $4.5 million, from $29.6 million for the quarter ended June 30, 2023 to $34.1 million for the quarter ended June 30, 2024 but improved as a percentage of revenue to 7.3% in 2024's second quarter from 7.7% in 2023's second quarter. The increase in selling, general and administrative expense was attributable to a $3.3 million increase in selling expense primarily due to a $3.0 million increase in variable selling expenses resulting from increases in sales commissions produced by the higher number of homes delivered as well as a $0.3 million increase in non-variable selling expense primarily as a result of increased costs associated with our sales offices and models. This increase in selling, general and administrative expense was also attributable to a $1.2 million increase in general and administrative expense, which was primarily related to a $0.7 million increase in compensation-related expenses and $0.5 million increase in land related expenses.

During the three months ended June 30, 2024, we experienced a 6% increase in new contracts in our Northern region, from 949 in the second quarter of 2023 to 1,002 in the second quarter of 2024. Homes in backlog increased 29% from 1,253 homes at

June 30, 2023 to 1,618 homes at June 30, 2024. The increases in new contracts and backlog were primarily a result of improved demand compared to prior year. Average sales price in backlog increased to $527,000 at June 30, 2024 compared to $504,000 at June 30, 2023 primarily due to the mix of homes being sold. During the second quarter of 2024, we opened three new communities in our Northern region compared to nine during the second quarter of 2023. The decrease was a result of delays in approvals for entitlements and permits, and longer development timelines, all of which delayed community openings during the period. Our monthly absorption rate in our Northern region improved to 3.5 per community in the second quarter of 2024 compared to 3.1 per community in 2023's second quarter due to increased availability of and demand for inventory homes.

Southern Region. During the three month period ended June 30, 2024, homebuilding revenue in our Southern region increased $9.3 million, from $604.9 million in the second quarter of 2023 to $614.2 million in the second quarter of 2024. This 2% increase in homebuilding revenue was the result of a 5% increase in the number of homes delivered (66 more units) due to increased availability of inventory homes, offset partially by a 3% decrease in the average sales price of homes delivered ($17,000 per home delivered), which was primarily due to mix. Operating income in our Southern region increased $9.9 million from $109.9 million in the second quarter of 2023 to $119.8 million during the quarter ended June 30, 2024. This increase in operating income was the result of a $15.1 million improvement in our gross margin, offset partially by a $5.3 million increase in selling, general, and administrative expense. With respect to our homebuilding gross margin, our housing gross margin improved $14.2 million, due primarily to the increase in the number of homes delivered during the period and the mix of homes being delivered compared to prior year, offset partially by the decrease in the average sales price of homes delivered. Our housing gross margin percentage improved from 26.1% in prior year’s second quarter to 27.9% in the second quarter of 2024, primarily due to the mix of homes being delivered. Our land sale gross margin improved $0.9 million in the second quarter of 2024 compared to the second quarter of 2023 as a result of the mix of lots sold in the current year compared to the prior year.

Selling, general and administrative expense increased $5.3 million from $46.5 million in the second quarter of 2023 to $51.8 million in the second quarter of 2024 and increased as a percentage of revenue to 8.4% from 7.7% in the second quarter of 2023. The increase in selling, general and administrative expense was attributable to a $2.9 million increase in selling expense primarily due to a $0.8 million increase in variable selling expenses resulting from increases in sales commissions produced by the higher number of homes delivered as well as a $2.1 million increase in non-variable selling expense primarily as a result of increased costs associated with our sales offices and models due to our increased community count. This increase in selling, general and administrative expense was also attributable to a $2.4 million increase in general and administrative expense, which was due to a $1.9 million increase in compensation-related expenses, a $0.2 million increase in land-related expenses, and a $0.3 million increase in miscellaneous expenses.

During the three months ended June 30, 2024, our new contracts increased slightly in our Southern region, from 1,248 in the second quarter of 2023 to 1,253 in the second quarter of 2024, which was primarily due to our increased community count compared to prior year. Homes in backlog decreased, however, by 20% from 2,255 homes at June 30, 2023 to 1,804 homes at June 30, 2024, primarily as a result of improved construction cycle times allowing us to deliver homes in backlog at a faster rate compared to last year and increased availability of inventory homes compared to prior year. Average sales price in backlog increased to $538,000 at June 30, 2024 from $509,000 at June 30, 2023 primarily due to the mix of homes being sold. During the three months ended June 30, 2024, we opened 14 new communities in our Southern region compared to opening six communities during 2023's second quarter. Our monthly absorption rate in our Southern region declined to 3.5 per community in the second quarter of 2024 compared to 4.4 per community in the second quarter of 2023 as a result of the limited lot supply in the increased number of our communities in closeout status.

Financial Services. Revenue from our mortgage and title operations increased 22% to an all-time quarterly record $30.8 million in the second quarter of 2024 from $25.3 million in the second quarter of 2023 due to higher margins on loans sold during the period compared to prior year’s second quarter and a 26% increase in the number of loan originations from 1,281 in 2023's second quarter to 1,618 in the second quarter of 2024, partially offset by a decrease in the average loan amount from $402,000 in the quarter ended June 30, 2023 to $395,000 in the quarter ended June 30, 2024.

Our financial services segment experienced a $4.1 million increase in operating income in the second quarter of 2024 compared to 2023's second quarter, which was primarily due to the increase in revenue discussed above offset, in part, by a $1.4 million increase in selling, general and administrative expense compared to the second quarter of 2023, which was primarily the result of an increase in compensation-related expenses.

At June 30, 2024, M/I Financial provided financing services in all of our markets. Approximately 87% of our homes delivered during the second quarter of 2024 were financed through M/I Financial, compared to 81% in the second quarter of 2023. Capture rate is influenced by financing availability and competition in the mortgage market and can fluctuate from quarter to quarter.

Corporate Selling, General and Administrative Expense. Corporate selling, general and administrative expense increased $3.9 million from $19.8 million for the second quarter of 2023 to $23.7 million for the second quarter of 2024. This increase primarily resulted from a $2.2 million increase in compensation-related expenses and a $1.2 million increase in miscellaneous expenses.

Interest Income, net of Interest Expense. The Company earned $7.3 million of interest income - net for the three months ended June 30, 2024 compared to earning $4.7 million of interest income - net for the three months ended June 30, 2023. This increase was primarily due to a higher average cash balance on hand compared to prior year.

Income Taxes. Our overall effective tax rate was 24.4% for the three months ended June 30, 2024 and 24.0% for the three months ended June 30, 2023. The increase in the effective tax rate from the three months ended June 30, 2023 was primarily attributable to a $0.7 million decrease in tax benefit from equity compensation in 2024.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

Northern Region. During the first half of 2024, homebuilding revenue in our Northern region increased $106.7 million, from $766.6 million in the first six months of 2023 to $873.3 million in the first six months of 2024. This 14% increase in homebuilding revenue was primarily the result of a 14% increase in the number of homes delivered (214 more units) due to the mix of homes delivered, in addition to a $0.7 million increase in land sale revenue and a slight increase in the average sales price of homes delivered ($1,000 per home delivered). Operating income in our Northern region increased $44.9 million, from $86.0 million during the first half of 2023 to $130.9 million during the six months ended June 30, 2024. The increase in operating income was primarily the result of a $52.8 million increase in our gross margin offset partially by a $7.9 million increase in selling, general and administrative expense. With respect to our homebuilding gross margin, our housing gross margin improved $52.3 million, and our housing gross margin percentage improved 370 basis points from 18.7% in the first six months of 2023 to 22.4% for the same period in 2024, primarily due to the mix of homes being delivered in addition to the increase in the number of homes delivered. Our land sale gross margin improved $0.5 million in the first half of 2024 compared to the same period in 2023 as a result of the mix of lots sold in the current year compared to the prior year.

