# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-K

(Mark One)

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

**For the Fiscal Year Ended September 30, 2026**

**or**

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

**For the Transition Period From _____ To _____**

**Commission file number 1-14122**




## D.R. Horton, Inc.

(Exact name of registrant as specified in its charter)

| **Delaware** | **75-2386963** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**1341 Horton Circle, Arlington, Texas 76011**
(Address of principal executive offices) (Zip code)

**(817) 390-8200**
(Registrant's telephone number, including area code)

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

| Title of Each Class | Trading Symbol | Name of Each Exchange on Which Registered |
|---|---|---|
| Common Stock, par value $.01 per share | DHI | New York Stock Exchange<br>NYSE Texas |
| 5.000% Senior Notes due 2034 | DHI 34 | New York Stock Exchange |

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

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

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

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

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

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of March 31, 2026, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $38.8 billion based on the closing price as reported on the New York Stock Exchange.

As of November 12, 2026, there were 267,595,589 shares of the registrant's common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive Proxy Statement for the 2027 Annual Meeting of Stockholders are incorporated herein by reference (to the extent indicated) in Part III.

# D.R. HORTON, INC. AND SUBSIDIARIES
## 2026 ANNUAL REPORT ON FORM 10-K
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# PART I

## ITEM 1. BUSINESS

D.R. Horton, Inc. is the largest homebuilding company in the United States as measured by number of homes closed. We construct and sell homes through our operating divisions in 128 markets across 38 states. Our common stock is included in the S&P 500 Index and listed on the New York Stock Exchange (NYSE) and NYSE Texas under the ticker symbol "DHI." Unless the context otherwise requires, the terms "D.R. Horton," the "Company," "we" and "our" used herein refer to D.R. Horton, Inc., a Delaware corporation, and its predecessors and subsidiaries.

Our homebuilding business began in 1978 in Fort Worth, Texas, and our common stock has been publicly traded since 1992. We have expanded and diversified our homebuilding operations geographically over the years by investing capital and building teams of people in our existing markets, starting new operations in additional markets and acquiring other homebuilding companies. We have closed more than 1.3 million homes during our 48-year history, and we have been the largest homebuilder in the United States by volume every year since 2002.

Our business operations consist of homebuilding, rental, a majority-owned residential lot development company, financial services and other activities. Homebuilding is our core business, generating 93% of consolidated revenues of $33.0 billion in fiscal 2026 compared to 92% of consolidated revenues of $34.3 billion and $36.8 billion in fiscal 2025 and 2024, respectively. Most of our homebuilding revenue is generated from the sale of completed homes and to a lesser extent from the sale of land and lots. Approximately 85% of our home sales revenue in fiscal 2026 was generated from the sale of single-family detached homes, with the remainder from the sale of attached homes, such as townhomes and duplexes. Our product offerings include a broad range of homes for entry-level, move-up, active adult and luxury buyers. Our homes generally range in size from 1,000 to 3,000 square feet and in price from $200,000 to $700,000. For the year ended September 30, 2026, our homebuilding operations closed 84,202 homes with an average closing price of $363,600.

Our rental segment consists of single-family and multi-family rental operations. Single-family rental operations construct homes within build-to-rent communities and then either sell homes to an investor as they are completed or lease them and market the entire community for a bulk sale. Multi-family rental operations develop, construct, lease and sell residential rental properties, the substantial majority of which are apartment communities. For the year ended September 30, 2026, our rental operations closed 2,073 single-family rental homes and 2,737 multi-family rental units.

We are the majority owner of Forestar Group Inc. (Forestar), a publicly traded residential lot development company listed on the NYSE and NYSE Texas under the ticker symbol "FOR." Forestar operates across many of our homebuilding markets and is a key part of our homebuilding strategy to maintain relationships with land developers and control a large portion of our land and lot position through land purchase contracts. For the year ended September 30, 2026, Forestar sold 13,545 lots, of which 86% were sold to D.R. Horton.

Our financial services operations provide mortgage financing and title agency services to homebuyers in many of our homebuilding markets. DHI Mortgage, our wholly owned subsidiary, provides mortgage financing services primarily to our homebuyers and sells substantially all of the mortgages it originates and the related servicing rights to third-party purchasers after origination. For the year ended September 30, 2026, DHI Mortgage originated or brokered 68,287 mortgage loans. Our wholly owned subsidiary title companies issue title insurance policies and provide examination, underwriting and closing services primarily to our homebuilding customers.

In addition to our homebuilding, rental, Forestar and financial services operations, we engage in other business activities through our subsidiaries. We conduct insurance-related operations, own water rights and other water-related assets and own non-residential real estate including ranch land and improvements. The results of these operations are immaterial for separate reporting and therefore are grouped together and presented as other.

**Available Information**

We make available, free of charge, as soon as reasonably practicable, on our website, www.drhorton.com, all of our reports filed with or furnished to the Securities and Exchange Commission (SEC). These reports can be found on the "Investor Relations" section of our website under "Financial Information" and include our annual and quarterly reports on Form 10-K and 10-Q, current reports on Form 8-K, beneficial ownership reports on Forms 3, 4 and 5, proxy statements and amendments to such reports. Our SEC filings are also available to the public on the SEC's website at www.sec.gov. In addition to our SEC filings, our corporate governance documents, including our Code of Ethical Conduct for the Chief Executive Officer, Chief Financial Officer and senior financial officers, are available on the "Investor Relations" section of our website under "Corporate Governance." Our stockholders may also obtain these documents in paper format free of charge upon request made to our Investor Relations department.

Our principal executive offices are located at 1341 Horton Circle, Arlington, Texas 76011, and our telephone number is (817) 390-8200. Information on or linked to our website is not incorporated by reference into this annual report on Form 10-K unless expressly noted.

## OPERATING STRUCTURE AND PROCESSES

Following is an overview of our company's operating structure and the significant processes that support our business controls, strategies and performance.

**Homebuilding Markets**

Our homebuilding business operates in 128 markets across 38 states, which provides us with geographic diversification in our homebuilding inventory investments and our sources of revenues and earnings. We believe our geographic diversification lowers our operational risks by mitigating the effects of local and regional economic cycles, and it also enhances our earnings potential by providing more diverse opportunities to invest in our business and giving us a strong platform to gain market share.

We conduct our homebuilding operations in the geographic regions, states and markets listed below. Our homebuilding operating divisions are aggregated into six reporting segments, also referred to as reporting regions, which comprise the markets below. Our financial statements and the notes thereto contain additional information regarding segment performance.

| State | Reporting Region/Market |
|---|---|
| | **Northwest Region** |
| **Colorado** | Colorado Springs |
| | Denver |
| | Fort Collins |
| **Idaho** | Coeur d'Alene |
| **Oregon** | Bend |
| | Eugene/Springfield |
| | Medford |
| | Portland/Salem |
| **Utah** | Salt Lake City/Provo/Ogden |
| | St. George |
| **Washington** | Bremerton |
| | Central Washington |
| | Kennewick/Pasco/Richland |
| | Seattle/Tacoma/Everett/Olympia |
| | Spokane |
| | Vancouver |
| | **Southwest Region** |
| **Arizona** | Phoenix |
| | Tucson |
| **California** | Bakersfield |
| | Bay Area |
| | Fresno/Tulare |
| | Los Angeles County |
| | Modesto/Merced/Stockton |
| | Redding/Chico/Yuba City |
| | Riverside County |
| | Sacramento |
| | San Bernardino County |
| **Hawaii** | Oahu |
| **Nevada** | Las Vegas |
| | Reno |
| **New Mexico** | Albuquerque |
| | Santa Fe |
| | **South Central Region** |
| **Arkansas** | Little Rock |
| | Northwest Arkansas |
| **Oklahoma** | Oklahoma City |
| | Tulsa |
| **Texas** | Abilene |
| | Austin |
| | Beaumont |
| | Bryan/College Station |
| | Corpus Christi |
| | Dallas |
| | East Texas |
| | Fort Worth |
| | Houston |
| | Killeen/Temple/Waco |
| | Lubbock |
| | Midland/Odessa |
| | New Braunfels/San Marcos |
| | San Antonio |

| State | Reporting Region/Market |
|---|---|
| | **Southeast Region** |
| **Alabama** | Baldwin County |
| | Birmingham |
| | Huntsville |
| | Mobile |
| | Montgomery/Auburn |
| | Tuscaloosa |
| **Florida** | Cape Coral/Fort Myers |
| | Deltona/Daytona Beach |
| | Gainesville |
| | Jacksonville |
| | Lakeland |
| | Miami/Fort Lauderdale |
| | Ocala |
| | Orlando |
| | Palm Bay/Melbourne |
| | Panama City |
| | Pensacola |
| | Port St. Lucie |
| | Tallahassee |
| | Tampa/Sarasota/Punta Gorda |
| | West Palm Beach |
| **Louisiana** | Baton Rouge |
| | Lake Charles/Lafayette |
| **Mississippi** | Gulf Coast |
| | Hattiesburg |
| | Jackson |
| | **East Region** |
| **Georgia** | Atlanta |
| | Augusta |
| | Central Georgia |
| | Savannah/Brunswick |
| | Valdosta |
| **North Carolina** | Asheville |
| | Charlotte |
| | Greensboro/Winston-Salem |
| | New Bern/Greenville |
| | Raleigh/Durham/Fayetteville |
| | Wilmington |
| **South Carolina** | Charleston |
| | Columbia |
| | Greenville/Spartanburg |
| | Hilton Head |
| | Myrtle Beach |
| **Tennessee** | Chattanooga |
| | Knoxville |
| | Memphis |
| | Nashville |
| | Northeast Tennessee |