Selling, general and administrative expense increased $7.9 million, from $57.0 million for the six months ended June 30, 2023 to $64.9 million for the six months ended June 30, 2024, but remained flat as a percentage of revenue at 7.4% for both periods. The increase in selling, general and administrative expense was attributable to a $6.2 million increase in selling expense, primarily attributable to a $5.5 million increase in variable selling expenses resulting from increases in sales commissions produced by the higher number of homes delivered and an $0.7 million increase in costs associated with our sales offices and models. The increase in selling, general and administrative expense was also attributable to a $1.7 million increase in general and administrative expense, which was primarily related to a $1.0 million increase in compensation-related expenses and $0.7 million increase in other miscellaneous expenses.

During the six months ended June 30, 2024, we experienced a 22% increase in new contracts in our Northern region, from 1,777 in the six months ended June 30, 2023 to 2,164 in the first half of 2024. Homes in backlog increased 29% from 1,253 at June 30, 2023 to 1,618 homes at June 30, 2024. The increase in new contracts and homes in backlog was primarily due to improved demand. Average sales price in backlog increased to $527,000 at June 30, 2024 compared to $504,000 at June 30, 2023 primarily due to the mix of homes being sold. During the six months ended June 30, 2024, we opened 10 new communities in our Northern region compared to 20 new communities opened during the first half of 2023. The decrease was a result of delays in approvals for entitlements and permits, and longer development timelines, all of which delayed community openings during the period. Our monthly absorption rate in our Northern region improved to 3.7 per community in the six months ended June 30, 2024 from 2.9 per community in the same period in 2023 as a result of increased availability of and demand for inventory homes.

Southern Region. During the six months ended June 30, 2024, homebuilding revenue in our Southern region increased $28.1 million from $1.20 billion in the first half of 2023 to $1.23 billion in the first half of 2024. This 2% increase in homebuilding revenue was the result of a 7% increase in the number of homes delivered (171 more units) due to increased availability of inventory homes and improved construction cycle times on our backlog homes and a $0.7 million increase in land sale revenue, offset partially by a 4% decrease in the average sales price of homes delivered ($22,000 per home delivered) primarily due to the mix of homes delivered. Operating income in our Southern region increased 14% from $207.5 million in the first half of 2023 to $237.6 million during the six months ended June 30, 2024. This increase in operating income was the result of a $39.9 million improvement in our gross margin, offset partially by a $9.8 million increase in selling, general, and administrative expense. With respect to our homebuilding gross margin, our gross margin on homes delivered improved $38.0 million, due primarily to the increase in the number of homes delivered during the period as well as due to the mix of homes delivered, offset partially by the decrease in average sale price of homes delivered. Our housing gross margin percentage improved 260 basis points from 25.1% in the six months ended June 30, 2023 to 27.7% in the same period in 2024 primarily due to mix, offset partially by the decrease in average sales price of homes delivered compared to prior year. Our land sale gross margin improved $1.9 million in the first half of 2024 compared to the same period in 2023 as a result of the mix of lots sold in the current year compared to the prior year.

Selling, general and administrative expense increased $9.8 million from $91.8 million in the first half of 2023 to $101.6 million in the first half of 2024 and increased as a percentage of revenue to 8.3% compared to 7.7% in 2023’s same period. The increase in selling, general and administrative expense was attributable to a $4.8 million increase in selling expense primarily due to a $2.2 million increase in variable selling expenses resulting from increases in sales commissions produced by the higher number of homes delivered and a $2.6 million increase in non-variable selling expenses primarily related to costs associated with our sales offices and models due to our increased community count. The increase in selling, general and administrative expense was also attributable to a $5.0 million increase in general and administrative expense, which was primarily related to a $3.3 million increase in compensation-related expenses due to our strong financial performance during the period, a $0.9 million increase in land-related expenses, and a $0.8 million increase in other miscellaneous expenses.

During the six months ended June 30, 2024, we experienced a 2% increase in new contracts in our Southern region, from 2,591 in the six months ended June 30, 2023 to 2,638 in the first half of 2024 primarily due to the increase in our average number of communities compared to prior year. Homes in backlog decreased 20% from 2,255 homes at June 30, 2023 to 1,804 homes at June 30, 2024 due primarily to improved construction cycle times allowing us to deliver homes in backlog at a faster rate compared to last year in addition to increased availability of inventory homes compared to prior year. Average sales price in backlog increased from $509,000 at June 30, 2023 to $538,000 at June 30, 2024 primarily due to the mix of homes delivered. During the six months ended June 30, 2024, we opened 28 communities in our Southern region, compared to opening 14 during the first half of 2023. Our monthly absorption rate in our Southern region declined to 3.8 per community in the first half of 2024 from 4.5 per community in the first half of 2023 as a result of the limited lot supply in the increased number of our communities in closeout status.

Financial Services. Revenue from our mortgage and title operations increased 14% from $50.5 million in the first half of 2023 to $57.7 million in the first half of 2024 due to higher margins on loans sold during the period compared to 2023's first half, proceeds from the sale of mortgage servicing rights, and a 25% increase in the number of loan originations from 2,539 in the first half of 2023 to 3,174 in the first half of 2024, offset partially by a decrease in the average loan amount from $398,000 in the six months ended June 30, 2023 to $391,000 in the six months ended June 30, 2024.

Our financial services segment experienced a $4.4 million increase in operating income in the first half of 2024 compared to the same period in 2023, which was primarily due to the increase in revenue discussed above, partially offset by a $2.8 million increase in selling, general and administrative expense compared to the first half of 2023. The increase in selling, general and administrative expense was primarily attributable to a $1.7 million increase in compensation related expenses, a $0.5 million increase in indemnification reserves during the period, and a $0.6 million increase in other miscellaneous expenses.

At June 30, 2024, M/I Financial provided financing services in all of our markets. Approximately 88% of our homes delivered during the first half of 2024 were financed through M/I Financial, compared to 79% during the six months ended June 30, 2023. Capture rate is influenced by financing availability and can fluctuate from quarter to quarter.

Corporate Selling, General and Administrative Expense. Corporate selling, general and administrative expense increased $4.4 million from $37.0 million for the six months ended June 30, 2023 to $41.4 million for the six months ended June 30, 2024, primarily due to a $2.3 million increase in compensation-related expenses, a $0.8 million increase in computer-related costs, a $0.8 million increase in advertising expenses, and a $0.5 million increase in miscellaneous expenses incurred during the period.

Interest Income, net of Interest Expense. The Company earned $14.3 million of interest income - net for the six months ended June 30, 2024 compared to incurring $6.1 million of interest expense - net for the six months ended June 30, 2023. This was primarily due to a higher average cash balance on hand compared to prior year.

Income Taxes. Our overall effective tax rate was 23.9% for the six months ended June 30, 2024 and 24.1% for the six months ended June 30, 2023. The decrease in the effective rate from the six months ended June 30, 2023 was primarily attributable to a $0.6 million increase in tax benefit from equity compensation in 2024.

LIQUIDITY AND CAPITAL RESOURCES

Overview of Capital Resources and Liquidity.

At June 30, 2024, we had $837.5 million of cash, cash equivalents and restricted cash, with $837.3 million of this amount comprised of unrestricted cash and cash equivalents, which represents a $104.7 million increase in unrestricted cash and cash equivalents from December 31, 2023. The increase in cash is primarily due to house closings, the timing of land spend compared to prior year as well as a larger beginning of year balance on hand. Our principal uses of cash for the six months ended June 30, 2024 were investment in land and land development, construction of homes, mortgage loan originations, investment in joint ventures, operating expenses, short-term working capital, and debt service requirements, including the repayment of amounts outstanding under our credit facilities, and the repurchase of $75.6 million of our outstanding common shares under both the 2021 and 2024 Share Repurchase Programs (as defined below). In order to fund these uses of cash, we used proceeds from home deliveries, the sale of mortgage loans, the sale of mortgage servicing rights, excess cash balances, borrowings under our MIF Mortgage Repurchase Facility (as defined below), and other sources of liquidity.

The Company is a party to two primary credit agreements: (1) a $650 million unsecured revolving credit facility, dated July 18, 2013, as amended (the “Credit Facility”), with M/I Homes, Inc. as borrower and guaranteed by the Company’s wholly owned homebuilding subsidiaries; and (2) a $300 million (subject to increases and decreases during certain periods) mortgage repurchase agreement, dated October 24, 2023, with M/I Financial as borrower (the “MIF Mortgage Repurchase Facility”).

As of June 30, 2024, we had outstanding notes payable (consisting primarily of notes payable for our financial services operations, the 2030 Senior Notes and the 2028 Senior Notes) with varying maturities in an aggregate principal amount of $922.8 million, with $222.8 million payable within 12 months. Future interest payments associated with these notes payable totaled $150.5 million as of June 30, 2024, with $31.9 million payable within 12 months.

As of June 30, 2024, there were no borrowings outstanding and $80.1 million of letters of credit outstanding under our $650 million Credit Facility, leaving $569.9 million available. We expect to continue managing our balance sheet and liquidity carefully in the remainder of 2024 by managing our spending on land acquisition and development and construction of inventory homes, as well as overhead expenditures, relative to our ongoing volume of home deliveries, and we expect to meet our current and anticipated cash requirements in 2024 from cash receipts, excess cash balances and availability under our credit facilities.

During the first half of 2024, we delivered 4,382 homes, started 4,868 homes, ended the quarter with 5,033 homes under construction compared to 4,506 at the end of last year’s second quarter, and spent $226.8 million on land purchases and $263.9 million on land development.

We are actively acquiring and developing lots in our markets to replenish our lot supply and will continue to monitor market conditions and our pace of home sales and deliveries and adjust our land spending accordingly. Pursuant to our land option agreements, as of June 30, 2024, we had a total of 26,148 lots under contract, with an aggregate purchase price of approximately $1.34 billion, to be acquired during the remainder of 2024 through 2029.

Our off-balance sheet arrangements relating to our homebuilding operations include joint venture arrangements, land option agreements, guarantees and indemnifications associated with acquiring and developing land, and the issuance of letters of credit and completion bonds. We use these arrangements to secure the most desirable lots on which to build homes for our homebuyers in a manner that we believe reduces the overall risk to the Company.

***Operating Cash Flow Activities*.** During the six-month period ended June 30, 2024, we generated $143.3 million of cash from operating activities, compared to generating $417.7 million of cash from operating activities during the first half of 2023. The cash provided by operating activities in the first half of 2024 was primarily a result of net income of $284.8 million, and an increase of $86.6 million in accounts payable, customer deposits and other liabilities, offset, in part, by a $143.9 million increase in inventory purchases and payments for mortgage loan originations which exceeded the proceeds from the sale of mortgage loans by $54.4 million, and a decrease in accrued compensation totaling $25.4 million. The cash generated in operating activities during the first half of 2023 was primarily a result of net income of $221.1 million, $52.5 million of proceeds from the sale of mortgage loans net of mortgage loan originations, a $157.0 million decrease in inventory purchases due to delays and timing of land purchases and an increase of $36.1 million in accounts payable, offset, in part, by a decrease in accrued compensation and other liabilities totaling $60.2 million.

Investing Cash Flow Activities. During the first half of 2024, we used $27.5 million of cash in investing activities, compared to using $2.8 million of cash in investing activities during the first half of 2023. The cash used in investing activities in the first half of 2024 was primarily a result of a $29.0 million increase in our investment in joint venture arrangements and a

$5.8 million increase in property and equipment, offset, in part, by $7.2 million of proceeds from the sale of a portion of our mortgage servicing rights. The cash used in investing activities during the first half of 2023 was primarily a result of a $10.5 million increase in our investment in joint venture arrangements and a $2.1 million increase in property and equipment, offset, in part, by $9.8 million of proceeds from the sale of a portion of our mortgage servicing rights during the second quarter of 2023.

Financing Cash Flow Activities. During the six months ended June 30, 2024, we used $11.1 million of cash in financing activities, compared to using $58.1 million of cash in financing activities during the first six months of 2023. The cash used in financing activities in 2024 was primarily due to the repurchase of $75.6 million of our outstanding common shares during the first half of 2024, offset partially by proceeds from borrowings (net of repayments) under our MIF Mortgage Repurchase Facility of $56.9 million and $7.5 million in proceeds from the exercise of stock options during the first half of 2024. The cash used in financing activities in the first half of 2023 was primarily due to repayments of $59.3 million (net of proceeds from borrowings) under our two then-outstanding M/I Financial credit facilities and the repurchase of $15.2 million of our outstanding common shares during the first half of 2023, offset partially by the $16.6 million in proceeds from the exercise of stock options during the first half of 2023.

On May 13, 2024, the Company announced that its Board of Directors authorized a new share repurchase program pursuant to which the Company was permitted to purchase up to $250 million of its outstanding common shares (the “2024 Share Repurchase Program”), which replaced the 2021 Share Repurchase Program which had $95 million of remaining availability at the time. During the first half of 2024, the Company repurchased 0.6 million outstanding common shares for an aggregate purchase price of $75.6 million under both the 2021 and the 2024 Share Repurchase Programs which was funded with cash on hand. As of June 30, 2024, the Company is authorized to repurchase an additional $207.1 million of outstanding common shares under the 2024 Share Repurchase Program (see Note 12 to our financial statements for more information).

Based on current market conditions, expected capital needs and availability, and the current market price of the Company’s common shares, we expect to continue repurchasing shares during the remainder of 2024. The timing and amount of any future purchases under the 2024 Share Repurchase Program will be based on a variety of factors, including the market price of the Company’s common shares, business considerations, general market and economic conditions and legal requirements.

At June 30, 2024 and December 31, 2023, our ratio of homebuilding debt to capital was 20% and 22%, respectively, calculated as the carrying value of our outstanding homebuilding debt (which consists of borrowings under our Credit Facility, our 2030 Senior Notes and our 2028 Senior Notes) divided by the sum of the carrying value of our outstanding homebuilding debt plus shareholders’ equity. We believe that this ratio provides useful information for understanding our financial position and the leverage employed in our operations, and for comparing us with other homebuilders.

We fund our operations with cash flows from operating activities, including proceeds from home deliveries, land sales and the sale of mortgage loans. We believe that these sources of cash, along with our balance of unrestricted cash and borrowings available under our credit facilities, will be sufficient to fund our currently anticipated working capital needs, investment in land and land development, construction of homes, operating expenses, planned capital spending, and debt service requirements for at least the next twelve months. In addition, we routinely monitor current and anticipated operational and debt service requirements, financial market conditions, and credit relationships, and we may choose to seek additional capital by issuing new debt and/or equity securities or engaging in other financial transactions to strengthen our liquidity or our long-term capital structure. The financing needs of our homebuilding and financial services operations depend on anticipated sales and home delivery volume in the current year as well as future years, inventory levels and related turnover, forecasted land and lot purchases, debt maturity dates, and other factors. If we seek such additional capital or engage in such other financial transactions, there can be no assurance that we would be able to obtain such additional capital or consummate such other financial transactions on terms acceptable to us, if at all, and such additional equity or debt financing or other financial transactions could dilute the interests of our existing shareholders, add operational limitations and/or increase our interest costs.