| State | Reporting Region/Market |
|---|---|
| | **North Region** |
| **Delaware** | Northern Delaware |
| | Southern Delaware |
| **Illinois** | Chicago |
| **Indiana** | Fort Wayne |
| | Indianapolis |
| | Northwest Indiana |
| **Iowa** | Des Moines |
| | Iowa City/Cedar Rapids |
| **Kansas/Missouri** | Kansas City |
| **Kentucky** | Louisville |
| **Maryland** | Baltimore |
| | Eastern Maryland |
| | Suburban Washington, D.C. |
| | Western Maryland |
| **Michigan** | Detroit |
| **Minnesota** | Minneapolis/St. Paul |
| **Nebraska** | Omaha |
| **New Jersey** | Northern New Jersey |
| | Southern New Jersey |
| **Ohio** | Cincinnati/Dayton |
| | Columbus |
| **Pennsylvania** | Central Pennsylvania |
| | Philadelphia |
| | Pittsburgh |
| **Virginia** | Northern Virginia |
| | Richmond |
| | Virginia Beach/Williamsburg |
| | Western Virginia |
| **West Virginia** | Eastern West Virginia |
| | Northern West Virginia |
| **Wisconsin** | Southeast Wisconsin |

When evaluating new or existing homebuilding markets for purposes of capital allocation, we consider local, market-specific factors, including among others:

- Economic conditions;
- Employment levels and job growth;
- Income level of potential homebuyers;
- Local housing affordability and typical mortgage products utilized;
- Demand for homes at our targeted price points;
- Availability of land and lots in desirable locations on acceptable terms;
- Land entitlement and development processes;
- Availability of qualified subcontractors;
- New and secondary home sales activity;
- Competition;
- Prevailing housing products, features, cost and pricing; and
- Capabilities of our local management team.

**Economies of Scale**

We are the largest homebuilding company in the United States as measured by number of homes closed in fiscal 2026, and we are also one of the largest builders in most of the markets in which we operate. We believe that our national, regional and local scale provides us with benefits that may not be available to the same degree to some smaller homebuilders, such as:

- Greater access to and lower cost of capital due to our balance sheet strength and our lending and capital markets relationships;
- Volume discounts and rebates from national, regional and local materials suppliers and lower labor rates from certain subcontractors; and
- Greater leverage of our general and administrative costs, which gives us flexibility to adjust to changes in market conditions and compete effectively across our markets.

**Decentralized Homebuilding Operations**

We view homebuilding as a local business; therefore, most of our direct homebuilding activities are decentralized to provide flexibility to our local managers in making operational decisions. We believe that our local management teams, who are familiar with local market conditions, have the best information to make many decisions regarding their operations. At September 30, 2026, we had 92 separate homebuilding operating divisions, many of which operate in more than one market area. Generally, each operating division consists of a division president; a controller and accounting personnel; land entitlement, acquisition and development personnel; a sales manager and sales and marketing personnel; a construction manager and construction superintendents; customer service personnel; a purchasing manager and office staff. Our division presidents receive performance-based compensation for achieving targeted financial and operating metrics related to their operating divisions. Following is a summary of our homebuilding activities that are decentralized in our local operating divisions and the control and oversight functions that are centralized in our regional and corporate offices.

*Operating Division Responsibilities*

Each homebuilding operating division is responsible for:

- Selecting sites, which involves
  - — A feasibility study;
  - — Soil and environmental reviews;
  - — Review of existing zoning and other governmental requirements;
  - — Review of the need for and extent of offsite work required to obtain project entitlements and to complete necessary infrastructure; and
  - — Financial analysis of the potential project;
- Negotiating lot purchase, land acquisition and related contracts;
- Obtaining all necessary land development and home construction approvals;
- Selecting subcontractors and ensuring their work meets our contracted scopes;
- Selecting building and architectural plans;
- Planning and managing home construction schedules;
- Determining the pricing for each house plan and options in a given community;
- Developing and implementing local marketing and sales plans;
- Coordinating all interactions with customers and real estate brokers during the sales, construction and home closing processes; and
- Ensuring the quality and timeliness of post-closing service and warranty repairs provided to customers.

*Centralized Controls*

We centralize many important risk elements of our homebuilding business through our regional and corporate offices. We have separate homebuilding regional offices, which generally consist of a region president, a chief financial officer, legal counsel and other operational and office support staff. Each of our region presidents and their management teams are responsible for oversight of the operations of a number of homebuilding operating divisions, including:

- Review and approval of division business plans and budgets;
- Review and approval of all land and lot acquisition contracts;
- Review of all business and financial analysis for potential land and lot inventory investments;
- Oversight of land and home inventory levels;
- Monitoring division financial and operating performance; and
- Review of major personnel decisions and division incentive compensation plans.

Our corporate executives and corporate office departments are responsible for establishing our operational policies and internal control standards and for monitoring compliance with established policies and controls throughout our operations. The corporate office also has primary responsibility for direct management of certain key risk elements and initiatives through the following centralized functions:

- Cash management;
- Financing;
- Allocation of capital;
- Issuance and monitoring of inventory investment guidelines;
- Approval and funding of land and lot acquisitions;
- Monitoring and analysis of profitability, returns, costs and inventory levels;
- Environmental assessments of land and lot acquisitions;
- Risk and litigation management;
- Technology systems to support management of operations, marketing and financial information, including preventing, monitoring and reporting of cybersecurity issues;
- Accounting and management reporting;
- Income taxes;
- Internal audit;
- Public financial reporting and investor and media relations;
- Administration of payroll and employee benefits;
- Negotiation of national purchasing contracts;
- Administration, reporting and monitoring of customer surveys and resolution of homeowner concerns; and
- Approval of major personnel decisions and management incentive compensation plans.

**Land/Lot Acquisition and Inventory Management**

We acquire land after we complete due diligence and generally after we obtain the entitlements needed to begin development or construction of an acceptable number of residential lots. Before we acquire lots or tracts of land, we complete a feasibility study, which includes soil tests, independent environmental studies, other engineering work and financial analysis. We also evaluate the status of necessary zoning and other governmental entitlements required to develop and use the property for home construction.

We also enter into land/lot contracts, in which we obtain the right, but generally not the obligation, to buy land or lots at predetermined prices on a set schedule aligned with anticipated home closings or planned development. These contracts generally are non-recourse, which limits our financial exposure to our earnest money deposited into escrow under the terms of the contract and any pre-acquisition due diligence costs we incur. This enables us to control land and lot positions with limited capital investment, which substantially reduces the risks associated with land ownership.

We attempt to mitigate our exposure to real estate inventory risks by:

- Controlling our level of inventory investment and managing our supply of land/lots owned and controlled through purchase contracts to match the expected housing demand in each of our operating markets;
- Monitoring local market and demographic trends, housing preferences and related economic developments, including the identification of desirable housing submarkets based on the quality of local schools, new job opportunities, local growth initiatives and personal income trends;
- Utilizing land/lot purchase contracts and seeking to acquire developed lots that are substantially ready for home construction, where possible; and
- Monitoring and managing the number of speculative homes (homes under construction without an executed sales contract) built in each subdivision.

**Land Development and Home Construction**

Substantially all of our land development and home construction work is performed by subcontractors. Subcontractors typically are selected after a competitive bidding process and are retained for a specific subdivision or series of house plans under a contract that obligates the subcontractor to complete the scope of work at an agreed-upon price. We employ land development and construction personnel to monitor construction activities, participate in major building decisions, coordinate the activities of subcontractors and suppliers, review the work of subcontractors for quality and cost controls and monitor compliance with zoning and building codes. In addition, our construction personnel interact with our homebuyers during the construction process and instruct buyers on post-closing home maintenance.

Our home designs are selected or prepared in each of our markets to appeal to local homebuyers' expectations for affordability, home size and features, and our local management teams adjust product offerings to meet buyer demand as necessary. In some communities, we offer optional interior and exterior features to homebuyers for an additional charge.

We typically do not maintain significant inventories of land development or construction materials, except for work in progress materials for active development projects and homes under construction. Generally, the construction materials used in our operations have been readily available from numerous sources, and we have contracts exceeding one year with certain suppliers of building materials that are cancelable at our option. Construction time for our homes depends on the availability of labor, materials and supplies, the weather, the size of the home and other factors. We completed the construction of most homes in two to four months in fiscal 2026.