Included in the table below is a summary of our available sources of cash from the Credit Facility and the MIF Mortgage Repurchase Facility as of June 30, 2024:

(In thousands)	Expiration Date	Outstanding Balance	Available Amount
Notes payable – homebuilding [(a)]	(a)	$ —	$ 569,909
Notes payable – financial services [(b)]	(b)	$ 222,792	$ 47

(a) The available amount under the Credit Facility is computed in accordance with the borrowing base calculation under the Credit Facility, which applies various advance rates for different categories of inventory and totaled $2.10 billion of availability for additional senior debt at June 30, 2024. As a result, the full $650 million commitment amount of the facility was available, less any borrowings and letters of credit outstanding. There were no borrowings outstanding and $80.1 million of letters of credit outstanding at June 30, 2024, leaving $569.9 million available. The Credit Facility has an expiration date of December 9, 2026.

(b) The available amount is computed in accordance with the borrowing base calculations under the MIF Mortgage Repurchase Facility, which may be increased by pledging additional mortgage collateral, not to exceed the maximum aggregate commitment amount of M/I Financial's repurchase agreement as of June 30, 2024, which was $240 million. The MIF Mortgage Repurchase Facility has an expiration date of October 22, 2024.

Notes Payable - Homebuilding.

Homebuilding Credit Facility. The Credit Facility provides for an aggregate commitment amount of $650 million and also includes an accordion feature pursuant to which the maximum borrowing availability may be increased to an aggregate of $800 million, subject to obtaining additional commitments from lenders. The Credit Facility matures on December 9, 2026. Interest on amounts borrowed under the Credit Facility is payable at multiple interest rate options, including one, three, or six month adjusted term secured overnight financing rate (“SOFR”) (subject to a floor of 0.25%) plus a margin of 175 basis points (subject to adjustment in subsequent quarterly periods based on the Company’s leverage ratio).

Borrowings under the Credit Facility constitute senior, unsecured indebtedness and availability is subject to, among other things, a borrowing base calculated using various advance rates for different categories of inventory. The Credit Facility also provides for a $250 million sub-facility for letters of credit. The Credit Facility contains various representations, warranties and covenants which require, among other things, that the Company maintain (1) a minimum level of Consolidated Tangible Net Worth of $1.67 billion at June 30, 2024 (subject to increase over time based on earnings and proceeds from equity offerings), (2) a leverage ratio not in excess of 60%, and (3) either a minimum Interest Coverage Ratio of 1.5 to 1.0 or a minimum amount of available liquidity. In addition, the Credit Facility contains covenants that limit the Company’s number of unsold housing units and model homes, as well as the amount of Investments in Unrestricted Subsidiaries and Joint Ventures (each as defined in the Credit Facility).

The Company’s obligations under the Credit Facility are guaranteed by all of the Company’s subsidiaries, with the exception of subsidiaries that are primarily engaged in the business of mortgage financing, title insurance or similar financial businesses relating to the homebuilding and home sales business, certain subsidiaries that are not 100%-owned by the Company or another subsidiary, and other subsidiaries designated by the Company as Unrestricted Subsidiaries (as defined in the Credit Facility), subject to limitations on the aggregate amount invested in such Unrestricted Subsidiaries. The guarantors for the Credit Facility are the same subsidiaries that guarantee our 2030 Senior Notes and our 2028 Senior Notes.

As of June 30, 2024, the Company was in compliance with all covenants of the Credit Facility, including financial covenants. The following table summarizes the most significant restrictive covenant thresholds under the Credit Facility and our compliance with such covenants as of June 30, 2024:

Financial Covenant		Covenant Requirement	Actual
		(Dollars in millions)	
Consolidated Tangible Net Worth	≥	$ 1,666.1	$ 2,653.2
Leverage Ratio	≤	0.60	(0.02)
Interest Coverage Ratio	≥	1.5 to 1.0	22.4 to 1.0
Investments in Unrestricted Subsidiaries and Joint Ventures	≤	$ 766.7	$ 6.4
Unsold Housing Units and Model Homes	≤	3,067	1,450

Notes Payable - Financial Services.

MIF Mortgage Repurchase Facility. The MIF Mortgage Repurchase Facility is used to finance eligible residential mortgage loans originated by M/I Financial. The MIF Mortgage Repurchase Facility provides for a maximum borrowing availability of $300 million (subject to increases and decreases during certain periods). The borrowing availability under the MIF Mortgage

Repurchase Facility is $240 million through September 17, 2024 and will increase to $270 million from September 18, 2024 until maturity. The MIF Mortgage Repurchase Facility expires on October 22, 2024. As is typical for similar credit facilities in the mortgage origination industry, at closing, the expiration of the MIF Mortgage Repurchase Facility was set at approximately one year and is under consideration for extension annually by the participating lenders. We expect to extend the MIF Mortgage Repurchase Facility on or prior to the current expiration date of October 22, 2024, but we cannot provide any assurance that we will be able to obtain such an extension.

M/I Financial pays interest on each advance under the MIF Mortgage Repurchase Facility at a per annum rate based on Daily Adjusting One-Month Term SOFR plus a margin as defined in the repurchase agreement. The MIF Mortgage Repurchase Facility provides for limits with respect to certain loan types that can secure outstanding borrowings. The MIF Mortgage Repurchase Facility also contains certain financial covenants each of which is defined in the repurchase agreement. There are no guarantors of the MIF Mortgage Repurchase Facility.

As of June 30, 2024, there was $223 million outstanding under the MIF Mortgage Repurchase Facility (which at the time had a maximum borrowing availability of $240 million), and M/I Financial was in compliance with all covenants thereunder. The financial covenants, as more fully described and defined in the MIF Mortgage Repurchase Facility, are summarized in the following table, which also sets forth M/I Financial's compliance with such covenants as of June 30, 2024:

Financial Covenant		Covenant Requirement	Actual
		(Dollars in millions)	
Leverage Ratio	≤	12.0 to 1.0	5.3 to 1.0
Liquidity	≥	$ 10.0	$ 45.0
Adjusted Net Income	>	$ 0.0	$ 22.1
Tangible Net Worth	≥	$ 25.0	$ 45.1

Senior Notes.

3.95% Senior Notes. On August 23, 2021, the Company issued $300.0 million aggregate principal amount of 3.95% Senior Notes due 2030. The 2030 Senior Notes contain certain covenants, as more fully described and defined in the indenture governing the 2030 Senior Notes, which limit the ability of the Company and the restricted subsidiaries to, among other things: incur certain liens securing indebtedness without equally and ratably securing the 2030 Senior Notes and the guarantees thereof; enter into certain sale and leaseback transactions; and consolidate or merge with or into other companies, liquidate or sell or otherwise dispose of all or substantially all of the Company's assets. These covenants are subject to a number of exceptions and qualifications as described in the indenture governing the 2030 Senior Notes. As of June 30, 2024, the Company was in compliance with all terms, conditions, and covenants under the indenture.

4.95% Senior Notes. On January 22, 2020, the Company issued $400.0 million aggregate principal amount of 4.95% Senior Notes due 2028. The 2028 Senior Notes contain certain covenants, as more fully described and defined in the indenture governing the 2028 Senior Notes, which limit the ability of the Company and the restricted subsidiaries to, among other things: incur additional indebtedness; make certain payments, including dividends, or repurchase any shares, in an aggregate amount exceeding our "restricted payments basket"; make certain investments; and create or incur certain liens, consolidate or merge with or into other companies, or liquidate or sell or transfer all or substantially all of our assets. These covenants are subject to a number of exceptions and qualifications as described in the indenture governing the 2028 Senior Notes. As of June 30, 2024, the Company was in compliance with all terms, conditions, and covenants under the indenture.

See Note 8 to our financial statements for more information regarding the 2030 Senior Notes and the 2028 Senior Notes.

Supplemental Financial Information.