We are subject to governmental regulations that affect our land development and construction operations. We frequently experience delays in receiving the necessary approvals from municipalities or other government agencies, which often delays our anticipated development and construction activities.

**Cost Controls**

We control construction costs by designing our homes efficiently, utilizing common house plans as consistently as possible and obtaining competitive bids for construction materials and labor. We also negotiate pricing from our subcontractors and suppliers based on the volume of services and products we purchase on a local, regional and national basis. We monitor our land development expenditures and construction costs versus budgets for each house and community, and we review our inventory levels, margins, expenses, profitability and returns for each operating market compared to both its business plan and our performance expectations.

We control overhead costs by centralizing certain accounting and administrative functions, monitoring staffing and compensation levels and by applying technology to business processes to improve productivity where practical. We review other general and administrative costs to identify efficiencies and savings opportunities in our operating divisions and our regional and corporate offices. We also direct most of our promotional activities toward digital marketing initiatives and local real estate brokers, which we believe are efficient uses of our marketing expenditures.

**Marketing and Sales**

We primarily use the D.R. Horton brand name to market and sell our homes. We offer various floor plans and product types with a primary focus on first-time and first-time move-up homebuyers, who account for the majority of our home closings. We also offer entry-level homes for buyers focused on affordability, higher-end move-up and luxury homes and homes for active adult buyers seeking a low-maintenance lifestyle.

We market and sell our homes primarily through commissioned sales employees, and the majority of our home closings also involve an independent real estate broker. We typically conduct home sales from sales offices located in furnished model homes in each subdivision, and we generally do not offer our model homes for sale until the completion of a subdivision. Our sales personnel assist prospective homebuyers by providing available floor plans and pricing information, demonstrating the features and layouts of our homes and assisting with the selection of options, when available. We train and inform our sales personnel regarding construction schedules and marketing and advertising plans. We use a variety of incentives, including mortgage rate buydowns, to be competitive in a particular market or to attain our targeted sales pace.

We market our homes and communities to prospective homebuyers and real estate brokers digitally, through email, search engine marketing, social media, our company website and other real estate websites. We also use billboards, radio, television and print media and advertising locally as necessary. We attempt to position our subdivisions in locations that are desirable to potential homebuyers and convenient to or visible from local traffic patterns. Model homes play an important role in our marketing efforts, and we strive to create an attractive atmosphere in our model homes.

We build speculative homes in essentially all of our communities, which allow us to compete effectively with existing homes available in the market and improve our returns. These homes help us sell to homebuyers who are currently renting or who are relocating to these markets and require a home within a short time frame, as well as to independent brokers who represent these homebuyers. We determine our speculative home strategy in each market based on local market factors, such as new job growth and relocations, housing demand and supply, seasonality, current sales contract cancellation trends and our past experience in the market. We attempt to maintain a level of speculative home inventory in each community based on our current and planned sales pace, and we monitor and adjust speculative home inventory on an ongoing basis.

**Sales Contracts and Backlog**

Our sales contracts require an earnest money deposit which varies in amount across our markets and communities. Additionally, customers are generally required to pay additional deposits if they select options or upgrade features for their homes. Our sales contracts include a financing contingency that permits customers to cancel and receive a refund of their deposit if they cannot obtain mortgage financing at prevailing or specified interest rates within a defined period. Our contracts may include other contingencies, such as the sale of the customer's existing home. We either retain or refund customer deposits on cancelled sales contracts, depending on the applicable provisions of the contract or other circumstances.

Sales order backlog represents homes under contract but not yet closed at the end of the period. At September 30, 2026, the value of our sales order backlog was $4.5 billion (11,714 homes), an increase of 8% from $4.1 billion (10,785 homes) at September 30, 2025. The average sales price of homes in backlog was $380,300 at September 30, 2026 compared to $382,000 at September 30, 2025. Many of the contracts in our sales order backlog are subject to contingencies, such as those described above, which can result in cancellations. As a percentage of gross sales orders, cancellations of sales contracts were 19% in fiscal 2026 compared to 18% in fiscal 2025.

The length of time between the signing of a sales contract for a home and delivery of the home to the buyer (closing) is generally one to three months; therefore, substantially all of the homes in our sales backlog at September 30, 2026 are scheduled to close in fiscal 2027.

**Customer Service and Quality Control**

Our homebuilding operating divisions are responsible for pre-closing quality control inspections and responding to customers' post-closing needs. We believe that a prompt and courteous response to homebuyers' needs during and after construction reduces post-closing repair costs, enhances our reputation for quality and service and ultimately leads to repeat and referral business from the real estate community and homebuyers. We typically provide our homebuyers with a ten-year limited warranty for major defects in structural elements such as framing components and foundation systems, a two-year limited warranty on major mechanical systems and a one-year limited warranty on other construction components. The subcontractors who perform the actual construction also provide us with warranties on workmanship and are expected to respond to us and the homeowner in a timely manner. In addition, some of our suppliers provide manufacturer's warranties on specified products installed in the home.

**Rental Properties**

Our single-family rental operations construct homes within build-to-rent communities and then either sell homes to an investor as they are completed or lease them and market the entire community for a bulk sale. We sold 2,073 single-family rental homes in fiscal 2026 compared to 3,460 homes in fiscal 2025. Our multi-family rental operations develop, construct, lease and sell residential rental properties. We primarily construct garden-style apartment communities in high-growth suburban markets. We sold 2,737 multi-family rental units in fiscal 2026 compared to 2,947 units in fiscal 2025.

**Forestar Residential Lot Development Operations**

We own approximately 62% of the outstanding shares of Forestar, a publicly traded residential lot development company with operations in 65 markets across 24 states as of September 30, 2026. Forestar is a key part of our strategy to maintain relationships with land developers and to control a large portion of our land and lot position through land purchase contracts. Forestar continues to invest in land acquisition and development to expand its residential lot development business across a geographically diversified national platform and gain market share in the fragmented U.S. lot development industry. Our homebuilding operations acquire finished lots from Forestar in accordance with the master supply agreement between the two companies. A shared services agreement is in place under which we provide Forestar certain administrative, compliance, operational and procurement services. As the controlling shareholder, we have significant influence in guiding the strategic direction and operations of Forestar.

**Customer Mortgage Financing**

We provide mortgage financing services primarily to purchasers of our homes in the majority of our homebuilding markets through DHI Mortgage, our wholly owned subsidiary. DHI Mortgage assists in the sales transaction by coordinating the mortgage application, mortgage commitment and home closing processes to facilitate a timely and efficient experience for our homebuyers. During fiscal 2026, DHI Mortgage provided mortgage financing services for 81% of the homes closed by our homebuilding operations, and those loans accounted for substantially all of DHI Mortgage's total loan volume. Our homebuilding divisions may also work with additional mortgage lenders that offer a range of mortgage financing programs to our homebuyers.

To limit the risks associated with our mortgage operations, DHI Mortgage originates loan products that we believe can be sold to third-party purchasers of mortgage loans, the majority of which are eligible for sale to the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) or the Government National Mortgage Association (Ginnie Mae). DHI Mortgage sells substantially all of the loans and the related servicing rights to third-party purchasers after origination. DHI Mortgage centralizes most of its control and oversight functions, including those related to loan underwriting, quality control, regulatory compliance, secondary marketing of loans, hedging activities, accounting and financial reporting.

**Title Services**

Through our subsidiary title companies, we issue title insurance policies and provide examination, underwriting and closing services primarily to our homebuilding customers.

## Human Capital Resources

### *People and Culture*

As of September 30, 2026, we employed 14,030 people, of whom 9,844 work in our homebuilding operations, 2,858 in our financial services operations, 600 at our corporate office, 267 in our rental operations, 408 at Forestar and 53 in our other businesses. Of our homebuilding employees, 3,372 are involved in construction, 3,039 are sales and marketing personnel and 3,433 are office personnel.

We believe the people who work for our company are our most important resource and are critical to our continued success. We focus significant attention on attracting and retaining talented and experienced individuals to manage and support our operations. Our people are expected to exhibit and promote honest, ethical and respectful conduct in the workplace. All of our employees must certify annually that they understand and will adhere to a code of conduct that sets standards for appropriate behavior and includes required internal training on preventing, identifying, reporting and stopping any type of discrimination.

### *Recruitment, Development and Retention*

We are committed to hiring, developing and supporting an energetic workforce and maintaining a productive, positive and collaborative workplace. We believe that when people feel included and have ample opportunities for professional growth, they bring forward a variety of perspectives and ideas that strengthen our company. We have an active recruiting team that partners with college campuses and external organizations to identify promising new talent and established professionals. Through our paid internship program, college students and recent graduates gain valuable experience working alongside some of the most experienced professionals in the homebuilding industry. Our management team also supports a culture of developing future leaders from our existing workforce, enabling us to promote from within for many leadership positions. We believe this provides long-term focus and continuity to our operations while also providing opportunities for the growth and advancement of our employees. We regularly conduct specialized training for employees within key business functions of our homebuilding operations, such as purchasing, construction, marketing, sales, human resources and financial management. Additionally, our Leadership Development Program provides internal training designed to equip future leaders for roles across all areas of our operations. During fiscal 2026, 15 people were placed into a new homebuilding market leadership position, and 100% of those were promoted from within the company.

The long-term retention of our employees provides us with an experienced, cohesive workforce, which has been vital to achieving our goals. Our focus on retention is evident in the length of service of our executive, regional and divisional management teams. The average tenure of our executive team is 28 years, our homebuilding region presidents and vice presidents is 20 years and our homebuilding division presidents and city managers is 15 years. Our Board of Directors (Board) is involved in our company's executive leadership succession planning and is equally committed to our culture of promoting rising talent from within.

### *Compensation and Benefits*

We believe our compensation package and benefits are competitive with others in our industry. In addition to base pay, eligible employees may participate in our incentive bonus and stock compensation plans, which align their compensation to the interests of our shareholders. A substantial portion of our executive and senior operating leadership's total compensation is variable, at-risk pay based on our company's performance. We also offer our employees a broad range of benefits, including paid vacation, holidays, sick time and parental leave; medical, dental and vision healthcare insurance; and life insurance and disability coverage. Additional benefits offered include a 401(k) savings plan, employee stock purchase plan and access to professional resources to support employees with their mental and physical health, family and financial planning, identity theft protection and legal needs. We host events and challenges, both virtually and in person, to encourage our employees to stay active and healthy. We are committed to supporting our employees in their health, wellness and financial planning goals. Additional information about our compensation and employee benefit plans is included in Note K to the accompanying financial statements.

***Workplace Safety and Wellness***

The safety and well-being of our employees is our first priority. We take workplace safety seriously at our construction sites and in our offices. We provide third-party training for our field personnel to become certified by the Occupational Safety and Health Administration. We also provide our teams with many safety resources, including safety checklists, policies, procedures and best practices, and we communicate with all employees through a monthly safety newsletter to inform and reinforce our commitment to and concern for their well-being. Additionally, because substantially all land development and home construction work is performed by subcontractors, we require that our subcontractors maintain safety programs as well.

Additional information regarding human capital is available in the "Sustainability" section of our Investor Relations website at investor.drhorton.com.

**Sustainability**

We publish consistent and relevant sustainability information on an annual basis. Our most recent Sustainability Report, published in September 2026, includes a refreshed materiality assessment, an updated climate risk assessment and data aligned with the homebuilders industry reporting standard developed by the Sustainability Accounting Standards Board, now part of the International Sustainability Standards Board. Our Sustainability Report is not considered part of or incorporated by reference in this Annual Report. The report also covers topics of importance to our company and our stakeholders, including, but not limited to:

- Risk management;
- Board oversight, ethics and independence;
- Home affordability and community impact;
- Home energy efficiency, quality and safety;
- Workplace health and safety;
- Talent retention and employee well-being;
- Responsible land development;
- Water management and efficiency; and
- Greenhouse gas emissions.

**Business Acquisitions**

We routinely evaluate opportunities to expand our operations, including potential acquisitions of other homebuilding or related businesses. Acquisitions of homebuilding and related businesses usually provide us with immediate land and home inventories and control of additional land and lot positions through purchase contracts. Also, employees of acquired businesses generally have specialized knowledge of local market conditions, including existing relationships with municipalities, land owners, developers, subcontractors and suppliers. These inventory positions and local market knowledge and relationships could take us several years to develop through our own efforts. We seek to limit the risks associated with acquiring other companies by conducting extensive operational, financial and legal due diligence on each acquisition and by performing financial analysis to determine that each acquisition is expected to have a positive impact on our earnings, returns and strategic position.

**Competition**

We operate as a provider of residential housing in both the for-sale and rental markets, which are highly competitive. We compete not only for homebuyers and renters, but also for desirable properties, raw materials, skilled labor and financing. We compete with local, regional and national homebuilding and rental companies and also with existing home sales and rental properties. We compete based on price, location, quality and design of our homes and on mortgage financing terms.

Competition to our financial services businesses includes other mortgage lenders and title companies, including national, regional and local mortgage banks and other financial institutions. Some of these competitors are subject to fewer governmental regulations and have greater access to capital than we do, may operate with different lending criteria and/or may offer a broader or more attractive array of financing and other products and services to potential customers. We strive to provide flexible, fairly priced financing alternatives subject to applicable regulations.

Our businesses compete with other companies across all industries to attract and retain highly skilled and experienced employees, managers and executives. Competition for the services of these individuals increases as business conditions improve in the industries in which we operate and in the general economy.

**Governmental Regulations and Environmental Matters**

We operate in industries that are subject to extensive and complex regulations. We and the subcontractors we use must comply with many federal, state and local laws and regulations. These include zoning, density and development requirements and building, environmental, advertising, labor and real estate sales rules and regulations. These regulations and requirements affect substantially all aspects of our land development and home design, construction and sales processes in varying degrees across our markets. Our homes are inspected by local authorities where required, and homes eligible for insurance or guarantees provided by the Federal Housing Administration (FHA) and the U.S. Department of Veterans Affairs (VA) are subject to inspection by them. These regulations often provide broad discretion to the administering governmental authorities. In addition, our new housing developments may be subject to various assessments for schools, parks, streets, utilities and other public improvements.

Our construction and land development activities are also subject to an extensive array of local, state and federal statutes, ordinances, rules and regulations concerning protection of health, safety and the environment. The compliance requirements for each site vary greatly according to location, environmental condition and the present and former uses of the site and adjoining properties. We believe that we are in compliance in all material respects with existing environmental regulations applicable to our business. Additionally, our compliance with such regulations has not had, nor is it expected to have, a material adverse effect on our consolidated financial position, results of operations or cash flows. However, changes in regulations, such as the climate-related disclosure legislation enacted by the State of California, could increase our costs to comply with such regulations, as discussed in “Item 1A. Risk Factors.”

Our mortgage company must comply with extensive state and federal laws and regulations, which are administered by numerous agencies, including but not limited to the Consumer Financial Protection Bureau, Federal Housing Finance Agency, U.S. Department of Housing and Urban Development, FHA, VA, USDA, Fannie Mae, Freddie Mac and Ginnie Mae. These laws and regulations include many compliance requirements, including licensing, consumer disclosures, fair lending and real estate settlement procedures. As a result, our operations are subject to regular, extensive examinations by the applicable agencies.

**Seasonality**

Although significant changes in market conditions have impacted our seasonal patterns in the past and could do so again, we generally close more homes in our homebuilding operations and generate greater revenues and pre-tax income in the third and fourth quarters of our fiscal year. The seasonal nature of our business can also cause significant variations in the working capital requirements for our operations. As a result of seasonal activity, our quarterly results of operations and financial position at the end of a particular fiscal quarter are not necessarily representative of the remainder of our fiscal year.

## ITEM 1A. RISK FACTORS

Discussion of our business and operations included in this annual report on Form 10-K should be read together with the risk factors set forth below. They describe various risks and uncertainties we are or may become subject to, many of which are difficult to predict and beyond our control. Although the risks are organized and described separately, many of the risks are interrelated. These risks and uncertainties, together with other factors described elsewhere in this report, have the potential to affect our business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner.

### Risks Related to our Business and our Industry

***Our homebuilding, rental and land development operations are cyclical and significantly affected by changes in economic, real estate or other conditions that could adversely affect our business and financial results.***

Our homebuilding, rental and land development operations are cyclical and are significantly affected by changes in general and local economic and real estate conditions, such as:

- employment levels;
- consumer confidence and spending;
- housing demand;
- availability of financing for homebuyers;
- availability of financing for companies that purchase our rental properties;
- interest rates;
- inflation;
- energy and fuel prices;
- availability and prices of new homes and existing homes for sale and availability and market values of rental properties; and
- demographic trends.

Adverse changes in these general and local economic conditions or deterioration in the broader economy may negatively impact our business and financial results and increase the risk for asset impairments and write-offs. Changes in these economic conditions may affect some of our regions or markets more than others. If adverse conditions affect our larger markets, they could have a proportionately greater impact on us than on some other companies.

The federal government's fiscal policies and the Federal Reserve's monetary policies may negatively impact the financial markets and consumer confidence and could hurt the U.S. economy and the housing and rental markets and in turn, could adversely affect the operating results of our businesses. In an effort to lower the rate of inflation, the Federal Reserve raised interest rates significantly in recent years, which resulted in higher mortgage interest rates compared to the previous low levels. The increase in mortgage interest rates has reduced the affordability of our homes and has required us to use pricing adjustments and incentives to adapt to current market conditions. Prolonged periods of elevated mortgage interest rates or further increases in mortgage interest rates have had, and could continue to have, an adverse impact on our business and financial results.