As of June 30, 2024, M/I Homes, Inc. had $300.0 million aggregate principal amount of its 2030 Senior Notes and $400.0 million aggregate principal amount of its 2028 Senior Notes outstanding.

The 2030 Senior Notes and the 2028 Senior Notes are fully and unconditionally guaranteed, on a joint and several basis, by all of M/I Homes, Inc.'s subsidiaries (the "Subsidiary Guarantors") with the exception of subsidiaries that are primarily engaged in the business of mortgage financing, title insurance or similar financial businesses relating to the homebuilding and home sales business, certain subsidiaries that are not 100%-owned by M/I Homes, Inc. or another subsidiary, and other subsidiaries designated as Unrestricted Subsidiaries (as defined in the indentures governing the 2030 Senior Notes and the 2028 Senior Notes), subject to limitations on the aggregate amount invested in such Unrestricted Subsidiaries in accordance with the terms of the Credit Facility and the indentures governing the 2030 Senior Notes and the 2028 Senior Notes (the “Non-Guarantor Subsidiaries”). The Subsidiary Guarantors of the 2030 Senior Notes, the 2028 Senior Notes and the Credit Facility are the same.

Each Subsidiary Guarantor is a direct or indirect 100%-owned subsidiary of M/I Homes, Inc. The guarantees are senior unsecured obligations of each Subsidiary Guarantor and rank equally in right of payment with all existing and future unsecured senior indebtedness of such Subsidiary Guarantor. The guarantees are effectively subordinated to any existing and future secured indebtedness of such Subsidiary Guarantor with respect to any assets comprising security or collateral for such indebtedness.

The guarantees are “full and unconditional,” as those terms are used in Regulation S-X, Rule 3-10(b)(3), except that the indentures governing the 2030 Senior Notes and the 2028 Senior Notes provide that a Subsidiary Guarantor’s guarantee will be released if: (1) all of the assets of such Subsidiary Guarantor have been sold or otherwise disposed of in a transaction in compliance with the terms of the applicable indenture; (2) all of the Equity Interests (as defined in the applicable indenture) held by M/I Homes, Inc. and the Restricted Subsidiaries (as defined in the applicable Indenture) of such Subsidiary Guarantor have been sold or otherwise disposed of to any person other than M/I Homes, Inc. or a Restricted Subsidiary in a transaction in compliance with the terms of the applicable indenture; (3) the Subsidiary Guarantor is designated an Unrestricted Subsidiary (or otherwise ceases to be a Restricted Subsidiary (including by way of liquidation or merger)) in compliance with the terms of the applicable indenture; (4) M/I Homes, Inc. exercises its legal defeasance option or covenant defeasance option under the applicable indenture; or (5) all obligations under the applicable indenture are discharged in accordance with the terms of the applicable indenture.

The enforceability of the obligations of the Subsidiary Guarantors under their guarantees may be subject to review under applicable federal or state laws relating to fraudulent conveyance or transfer, voidable preference and similar laws affecting the rights of creditors generally. In certain circumstances, a court could void the guarantees, subordinate amounts owing under the guarantees or order other relief detrimental to the holders of the 2030 Senior Notes and the 2028 Senior Notes.

The following tables present summarized financial information on a combined basis for M/I Homes, Inc. and the Subsidiary Guarantors. Transactions between M/I Homes, Inc. and the Subsidiary Guarantors have been eliminated and the summarized financial information does not reflect M/I Homes, Inc.’s or the Subsidiary Guarantors’ investment in, and equity in earnings from, the Non-Guarantor Subsidiaries.

Summarized Balance Sheet Data

(In thousands)	**As of June 30, 2024**	As of December 31, 2023
Assets:		
Cash	**$ 785,754**	$ 695,810
Investment in joint venture arrangements	**$ 40,139**	$ 38,373
Amounts due from Non-Guarantor Subsidiaries	**$ 12,145**	$ 6,949
Total assets	**$ 4,028,329**	$ 3,769,713
Liabilities and Shareholders’ Equity:		
Total liabilities	**$ 1,343,848**	$ 1,306,433
Shareholders’ equity	**$ 2,684,481**	$ 2,463,280

Summarized Statement of Income Data

(In thousands)	**Six Months Ended June 30, 2024**
Revenues	$ 2,098,760
Land and housing costs	$ 1,563,861
Selling, general and administrative expense	$ 207,087
Income before income taxes	$ 348,438
Net income	$ 263,430

Weighted Average Borrowings. For the three months ended June 30, 2024 and 2023, our weighted average borrowings outstanding were $718.7 million and $757.5 million, respectively, with a weighted average interest rate of 5.33% and 5.32%, respectively. The decrease in our weighted average borrowings related to decreased average borrowings under our M/I Financial credit facility during the second quarter of 2024 compared to the same period in 2023. The increase in our weighted average borrowing rate was due to higher interest rates on our credit facility in 2024 compared to the prior year.

At both June 30, 2024 and December 31, 2023, we had no borrowings outstanding under the Credit Facility. Based on our currently anticipated spending on home construction, overhead expenses and land acquisition and development during 2024, offset by expected cash receipts from home deliveries and other sources, we do not expect to incur borrowings under the Credit Facility during 2024. To the extent we elect to borrow under the Credit Facility during the remainder of 2024, the actual amount borrowed and the related timing will be subject to numerous factors, which are subject to significant variation as a result of the timing and amount of land and house construction expenditures, payroll and other general and administrative expenses, and cash receipts from home deliveries. The amount borrowed will also be impacted by other cash receipts and payments, any capital markets transactions or other additional financings by the Company, any repayments or redemptions of outstanding debt, any additional share repurchases under the 2024 Share Repurchase Program and any other extraordinary events or transactions. The Company may also experience significant variation in cash and Credit Facility balances from week to week due to the timing of such receipts and payments.

There were $80.1 million of letters of credit issued and outstanding under the Credit Facility at June 30, 2024. During the six months ended June 30, 2024, the average daily amount of letters of credit outstanding under the Credit Facility was $70.3 million and the maximum amount of letters of credit outstanding under the Credit Facility was $80.2 million.

At June 30, 2024, M/I Financial had $222.8 million outstanding under the MIF Mortgage Repurchase Facility. During the six months ended June 30, 2024, the average daily amount outstanding under the MIF Mortgage Repurchase Facility was $18.9 million and the maximum amount outstanding was $224.3 million, which occurred during March 2024.

Universal Shelf Registration. In June 2022, the Company filed a universal shelf registration statement with the SEC, which registration statement became effective upon filing and will expire in June 2025. Pursuant to the registration statement, the Company may, from time to time, offer debt securities, common shares, preferred shares, depositary shares, warrants to purchase debt securities, common shares, preferred shares, depositary shares or units of two or more of those securities, rights to purchase debt securities, common shares, preferred shares or depositary shares, stock purchase contracts and units. The timing and amount of offerings, if any, will depend on market and general business conditions.

INTEREST RATES AND INFLATION

Our business is significantly affected by general economic conditions within the United States and, particularly, by the impact of interest rates and inflation. These macroeconomic trends have pressured housing affordability, negatively impacted homebuyer sentiment and impacted the costs of financing land development activities and housing construction.

The annual rate of inflation in the United States was 3.0% in June 2024, as measured by the Consumer Price Index, down slightly from March 2024, and down significantly from 6.5% in December 2022 and 9.1% in June 2022 (which was the highest inflation rate experienced in 40 years). As the rate of inflation has declined from 2022's historic levels, our costs have stabilized. However, continued increases in inflation rates could impact our costs, potentially reduce our gross margins, reduce the purchasing power of potential homebuyers, and negatively impact their ability and desire to buy a home.