Deployments of U.S. military personnel to foreign regions, terrorist attacks, other acts of violence or threats to national security and any corresponding response by the United States or others, domestic or international instability or social or political unrest may cause an economic slowdown in the markets where we operate, which could adversely affect our business.

If we experience any of the foregoing, potential customers may be less willing or able to buy our homes or our rental properties. Additionally, cancellations of home sales contracts in backlog may increase if homebuyers do not honor their contracts due to any of the factors discussed above. Our pricing and product strategies may also be limited by market conditions. We may be unable to change the pricing or mix of our home or rental offerings, reduce the costs of the homes or properties we build, offer more affordable homes or rental properties or satisfactorily address changing market conditions in other ways without adversely affecting our profits and returns.

Our financial services business is closely related to our homebuilding business, as it originates mortgage loans principally to purchasers of the homes we build. A decrease in the demand for our homes because of the foregoing matters will also adversely affect the financial results of this segment of our business. An increase in the default rate on the mortgages we originate may adversely affect our ability to sell the mortgages or the pricing we receive upon the sale of mortgages or may increase our recourse obligations for previous originations. We may be responsible for losses associated with mortgage loans originated and sold to third-party purchasers in the event of errors or omissions relating to certain representations and warranties that the loans sold meet certain requirements, including representations as to underwriting standards, the type of collateral, the existence of primary mortgage insurance, and the validity of certain borrower representations in connection with the loan, and we may be required to repurchase certain of those mortgage loans or provide indemnification. Repurchased mortgage loans and/or the settlement of claims associated with such loans could adversely affect our business and financial results. We establish reserves for estimated losses and future repurchase obligations for mortgage loans we have sold; however, actual future obligations related to these mortgages could differ significantly from our current estimated amounts. Additionally, we may retain mortgage servicing rights on our originations. As servicer for these loans, we may incur losses by having to advance payments to the mortgage-backed securities (MBS) bondholders to the extent there are insufficient collections to satisfy the required principal and interest remittances of the underlying MBS.

***Adverse developments affecting the capital markets and financial institutions could limit our ability to access capital, increase our cost of capital and impact our liquidity and capital resources.***

During past economic and housing downturns, the credit markets constricted and reduced some sources of liquidity that were previously available to us. Consequently, we relied principally on our cash on hand to meet our working capital needs and repay outstanding indebtedness during those times. Adverse developments affecting the capital markets and financial institutions, or concerns or rumors about such events, may limit our ability to access the public debt markets or obtain bank financing or may increase our cost of capital. The failure of a bank or other adverse conditions impacting financial institutions where we have cash balances could adversely impact our liquidity and capital resources.

Our homebuilding operations utilize a $3.3 billion senior unsecured revolving credit facility with an uncommitted accordion feature that allows for an increase in its size to $4.0 billion, subject to certain conditions and availability of additional bank commitments. Of the total commitments, $265 million matures on October 28, 2027, $1.0 billion matures on March 27, 2029 and $2.0 billion matures on March 27, 2031. Our homebuilding revolving credit facility also provides for the issuance of letters of credit with a sublimit equal to 100% of the total revolving credit commitments. Our homebuilding revolving credit facility and our homebuilding senior notes are guaranteed by D.R. Horton, Inc.'s significant wholly owned homebuilding subsidiaries.

Forestar has a $650 million senior unsecured revolving credit facility with an uncommitted accordion feature that allows for an increase in its size to $1.0 billion, subject to certain conditions and availability of additional bank commitments. The Forestar revolving credit facility also provides for the issuance of letters of credit with a sublimit equal to the greater of $100 million and 50% of the total revolving credit commitments. Borrowings under the revolving credit facility are subject to a borrowing base calculation based on the book value of Forestar's real estate assets and unrestricted cash. The facility matures on December 18, 2029. The Forestar revolving credit facility is guaranteed by Forestar's wholly owned subsidiaries that are not immaterial subsidiaries and have not been designated as unrestricted subsidiaries. The Forestar revolving credit facility is not guaranteed by D.R. Horton, Inc. or any of the subsidiaries that guarantee the debt of our homebuilding, rental or financial services operations.

Our rental subsidiary, DRH Rental, has a $1.05 billion senior unsecured revolving credit facility with an uncommitted accordion feature that allows for an increase in its size to $2.0 billion, subject to certain conditions and availability of additional bank commitments. Availability under the rental revolving credit facility is subject to a borrowing base calculation based on the book value of DRH Rental's real estate assets and unrestricted cash. The rental revolving credit facility also provides for the issuance of letters of credit with a sublimit equal to the greater of $100 million and 50% of the total revolving credit commitments. The facility matures on March 27, 2030. The rental revolving credit facility is guaranteed by DRH Rental's wholly owned subsidiaries that are not immaterial subsidiaries and have not been designated as unrestricted subsidiaries. The rental revolving credit facility is not guaranteed by D.R. Horton, Inc. or any of the subsidiaries that guarantee the debt of our homebuilding, Forestar or financial services operations.

Our mortgage subsidiary, DHI Mortgage, utilizes a $1.925 billion committed mortgage repurchase facility, with an accordion feature that allows for an increase in its size to $2.0 billion, to finance the majority of the loans it originates. Adverse changes in market conditions could make the renewal of this facility more difficult or could result in an increase in the cost of this facility or a decrease in the committed amounts. Such changes affecting our mortgage repurchase

facility may also make it more difficult or costly to sell the mortgages that we originate. The committed mortgage repurchase facility matures on May 4, 2029. DHI Mortgage also utilizes an uncommitted mortgage repurchase facility, which had a capacity of $500 million at September 30, 2026. The mortgage repurchase facilities are not guaranteed by D.R. Horton, Inc. or any of the subsidiaries that guarantee the debt of our homebuilding, rental or Forestar operations.

We regularly assess our projected capital requirements to fund growth in our business, repay debt obligations, pay dividends, repurchase our common stock and support other general corporate and operational needs, and we regularly evaluate our opportunities to raise additional capital. D.R. Horton, Inc. has an automatically effective universal shelf registration statement filed with the SEC in July 2024, registering debt and equity securities that may be issued from time to time in amounts to be determined. Forestar also has an effective shelf registration statement filed with the SEC in September 2024, registering $750 million of equity securities, of which $300 million is reserved for sales under its at-the-market equity offering program that was entered into in November 2024. As market conditions permit, we may issue new debt or equity securities through the capital markets or obtain additional bank financing to fund our projected capital requirements or provide additional liquidity.

In September 2026, when $52.7 million remained under the stock repurchase authorization, our Board of Directors authorized the repurchase of an additional $5.0 billion of our common stock, with no expiration date. At September 30, 2026, $4.7 billion remained available for future repurchases. At the discretion of our Board, the authorization may be suspended, modified or discontinued at any time without prior notice, and we are not obligated to repurchase any specific number of shares. Amounts we use to repurchase our common stock reduce the cash available to invest in land, lots and home inventories, to service or repay our debt and to fund dividends and other corporate needs, and we may not realize the anticipated benefits of any repurchases.

We believe that our existing cash resources, together with the homebuilding, rental and Forestar revolving credit facilities, mortgage repurchase facilities and ability to access the capital markets or obtain additional financing will provide sufficient liquidity to fund our near-term working capital needs and debt obligations. Adverse changes in economic, homebuilding or capital market conditions could negatively affect our business, liquidity and financial results, restrict our ability to obtain additional capital or increase our costs of capital.

***Reductions in the availability of mortgage financing provided by government agencies, changes in government financing programs, a decrease in our ability to sell mortgage loans on attractive terms or an increase in mortgage interest rates could decrease our buyers' ability to obtain financing and adversely affect our business and financial results.***

The mortgage loans originated by our financial services operations are primarily eligible for sale to Fannie Mae, Freddie Mac or Ginnie Mae and are typically sold to third-party purchasers. The secondary market for mortgage loans continues to primarily desire securities backed by Fannie Mae, Freddie Mac or Ginnie Mae, and we believe the liquidity these agencies provide to the mortgage industry is important to the housing market. Any significant change regarding the long-term structure and ownership or viability of Fannie Mae and Freddie Mac, including any public offering of their securities, release of these entities from federal conservatorship or any change in the nature or extent of federal government support for them, could result in adjustments to the size of their loan portfolios and to guidelines for their loan products. Additionally, a reduction in the availability of financing provided by these institutions could adversely affect interest rates, mortgage availability and sales of new homes and mortgage loans. During fiscal 2026, approximately 78% of our mortgage loans were sold directly to Fannie Mae, Freddie Mac or into securities backed by Ginnie Mae, and 13% were sold to one other major financial entity. On an ongoing basis, we seek to establish loan purchase arrangements with additional financial entities. If we are unable to sell mortgage loans to purchasers on attractive terms, our ability to originate and sell mortgage loans at competitive prices could be limited, which would negatively affect our profitability.

The FHA insures mortgage loans that generally have lower credit requirements and is an important source for financing the sale of our homes. Changes, restrictions or significant premium increases in FHA programs in the future may negatively affect the availability or affordability of FHA financing, which could adversely affect our ability to sell homes.

Changes in the eligibility requirements of FHA, VA, USDA or other government programs, including changes to borrower eligibility criteria, could reduce the number of potential homebuyers who qualify for financing. In addition, a lapse in federal appropriations or a government shutdown, such as the shutdown that occurred in October and November 2025, could delay or interrupt the processing and approval of FHA, VA and USDA loans, the issuance of policies under the National Flood Insurance Program and other government services on which our homebuyers rely, which could delay home closings, increase cancellations and adversely affect our business and financial results.

Some of our customers may qualify for 100% financing through programs offered by the VA and the USDA and certain other housing finance agencies. These programs are subject to changes in regulations, lending standards and government funding levels. There can be no assurances that these programs or other programs will continue to be available in our homebuilding markets or that they will be as attractive to our customers as the programs currently offered, which could negatively affect our sales.

Mortgage interest rates have increased significantly in recent years, increased further during 2026, and remain elevated, and market conditions and government actions could cause mortgage rates to rise even further in the future. When interest rates increase, the cost of owning a home increases, which reduces the number of potential homebuyers who can obtain mortgage financing and can result in a decline in the demand for our homes.

***Increases in our cancellation rate could adversely affect our business and financial results.***

Our sales backlog consists of homes for which we have entered into sales contracts but have not yet closed. Homebuyers may cancel their sales contracts with us for a variety of reasons, including an inability to obtain mortgage financing at acceptable interest rates, an inability to sell their existing homes, job loss or other changes in their personal financial circumstances, declines in consumer confidence or declines in home prices in our markets. The deposits we receive from homebuyers may not be sufficient to compensate us for the cancellation of a sales contract. Our cancellation rate was 19% in fiscal 2026. An increase in cancellations could reduce our closings and revenues, increase the number of unsold completed homes in our inventory, require us to increase incentives or reduce prices to resell homes and adversely affect our gross margins and financial results.

***The risks associated with our land, lot and rental inventory could adversely affect our business and financial results.***

Inventory risks are substantial for our homebuilding, rental and Forestar businesses. There are risks inherent in controlling, owning and developing land. If housing demand declines, we may not be able to sell homes or rental properties profitably in some of our communities, and we may not be able to fully recover the costs of some of the land and lots we own. Also, the values of our owned undeveloped land, lots and inventories may fluctuate significantly due to changes in market conditions. As a result, our deposits for lots controlled through purchase contracts may be put at risk, we may have to sell homes, rental properties or land for a lower profit margin or record inventory impairment charges, as we did in fiscal 2026 for several of our multi-family projects. If economic conditions or homebuilding industry conditions worsen, we may be required to evaluate other rental properties or homebuilding inventories for potential impairment, which could result in additional impairment charges that could be significant.

We also rely on land developers, including our majority-owned subsidiary Forestar and third-party developers, and on lot purchase arrangements to deliver finished lots to us on the schedules and at the prices we expect. If these counterparties fail to honor their obligations to us, are unable to obtain financing, become subject to foreclosure or bankruptcy proceedings or do not complete development on a timely basis, we may lose access to lots at the time we need them, incur additional costs, experience delays in home construction and home closings or forfeit deposits, any of which could adversely affect our business and financial results.

***We cannot make any assurances that our growth strategies, acquisitions, investments or other strategic initiatives will be successful or will not expose us to additional risks or other negative consequences.***

In recent years, we have primarily grown our business by increasing our investments in land, lot and home inventories in our existing homebuilding markets. We have also expanded through investments in new product offerings, new geographic markets and the growth of our rental property operations. Investments in land, lots, home inventories and rental properties can expose us to risks of economic loss and asset impairments if housing conditions weaken or if we are unsuccessful in implementing our growth strategies.

We have acquired the operations of several companies in recent years, and we may make strategic acquisitions of or investments in other companies, operations or assets in the future. Such acquisitions and investments may have risks similar to those related to land, lots and home inventories, but they may also expose us to additional risks or other negative consequences. These transactions, or our other strategic initiatives, may not advance our business strategy, provide a satisfactory return on our investment or provide other benefits we anticipate. Also, the integration of these transactions may not be successful and may require significant time and resources, which may divert management's attention from other operations. Acquisitions and investments could also raise new compliance-related obligations or expose us to material liabilities not discovered in the due diligence process that may lead to litigation. If these transactions under-perform our expectations or are unsuccessful, we may incur significant expenses or write-offs of inventory, other assets or intangible assets such as goodwill. Acquisitions and investments can result in dilution to

existing stockholders if we issue our common stock as consideration and can increase our debt levels or reduce our liquidity if we purchase them with cash. The magnitude, timing and nature of any future acquisitions or investments will depend on a number of factors, including our ability to identify suitable additional markets or acquisition candidates, the negotiation of acceptable terms, our financial position and general economic and business conditions. We also may seek to divest an investment or a business and may have difficulty selling such investment or business on acceptable terms in a timely manner.

***Our business and financial results could be adversely affected by significant inflation, higher interest rates or deflation.***

In recent years, the economy has experienced significant inflationary pressures. Inflation can adversely affect us by increasing costs of land, materials, labor and our cost of capital. Inflation re-accelerated during 2026, driven in part by higher energy prices and tariffs, and in September 2026, the Federal Reserve raised interest rates in an effort to lower the rate of inflation. Elevated interest rates have resulted in higher mortgage interest rates. The increase in mortgage interest rates has reduced the affordability of our homes and has required us to use pricing adjustments and incentives to adapt to current market conditions, which has resulted in lower gross margins. If inflation and mortgage interest rates remain high or increase, housing affordability may be further impacted, which could further reduce our profit margins and have an adverse impact on our business and financial results.

Alternatively, a significant period of deflation could cause a decrease in overall spending and borrowing levels. This could lead to deterioration in economic conditions, including an increase in the rate of unemployment. Deflation could also cause the value of our inventories to decline or reduce the value of existing homes below the related mortgage loan balance, which could potentially increase the supply of existing homes. These or other factors related to deflation could have a negative impact on our business and financial results.

***Supply shortages and other risks related to acquiring land, building materials and skilled labor and obtaining regulatory approvals could increase our costs and delay deliveries.***

The homebuilding and lot development industries have from time to time experienced significant difficulties that can affect the cost or timing of construction, including:

- difficulty in acquiring land suitable for residential building at affordable prices in locations where our potential customers want to live;
- delays in receiving the necessary approvals from municipalities or other government agencies;
- shortages of qualified subcontractors and skilled labor, including as a result of changes in immigration laws, policies and enforcement activity;
- reliance on local subcontractors, manufacturers, distributors and land developers who may be inadequately capitalized;
- shortages of materials; and
- significant increases in the cost of materials, particularly increases in the price of lumber, drywall and cement, which are significant components of home construction costs.

In the recent past, we experienced multiple disruptions in our supply chain, which resulted in shortages of certain building materials and tightness in the labor market. This caused our construction cycle to lengthen and costs of building materials to increase. Our construction cycle times have since improved and recently normalized; however, if shortages and cost increases in building materials and tightness in the labor market increase for any reason, our construction cycle time and profit margins could be adversely impacted.

In addition, increased tariffs, duties and/or trade restrictions, such as those imposed by the current administration, on imported materials and goods that are used in connection with the construction and delivery of our homes, including steel, aluminum and lumber, may raise our costs for these items or for the products made with them. These factors may cause construction delays or cause us to incur more costs building our homes.

***Public health issues such as a major epidemic or pandemic could adversely affect our business and financial results.***

The U.S. and other countries have experienced, and may experience in the future, outbreaks of contagious diseases that affect public health and public perception of health risk. In the event of a widespread, prolonged, actual or perceived outbreak of any contagious disease, our operations could be negatively impacted. Such events have had, and could in the

future have, an effect on our operations, including a reduction in customer traffic, a disruption in our supply chain, tightness in the labor market or other factors, all of which could reduce demand for our homes. These or other repercussions of a public health crisis that affect the global economy could have an adverse impact on our results of operations and financial condition.

***Our business and financial results could be adversely affected by weather conditions and natural disasters.***

Physical risks, including weather conditions and natural disasters, such as hurricanes, tornadoes, earthquakes, volcanic activity, droughts, floods, hailstorms, heavy or prolonged precipitation, wildfires and others, can harm our business. Additionally, the physical impacts of climate change may cause these occurrences to increase in frequency, severity and duration. The climates and geology of many of the states in which we operate, including California, Florida, Texas and other coastal areas where we have some of our larger operations, present increased risks of adverse weather or natural disasters, such as wildfires and hurricanes. Any such events can temporarily delay our development work, home construction and home closings, unfavorably affect the cost or availability of materials or labor, damage homes under construction, lead to changing consumer preferences and/or negatively impact demand for new homes in affected areas. Such events may also increase the cost of, or limit the availability of, homeowners, hazard and flood insurance, which may reduce affordability, impair homebuyers' ability to obtain mortgage financing and adversely affect housing demand or property values in affected markets. We have experienced temporary delays in production and short-term impacts on our sales and closings activity from weather events in recent years. There have been no material lasting impacts on our business from these events or material permanent operational challenges resulting from these events, but they could adversely affect our business in the future.