Interest rates began to rise in the second half of 2023 from 6.5% at the end of 2022 to over 8% by the end of October 2023 (the highest rates since 2001). Rates declined slightly by the end of 2023 to approximately 7%, and have hovered around 7% throughout the first half of 2024. The higher mortgage interest rates are making it more difficult for homebuyers to qualify for mortgages or to obtain mortgages at interest rates that are acceptable to them. Rising interest rates, as well as increased materials and labor costs, can also reduce gross margins.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary market risk results from fluctuations in interest rates. We are exposed to interest rate risk through borrowings under our revolving credit facilities, consisting of the Credit Facility and the MIF Mortgage Repurchase Facility, which permitted borrowings of up to $890 million as of June 30, 2024, subject to availability constraints. Additionally, M/I Financial is exposed to interest rate risk associated with its mortgage loan origination services.

Interest Rate Lock Commitments: Interest rate lock commitments ("IRLCs") are extended to certain homebuying customers who have applied for a mortgage loan and meet certain defined credit and underwriting criteria. Typically, the IRLCs will have a duration of less than six months; however, in certain markets, the duration could extend to nine months.

Some IRLCs are committed to a specific third party investor through the use of whole loan delivery commitments matching the exact terms of the IRLC loan. Uncommitted IRLCs are considered derivative instruments and are fair value adjusted, with the resulting gain or loss recorded in current earnings.

Forward Sales of Mortgage-Backed Securities: Forward sales of mortgage-backed securities ("FMBSs") are used to protect uncommitted IRLC loans against the risk of changes in interest rates between the lock date and the funding date. FMBSs related to uncommitted IRLCs are classified and accounted for as non-designated derivative instruments and are recorded at fair value, with gains and losses recorded in current earnings.

Mortgage Loans Held for Sale**:** Mortgage loans held for sale consist primarily of single-family residential loans collateralized by the underlying property. During the period between when a loan is closed and when it is sold to an investor, the interest rate risk is covered through the use of a whole loan contract or by FMBSs. The FMBSs are classified and accounted for as non-designated derivative instruments, with gains and losses recorded in current earnings.

The table below shows the notional amounts of our financial instruments at June 30, 2024 and December 31, 2023:

Description of Financial Instrument (in thousands)	**June 30, 2024**	December 31, 2023
Uncommitted IRLCs	**$ 227,821**	$ 174,274
FMBSs related to uncommitted IRLCs	**250,000**	174,000
Whole loan contracts and related mortgage loans held for sale	**16,238**	10,398
FMBSs related to mortgage loans held for sale	**194,000**	152,000
Mortgage loans held for sale covered by FMBSs	**211,151**	160,547

The table below shows the measurement of assets and liabilities at June 30, 2024 and December 31, 2023:

Description of Financial Instrument (in thousands)	**June 30, 2024**	December 31, 2023
Mortgage loans held for sale	**$ 227,254**	$ 176,329
Forward sales of mortgage-backed securities	**1,668**	(7,220)
Interest rate lock commitments	**1,438**	3,617
Whole loan contracts	**(384)**	(335)
Total	**$ 229,976**	$ 172,391

The following table sets forth the amount of (loss) gain recognized on assets and liabilities for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
Description (in thousands)	**2024**	2023	**2024**	2023
Mortgage loans held for sale	**$ (623)**	$ (3,139)	**$ (3,471)**	$ 836
Forward sales of mortgage-backed securities	**1,647**	4,632	**8,888**	5,867
Interest rate lock commitments	**(1,322)**	(2,537)	**(2,179)**	961
Whole loan contracts	**843**	474	**(49)**	94
Total gain (loss) recognized	**$ 545**	$ (570)	**$ 3,189**	$ 7,758

The following table provides the expected future cash flows and current fair values of borrowings under our credit facilities and mortgage loan origination services that are subject to market risk as interest rates fluctuate, as of June 30, 2024. Because the MIF Mortgage Repurchase Facility is effectively secured by certain mortgage loans held for sale which are typically sold within 30 to 45 days, their outstanding balances are included in the most current period presented. The interest rates for our variable rate debt represent the weighted average interest rates in effect at June 30, 2024. For fixed-rate debt, changes in interest rates generally affect the fair market value of the debt instrument, but not our earnings or cash flow. Conversely, for variable-rate debt, changes in interest rates generally do not affect the fair market value of the debt instrument, but do affect our earnings and cash flow. We do not have the obligation to prepay fixed-rate debt prior to maturity, and, as a result, interest rate risk and changes in fair market value should not have a significant impact on our fixed-rate debt until we are required or elect to refinance it.

	Expected Cash Flows by Period							Fair Value
(Dollars in thousands)	**2024**	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**	**6/30/2024**
ASSETS:								
Mortgage loans held for sale:								
Fixed rate	$ 231,859	—	—	—	—	—	$ 231,859	$ 227,254
Weighted average interest rate	6.46 %	—	—	—	—	—	6.46 %	
LIABILITIES:								
Long-term debt — fixed rate	—	—	—	—	$ 400,000	$ 300,000	$ 700,000	$ 651,750
Weighted average interest rate	—	—	—	—	2.83 %	1.69 %	4.52 %	
Short-term debt — variable rate	$ 222,792	—	—	—	—	—	$ 222,792	$ 222,792
Weighted average interest rate	7.19 %	—	—	—	—	—	7.19 %	

ITEM 4: CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

An evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended) was performed by the Company's management, with the participation of the Company's principal executive officer and principal financial officer. Based on that evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company's legal proceedings are discussed in Note 6 to the Company's Consolidated Financial Statements.

Item 1A. Risk Factors

There have been no material changes to the risk factors appearing in our 2023 Form 10-K.

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

(a) Recent Sales of Unregistered Securities - None.

(b) Use of Proceeds - Not Applicable.

(c) Purchases of Equity Securities

Common shares purchased during the three months ended June 30, 2024 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Common Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [1]	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs[1]
April 1, 2024 - April 30, 2024	—	$ —	—	$ 102,523,768
May 1, 2024 - May 31, 2024	320,000	$ 126.06	320,000	$ 217,079,090
June 1, 2024 - June 30, 2024	80,000	$ 124.61	80,000	$ 207,110,140
Quarter ended June 30, 2024	**400,000**	**$ 125.77**	**400,000**	**$ 207,110,140**

(1) On May 13, 2024, the Company announced that its Board of Directors authorized the 2024 Share Repurchase Program, which replaced the 2021 Share Repurchase Program which had $95 million of remaining availability at the time. Under the 2024 Share Repurchase Program, the Company may purchase up to $250 million of its outstanding common shares through open market transactions, privately negotiated transactions or otherwise in accordance with all applicable laws, including pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934. The 2024 Share Repurchase Program does not have an expiration date and may be modified, suspended or discontinued at any time. See Note 12 to our Condensed Consolidated Financial Statements for additional information.

See Note 8 to our Condensed Consolidated Financial Statements above for more information regarding the limit imposed by the indenture governing our 2028 Senior Notes on our ability to pay dividends on, and repurchase, our common shares and any preferred shares of the Company then outstanding to the amount of the positive balance in our "restricted payments basket," as defined in the indenture.

The timing, amount and other terms and conditions of any future repurchases under the 2024 Share Repurchase Program will be determined by the Company's management at its discretion based on a variety of factors, including the market price of the Company's common shares, business considerations, general market and economic conditions and legal requirements. See Note 12 to the Condensed Consolidated Financial Statements and the "Liquidity and Capital Resources" section above for more information regarding the 2024 Share Repurchase Program.

Item 3. Defaults Upon Senior Securities - None.

Item 4. Mine Safety Disclosures - None.

Item 5. Other Information - During the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as such terms are defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

The exhibits required to be filed herewith are set forth below.