***Our business is subject to home warranty and construction defect claims and other litigation that can be significant.***

We are subject to home warranty and construction defect claims arising in the ordinary course of our homebuilding business. We rely on subcontractors to perform the actual construction of our homes, and in many cases, to select and obtain construction materials. Despite our detailed specifications and monitoring of the construction process, our subcontractors occasionally do not meet adequate quality standards in the construction of our homes. When we find these issues, we repair them in accordance with our warranty obligations. We spend significant resources to repair items in homes we have sold to fulfill the warranties we issued to our homebuyers. Additionally, we are subject to construction defect claims which can be costly to defend and resolve in the legal system. Warranty and construction defect matters can also result in negative publicity which can damage our reputation and adversely affect our ability to sell homes.

Based on the large number of homes we have sold over the years, our potential liabilities related to warranty and construction defect claims are significant. Liability insurance for construction defect claims is costly and the coverage offered is limited. Because of this, we have self-insured our risk in recent years and have established warranty and construction defect reserves for the homes we sell based on historical experience in our markets and our judgment of the qualitative risks associated with the types of homes we build. We also seek to obtain contractual indemnities and certificates of insurance from our subcontractors covering claims related to their workmanship and materials that may cover a portion of the cost of these claims. However, contractual indemnities can be difficult to enforce, and our subcontractors' insurance may be unavailable, insufficient or subject to coverage disputes. If the costs to resolve our future warranty and construction defect claims exceed our estimates, our financial results and liquidity could be adversely affected.

In addition, other types of lawsuits, claims and proceedings have been and may in the future be instituted or asserted against us. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We intend to defend ourselves vigorously in any litigation that has been or may be instituted or asserted against us; however, litigation is inherently uncertain and we cannot be certain of the ultimate outcomes of any claims that have arisen or may arise.

***A health and safety incident relating to our operations could be costly in terms of potential liability and reputational damage.***

Building and land development sites are inherently dangerous, and operating in this industry poses certain inherent health and safety risks. Due to health and safety regulatory requirements and the number of homes we construct, health and safety performance is critical to the success of our business. Any failure in health and safety performance may result in penalties for non-compliance with relevant regulatory requirements, and a failure that results in a major or significant health and safety incident is likely to be costly and could expose us to liability that could be costly. Such an incident could generate significant negative publicity and have a corresponding impact on our reputation, our relationships with

relevant regulatory agencies or governmental authorities, and our ability to attract customers and employees, which in turn could have a material adverse effect on our financial results and liquidity.

***We are required to obtain performance bonds, the unavailability of which could adversely affect our results of operations and cash flows.***

We often are required to provide surety bonds to secure our performance or obligations under construction contracts, development agreements and other arrangements. At September 30, 2026, we had $3.5 billion of outstanding surety bonds. Our ability to obtain surety bonds primarily depends upon our credit rating, financial condition, past performance and other factors, including the capacity of the surety market and the underwriting practices of surety bond issuers. The ability to obtain surety bonds also can be impacted by the willingness of insurance companies to issue performance bonds for construction and development activities. If we are unable to obtain surety bonds when required, our results of operations and cash flows could be adversely affected.

***Increases in the costs of owning a home could prevent potential customers from buying our homes and adversely affect our business and financial results.***

Significant expenses of owning a home, including mortgage loan interest and state and local income and property taxes, have historically been deductible expenses for an individual's federal income taxes, subject to various limitations. Federal tax law imposes various limitations on deductions and other tax benefits associated with homeownership, and those limitations and benefits have continued to change over time. Further changes in income tax laws by the federal or state government to eliminate or substantially reduce income tax benefits associated with homeownership could adversely affect demand for and sales prices of new homes.

In addition, increases in property tax rates by local governmental authorities, as experienced in some areas in response to reduced federal and state funding, could adversely affect the amount of financing our potential customers could obtain or their desire to purchase new homes.

Further, existing and prospective regulatory and societal initiatives intended to reduce potential climate change impacts may lead to higher upfront costs of purchasing a home, increased expenses to maintain the home and its systems and greater ongoing energy and utility costs. Additionally, in certain regions, the cost to obtain homeowner and various hazard and flood insurance has risen significantly in recent years, reflecting the increasing frequency and severity of damage caused by severe weather and natural disasters. In some areas, these events have limited the ability of homeowners to secure insurance coverage on commercially acceptable terms or at all, which may impair a homebuyer's ability to obtain mortgage financing and reduce demand for our homes. Although these factors have not had a material effect on our business to date, they could adversely impact our business in the future.

***Information technology failures, cybersecurity incidents, and the failure to satisfy privacy and data protection laws and regulations could harm our business.***

We use information technology and other computer resources, including artificial intelligence (AI), to carry out important operational and marketing activities and to maintain our business records. These information technology systems are dependent upon global communications providers, web browsers, third-party software and data storage providers and other aspects of the Internet infrastructure that have experienced cybersecurity incidents, significant systems failures and service outages in the past. Additionally, phishing attacks, whereby perpetrators attempt to fraudulently induce employees, customers, vendors or other users of a company's systems to disclose personal information to gain access to its data, have increased significantly in recent years. With the use of AI, these phishing attacks may contain highly convincing language making them difficult to distinguish from legitimate messages. The use of remote work environments and virtual platforms may increase our risk of cyber incidents that could compromise our data. Further, geopolitical tensions or conflicts may create a heightened risk of these incidents. Our normal business activities involve collecting and storing information specific to our homebuyers, renters, employees, vendors and suppliers and maintaining operational and financial information related to our business, both in an office setting and remote locations as needed. A material breach in the security of our information technology systems or other data security controls, or those of the third parties we work with, could include the theft or release of this information. The unintended or unauthorized disclosure of personal identifying and confidential information as a result of a cybersecurity incident by any means could lead to litigation or other proceedings against us by the affected individuals or business partners, or by regulators. The outcome of such proceedings, which could include penalties or fines, could have a significant negative impact on our business.

We may also be required to incur significant costs to protect against damages caused by information technology failures, cybersecurity incidents, and the failure to satisfy privacy, data protection, and AI laws and regulations in the future as legal requirements continue to increase. The European Union and other international regulators, as well as an increasing number of U.S. state governments, have enacted or enhanced privacy, data protection, and AI regulations, such as the California Privacy Rights Act and the Colorado Privacy Act, and additional jurisdictions are considering establishing similar or stronger protections. Among other things, these regulations impose certain obligations for handling specified personal information in our systems, including notifying individuals regarding information we have collected from them. We have incurred costs in an effort to comply with these requirements, but our costs may increase significantly if new requirements are enacted and based on how individuals exercise their rights. Any loss of personal information and failure to comply with these requirements or other applicable laws and regulations in this area could result in substantial penalties, reputational damage or litigation.

We routinely utilize information technology security experts to assist us in our evaluations of the effectiveness of the security of our information technology systems, and we regularly enhance our security measures, which include multiple redundant safeguards, to protect our systems and data. We use various encryption, tokenization and authentication technologies to mitigate cybersecurity risks and have increased our monitoring capabilities to enhance early detection and rapid response to potential cyber threats. However, because the techniques used to obtain unauthorized access, disable or degrade systems change frequently and increasingly leverage sophisticated technologies such as AI, they often are not recognized until launched against a target. As such, we may be unable to anticipate these techniques, to implement adequate preventative measures or to identify and investigate cybersecurity incidents. We may also incur costs to adapt our cybersecurity program to the evolving threat landscape and to investigate and remediate vulnerabilities or other identified risks.

Although past cybersecurity incidents have not had a material effect on our business or operations to date, in the future, a significant and extended disruption in the functioning of our information technology systems or a breach of any of our data security controls could disrupt our business operations, damage our reputation and cause us to lose customers. Additionally, if a cybersecurity incident is determined to be material, we are subject to additional reporting requirements. We cannot provide assurances that a cyber incident, including data theft or other significant systems or security failures will not occur in the future, and such occurrences could have a material and adverse effect on our consolidated results of operations or financial position.

***The use of artificial intelligence in our business operations exposes us to risks and uncertainties.***

We use AI technologies in certain aspects of our operations, including through third-party software and service providers. These technologies may create efficiencies or enhance certain processes. However, implementing these technologies may disrupt operations, and spending on these technologies may not yield expected benefits. AI features may be targeted or misused by threat actors (or threat actors may leverage AI to increase the speed and sophistication of cyber threats). AI technologies are rapidly evolving and may be unreliable, and AI may produce false, incomplete, inaccurate or biased information or outcomes. Laws and regulations related to AI have been and are continuing to be enacted, and these laws and regulations are rapidly evolving. We have incurred costs in an effort to comply with these requirements, and our costs may increase significantly as new requirements are enacted. If we, our employees, our vendors, our homebuyers or other counterparties rely on inaccurate AI-generated information, or if we otherwise fail to deploy or govern AI effectively, or our use of AI is subject to a cyber attack, we could face legal or regulatory claims or proceedings, including claims of infringement or misappropriation of third-party intellectual property rights or consumer protection claims, and our business, reputation, financial condition and results of operations could be adversely affected.