Exhibit Number	Description
10.1	First Amendment to Master Repurchase Agreement, dated July 16, 2024 by and between M/I Financial and JP Morgan Bank. (Filed herewith).
22	List of Subsidiary Guarantors. (Filed herewith.)
31.1	Certification by Robert H. Schottenstein, Chief Executive Officer, pursuant to Item 601 of Regulation S-K as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
31.2	Certification by Phillip G. Creek, Chief Financial Officer, pursuant to Item 601 of Regulation S-K as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
32.1	Certification by Robert H. Schottenstein, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
32.2	Certification by Phillip G. Creek, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)
101.INS	XBRL Instance Document. (Furnished herewith.)
101.SCH	XBRL Taxonomy Extension Schema Document. (Furnished herewith.)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. (Furnished herewith.)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. (Furnished herewith.)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. (Furnished herewith.)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. (Furnished herewith.)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101).

SIGNATURES

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

			M/I Homes, Inc. (Registrant)
Date:	July 31, 2024	By:	/s/ Robert H. Schottenstein
			Robert H. Schottenstein Chairman, Chief Executive Officer and President (Principal Executive Officer)
Date:	July 31, 2024	By:	/s/ Ann Marie W. Hunker
			Ann Marie W. Hunker Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)

OMNIBUS AMENDMENT
TO
TRANSACTION DOCUMENTS

This Omnibus Amendment to Transaction Documents (this "Amendment") is entered into effective as of July 16, 2024 (the "Effective Date"), by and among **M/I FINANCIAL, LLC**, an Ohio limited liability company (the "Seller"), **FLAGSTAR BANK, N.A.**, a national banking association ("Flagstar"), as a Buyer, **TRUIST BANK**, a North Carolina banking corporation ("Truist"), as a Buyer, **THE HUNTINGTON NATIONAL BANK** ("Huntington Bank"), as a Buyer, and **JPMORGAN CHASE BANK, N.A.**, a national banking association (the "Agent" and sometimes "JPMorgan Chase"), as the Agent and a Buyer. Flagstar, Truist, Huntington Bank and JPMorgan Chase (in its capacity as a Buyer), are sometimes collectively referred to herein as the "Buyers" and each, individually, as a "Buyer".

R E C I T A L S

WHEREAS, the Seller, the Agent and the Buyers are parties to that certain Master Repurchase Agreement dated as of October 24, 2023 (as amended, restated, supplemented or modified from time to time, the "Repurchase Agreement"), pursuant to which the Buyers have made available to the Seller a revolving mortgage loan repurchase facility (the "Repurchase Facility") in an aggregate maximum principal amount of $300,000,000.00, with a revolving swingline facility of up to $100,000,000.00 and related agreements, instruments and documents (collectively, with the Repurchase Agreement, the "Transaction Documents"). Capitalized terms used but not otherwise defined in this Amendment shall have the meanings respectively ascribed to them in the Repurchase Agreement;

WHEREAS, the Agent has been advised in writing by Flagstar (the "Withdrawing Buyer") that it desires to withdraw from the syndicate of Buyers under the Transaction Documents, effective as of the Effective Date;

WHEREAS, the Agent and all of the Buyers other than the Withdrawing Buyer (the Remaining Buyers") have agreed to accept the Withdrawing Buyer's relinquishment of its Commitment and its obligation to fund Transactions and otherwise fulfill the obligations of a Buyer under the Repurchase Agreement and JPMorgan Chase, in its capacity as a Buyer, has agreed to assume the Withdrawing Buyer's Commitment under the Repurchase Agreement for the period commencing on the Effective Date hereof and ending on the Termination Date of the Repurchase Facility;

WHEREAS, the parties hereto have consulted with, and obtained the representation and advice of, their respective legal counsel with regard to the terms and conditions of this Amendment. Each party to this Amendment has had the opportunity to participate fully in the drafting of this Amendment.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby promise and agree as follows:

Section 1. Request and Acceptance of Withdrawal; Termination of Commitment. As of the Effective Date of this Amendment, (a) the Withdrawing Buyer hereby requests to withdraw from the syndicate of Buyers under the Repurchase Agreement and each of the Remaining Buyers and the Agent hereby accept such request for withdrawal and (b) the Withdrawing Buyer shall no longer be a party to the Transaction Documents, and any Commitment of the Withdrawing Buyer to fund its Funding Share of the Purchase Prices of proposed Transactions is hereby terminated.

Section 2. Acknowledgement and Consent of Withdrawing Buyer. The Withdrawing Buyer hereby acknowledges that as of the Effective Date and the receipt of the Release Amount (as defined below), there are no obligations owed by the Seller to the Withdrawing Buyer with respect to the Repurchase Agreement and the other Transaction Documents. The Withdrawing Buyer hereby consents and agrees to the termination and cancellation of its Commitment pursuant to the Repurchase Agreement and hereby consents to the termination of its rights pursuant to the Repurchase Agreement and the other Transaction Documents, other than those rights which, by the express terms of the Repurchase Agreement or the other Transaction Documents, survive such termination.

Section 3. Release of Liens; Return of Purchased Loans Support; Further Assurances. The Withdrawing Buyer (a) acknowledges and agrees that it no longer holds any security interests or liens granted pursuant to the Transaction Documents or otherwise in connection with the Commitment of such Withdrawing Buyer, and the Withdrawing Buyer relinquishes and releases any and all rights in any such security interests and liens; (b) agrees to return to the Agent or to any third-party that the Agent shall designate, all Purchased Loans Support, if any, then in the possession of the Withdrawing Buyer; and (c) agrees to execute and/or deliver, as applicable, such additional documents as the Seller or the Agent shall reasonably request to evidence the termination of the Commitment of the Withdrawing Buyer pursuant to this Amendment.

Section 4. Amendments, Modifications and Agreements. The Transaction Documents are hereby amended as follows:

(a) Each of the Transaction Documents is amended to delete therefrom all references to “Flagstar Bank, N.A.” as a Buyer pursuant thereto. Henceforward, no reference to the term “Buyer” as used in any Transaction Document shall include, mean or refer to “Flagstar Bank, N.A.”

(b) The Repurchase Agreement is hereby amended by deleting Schedule BC thereto in its entirety and inserting **Schedule BC** attached hereto in lieu thereof.

Section 5. Effectiveness Conditions. This Amendment shall be effective as of the Effective Date upon the satisfaction of the following conditions precedent:

(a) the execution and delivery by the Seller, each Buyer and the Agent of this Amendment to the Agent; and

(b) the payment by Fedwire transfer from JPMorgan Chase to or at the direction of the Withdrawing Buyer of an amount (the “Release Amount”) equal to the Withdrawing Buyer’s Funding Share of the Repurchase Prices for all Purchased Loans subject to then-outstanding Transactions, including Price Differential accrued thereon through the Effective Date and any other fees, penalties or other amounts owed to the Withdrawing Buyer with respect to such Purchased Loans or Transactions less and except any Repurchase Price, Price Differential or any fees, penalties or other amounts relating to Transactions, if any, with respect to which the Withdrawing Buyer was a Nonfunding Buyer and net of that portion of the Upfront Fee paid to the Withdrawing Buyer on the Closing Date which relates to its Committed Sum for the period commencing on the Effective Date and ending on the Termination Date.

Section 6. Representations and Warranties. The Seller represents and warrants to the Agent and the Buyers that:

(a) All warranties and representations made to the Buyers under the Repurchase Agreement and the Transaction Documents are true and correct in all material respects as to the date hereof unless specifically stated to relate to an earlier date.

(b) The execution and delivery by the Seller of this Amendment and the performance by the Seller of the transactions herein contemplated (i) are and will be within such party's powers, (ii) have been authorized by all necessary organizational action, and (iii) are not and will not be in contravention of any order of any court or other agency of government, of law or any other indenture, agreement or undertaking to which the Seller is a party or by which the property of the Seller is bound, or be in conflict with, result in a breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or undertaking or result in the imposition of any lien, charge or encumbrance of any nature on any of the properties of the Seller.

(c) This Amendment and any assignment, instrument, document, or agreement executed and delivered in connection herewith, will be valid, binding, and enforceable in accordance with its respective terms, except as limited by bankruptcy, insolvency or other such laws affecting the enforcement of creditors' rights generally, and subject to the general principles of equity.

(d) No consent, approval or authorization of or declaration, registration or filing with any governmental authority or any nongovernmental person or entity, including without limitation any creditor or equity holder in the Seller, is required on the part of the Seller in connection with the execution, delivery and performance of this Amendment and the documents contemplated hereby, or the transactions contemplated hereby or as a condition to the legality, validity or enforceability of this Amendment.

(e) No Default or Event of Default has occurred and is continuing under the Repurchase Agreement or any of the other Transaction Documents.

Section 7. Ratification of Transaction Documents. Except as expressly set forth herein, all of the terms and conditions of the Repurchase Agreement and the other Transaction Documents are hereby ratified and confirmed and continue unchanged and in full force and effect. All references to the Repurchase Agreement and each Transaction Document shall mean the Repurchase Agreement and Transaction Documents as modified by this Amendment.

Section 8. Payment of Fees and Expenses. The Seller shall be obligated to pay any of the costs and expenses of the Agent, including reasonable attorneys' fees, charges and disbursements of counsel for the Agent, in connection with the negotiation, preparation, execution and delivery of this Amendment and the consummation of the transactions contemplated hereby.

Section 9. Governing Law. **THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF (EXCEPT FOR SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).**

Section 10. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same respective agreement. Signature by facsimile shall also bind the parties hereto. All references (a) made in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders and (b) made in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Section 11. Invalid Provisions. If any provision of this Amendment is held to be illegal, invalid, or unenforceable under applicable Legal Requirements, such provision shall be fully severable and this Amendment shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Amendment, and the remaining provisions of this Amendment shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Amendment, unless such continued effectiveness of this Amendment, as modified, would be contrary to the basic understandings and intentions of the parties as expressed herein.

[signatures appear on the following pages.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be effective as of the Effective Date.

M/I FINANCIAL, LLC, an Ohio limited liability company, as Seller and Servicer
By:/s/Derek J. Klutch

Name: Derek J. Klutch
Title: President and Chief Executive Officer

JPMORGAN CHASE BANK, N.A., a national banking association, as Agent, Lead Arranger and a Buyer

By: /s/Lindsay R. Schelstrate
Name: Lindsay R. Schelstrate
Title: Authorized Officer

FLAGSTAR BANK, N.A.,
a national banking association, as the Withdrawing Buyer

By: /s/Patricia Robins
Name: Patricia Robins
Title: Senior Vice President

TRUIST BANK, as a Buyer

By: /s/Stephen Kleindeinst
Name: Stephen Kleindeinst
Title: Senior Vice President

THE HUNTINGTON NATIONAL BANK, as a Buyer

By: /s/Rochelle Thomas
Name: Rochelle Thomas
Title: Authorized Officer

SCHEDULE BC

BUYERS' COMMITTED SUMS

(in dollars)

From October 24, 2023 through and including November 10, 2023

Buyer	**Committed Sum**
JPMorgan Chase Bank, N.A.	$81,000,000
Truist Bank	$63,000,000
Flagstar Bank, N.A.	$63,000,000
The Huntington National Bank	$63,000,000
Maximum Aggregate Commitment:	**$270,000,000**

From November 11, 2023 through and including February 9, 2024

Buyer	**Committed Sum**
JPMorgan Chase Bank, N.A.	$90,000,000
Truist Bank	$70,000,000
Flagstar Bank, N.A.	$70,000,000
The Huntington National Bank	$70,000,000
Maximum Aggregate Commitment:	**$300,000,000**

From February 10, 2024 through and including July 15, 2024

Buyer	**Committed Sum**
JPMorgan Chase Bank, N.A.	$72,000,000
Truist Bank	$56,000,000
Flagstar Bank, N.A.	$56,000,000
The Huntington National Bank	$56,000,000
Maximum Aggregate Commitment:	**$240,000,000**

From July 16, 2024 through and including September 17, 2024

Buyer	**Committed Sum**
JPMorgan Chase Bank, N.A.	$128,000,000
Truist Bank	$56,000,000
The Huntington National Bank	$56,000,000
Maximum Aggregate Commitment:	**$240,000,000**

From September 18, 2024 until the Termination Date

Buyer	**Committed Sum**
JPMorgan Chase Bank, N.A.	$144,000,000
Truist Bank	$63,000,000
The Huntington National Bank	$63,000,000
Maximum Aggregate Commitment:	**$270,000,000**

Exhibit 22

SUBSIDIARY GUARANTORS OF THE COMPANY

1. MHO Holdings, LLC, a Florida limited liability company
2. MHO, LLC, a Florida limited liability company
3. M/I Homes First Indiana LLC, an Indiana limited liability company
4. M/I Homes of Austin, LLC, an Ohio limited liability company
5. M/I Homes of Central Ohio, LLC, an Ohio limited liability company
6. M/I Homes of Charlotte, LLC, a Delaware limited liability company
7. M/I Homes of Chicago, LLC, a Delaware limited liability company
8. M/I Homes of Cincinnati, LLC, an Ohio limited liability company
9. M/I Homes of DC, LLC, a Delaware limited liability company
10. M/I Homes of DFW, LLC, a Delaware limited liability company
11. M/I Homes of Florida, LLC, a Florida limited liability company
12. M/I Homes of Houston, LLC, a Delaware limited liability company
13. M/I Homes of Indiana, L.P., an Indiana limited partnership
14. M/I Homes of Orlando, LLC, a Florida limited liability company
15. M/I Homes of Raleigh, LLC, a Delaware limited liability company
16. M/I Homes of San Antonio, LLC, a Delaware limited liability company
17. M/I Homes of Tampa, LLC, a Florida limited liability company
18. M/I Homes of Ft. Myers/Naples, LLC, a Florida limited liability company
19. M/I Homes Second Indiana LLC, an Indiana limited liability company
20. M/I Homes Service, LLC, an Ohio limited liability company
21. M/I Homes of Delaware, LLC, a Delaware limited liability company
22. Northeast Office Venture, Limited Liability Company, a Delaware limited liability company
23. Prince Georges Utilities, LLC, a Maryland limited liability company
24. The Fields at Perry Hall, L.L.C., a Maryland limited liability company
25. Wilson Farm, L.L.C., a Maryland limited liability company
26. M/I Homes of Minneapolis/St. Paul, LLC, a Delaware limited liability company
27. M/I Homes of Sarasota, LLC, a Delaware limited liability company
28. M/I Homes of Alabama, LLC, a Delaware limited liability company
29. M/I Homes of Michigan, LLC, a Delaware limited liability company
30. M/I Homes of Nashville, LLC, a Delaware limited liability company

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Robert H. Schottenstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of M/I Homes, Inc. for the fiscal quarter ended June 30, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/Robert H. Schottenstein

Date: July 31, 2024

Robert H. Schottenstein
Chairman, Chief Executive Officer and
President

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Phillip G. Creek, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of M/I Homes, Inc. for the fiscal quarter ended June 30, 2024;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/Phillip G. Creek Date: July 31, 2024

Phillip G. Creek

Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of M/I Homes, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert H. Schottenstein, Chairman, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Robert H. Schottenstein

Robert H. Schottenstein
Chairman, Chief Executive Officer and
President

Date: July 31, 2024

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of M/I Homes, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Phillip G. Creek, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Phillip G. Creek
Phillip G. Creek
Executive Vice President and Chief Financial Officer

Date: July 31, 2024