***Governmental regulations and environmental matters could increase the cost and limit the availability of our land development and housing projects and adversely affect our business and financial results.***

We are subject to extensive and complex regulations that affect land development and home construction, including zoning, density restrictions, building design and building standards. These regulations often provide broad discretion to the administering governmental authorities as to the conditions we must meet prior to development or construction being approved, if approved at all. We are subject to determinations by these authorities as to the adequacy of water or sewage facilities, roads or other local services. New housing developments may also be subject to various assessments for schools, parks, streets and other public improvements. In addition, government authorities in many markets have implemented no growth or growth control initiatives. Any of these may limit, delay or increase the costs of development or home construction.

We are also subject to a significant number and variety of local, state and federal laws and regulations concerning protection of health, safety, labor standards and the environment. The impact of environmental laws varies depending upon the prior uses of the building site or adjoining properties and may be greater in areas with less supply where undeveloped land or desirable alternatives are less available. These matters may result in delays, may cause us to incur substantial compliance, remediation, mitigation and other costs, and can prohibit or severely restrict development and homebuilding activity in environmentally sensitive regions or areas. Government agencies also routinely initiate audits, reviews or investigations of our business practices to ensure compliance with these laws and regulations, which can cause us to incur costs or create other disruptions in our business that can be significant.

In recent years, advocacy groups, government agencies and the general public have expressed growing concerns regarding the effects of climate change on the environment. Transition risks, such as government restrictions, standards or regulations intended to reduce greenhouse gas emissions and potential climate change impacts, are emerging and may increase in the future in the form of restrictions or additional requirements on land development and home construction in certain areas. Such restrictions and requirements could increase our operating and compliance costs or require additional technology and capital investment, which could adversely affect our results of operations. This is a particular concern in the western United States, where some of the most extensive and stringent environmental laws and residential building construction standards in the country have been enacted, and where we have business operations. We believe we are in compliance in all material respects with existing climate-related government restrictions, standards and regulations applicable to our business, and such compliance has not had a material impact on our business. However, given the rapidly changing nature of environmental laws and matters that may arise that are not currently known, we cannot predict our future exposure concerning such matters, and our future costs to achieve compliance or remedy potential violations could be significant.

Additionally, actual or perceived sustainability matters and our response to these matters could harm our business. Evolving governmental and societal attention to sustainability matters, including expanding mandatory and voluntary reporting, diligence and disclosure on topics such as climate change, human capital, labor, cybersecurity and risk oversight, could expand the nature, scope and complexity of matters that we are required to control, assess and report. For example, the State of California has enacted legislation requiring extensive climate-related disclosures for companies deemed to be doing business in California, and other states are considering similar laws. Initial reports of Scope 1 and Scope 2 greenhouse gas emissions under California's Climate Corporate Data Accountability Act were due in November 2026, with Scope 3 reporting and third-party assurance requirements scheduled to begin in 2027, while enforcement of California's Climate-Related Financial Risk Act has been enjoined pending appeal. These requirements remain the subject of pending litigation and ongoing rulemaking, and their scope, timing and ultimate application to our business remain uncertain. Any of the above factors may alter the environment in which we do business and may increase the ongoing costs of compliance and adversely impact our results of operations and cash flows. If we are unable to adequately address such sustainability matters or fail to comply with all laws, regulations, policies and related interpretations, it could negatively impact our reputation and our business results.

The subcontractors we rely on to perform the actual construction of our homes are also subject to a significant number of local, state and federal laws and regulations, including laws involving matters that are not within our control. If the subcontractors who construct our homes fail to comply with all applicable laws, we can suffer reputational damage and may be exposed to liability. In addition, governmental agencies and private plaintiffs have sought, and may in the future seek, to hold homebuilders responsible as joint employers for violations of wage and hour, workers' compensation, immigration and other employment-related laws by subcontractors whose employees perform work on our projects, which could expose us to substantial liabilities in situations that are not within our control.

***Changes in income tax and securities laws could adversely affect our business and financial results.***

We are subject to income taxes at the federal, state and local levels, and any changes in tax legislation could adversely affect our future effective tax rates and the value of our deferred tax assets.

We are also subject to an extensive number of laws and regulations because our common stock and debt securities and the common stock and debt securities of our Forestar subsidiary are publicly traded in the capital markets. These regulations govern our communications with our shareholders and the capital markets, our financial statement disclosures and our legal processes, and they also impact the work required to be performed by our independent registered public accounting firm and our legal counsel. Changes in these laws and regulations, including the subsequent implementation of rules by the administering government authorities, may require us to incur additional compliance costs, and such costs may be significant.

***Governmental regulation of our financial services operations could adversely affect our business and financial results.***

Our financial services operations are subject to extensive state and federal laws and regulations, which are administered by numerous agencies, including but not limited to the Consumer Financial Protection Bureau, Federal Housing Finance Agency, U.S. Department of Housing and Urban Development, FHA, VA, USDA, Fannie Mae, Freddie Mac and Ginnie Mae. These laws and regulations include many compliance requirements, including but not limited to licensing, consumer disclosures, fair lending and real estate settlement procedures. As a result, our operations are subject to regular, extensive examinations by the applicable agencies. Additional future regulations or changing rule interpretations and examinations by regulatory agencies may result in more stringent compliance standards and could adversely affect the results of our operations.

***We operate in competitive industries, and competitive conditions could adversely affect our business and financial results.***

We operate in the residential housing industry, which is highly competitive. We compete not only for homebuyers and renters, but also for desirable properties, raw materials, skilled labor and financing. We compete with local, regional and national homebuilding and rental companies and also with existing home sales and rental properties. These competitive conditions can negatively affect our sales volumes, selling prices, leased occupancy levels, rental rates and incentive levels, reduce our profit margins, and cause the value of our inventory or other assets to be impaired. Competition can also affect our ability to acquire suitable land, raw materials and skilled labor at acceptable prices or terms, or cause delays in land development or in construction. In addition, the homebuilding industry has experienced consolidation, including recent acquisitions of publicly traded homebuilders by large, well-capitalized domestic and foreign companies, which may result in competitors with greater financial resources, lower costs of capital or greater willingness to accept lower returns.

The competitors to our financial services businesses include other mortgage lenders and title companies, including national, regional and local mortgage banks and other financial institutions. Some of these competitors are subject to fewer governmental regulations and have greater access to capital than we do, may operate with different lending criteria and/or may offer a broader or more attractive array of financing and other products and services to potential customers.

Our businesses compete with other companies across all industries to attract and retain highly skilled and experienced employees, managers and executives. If we are unable to attract and retain key employees, managers or executives, our business could be adversely affected.

**Risks Related to our Indebtedness**

***We have significant amounts of debt and may incur additional debt, which could affect our financial health and our ability to raise additional capital to fund our operations or potential acquisitions.***

As of September 30, 2026, our consolidated debt was $6.1 billion, which consisted of $3.5 billion related to our homebuilding segment, $1.4 billion related to our financial services segment, $794 million related to our Forestar segment and $410 million related to our rental segment. The indenture governing our homebuilding senior notes does not restrict the incurrence of future unsecured debt by us or our homebuilding subsidiaries or the incurrence of secured or unsecured debt by our non-guarantor subsidiaries, and the agreement governing our homebuilding revolving credit facility allows us to incur a substantial amount of future unsecured debt. Also, the indenture governing our homebuilding senior notes and the agreement governing our homebuilding revolving credit facility impose restrictions on our ability and on that of the guarantors under our homebuilding senior notes and our homebuilding revolving credit facility to incur debt secured by certain assets, but still permit us and our homebuilding subsidiaries to incur significant amounts of additional secured debt. The rental revolving credit facility imposes restrictions on the ability of DRH Rental and its restricted subsidiaries to incur secured and unsecured debt, but still permits DRH Rental and its restricted subsidiaries to incur a substantial amount of future secured and unsecured debt, and does not restrict the incurrence of future secured and unsecured debt by DRH Rental's unrestricted subsidiaries. The Forestar revolving credit facility and the indentures governing Forestar's senior notes impose restrictions on the ability of Forestar and its restricted subsidiaries to incur secured and unsecured debt, but still permit Forestar and its restricted subsidiaries to incur a substantial amount of future secured and unsecured debt, and do not restrict the incurrence of future secured and unsecured debt by Forestar's unrestricted subsidiaries. The mortgage repurchase facilities impose restrictions on the ability of DHI Mortgage and its restricted subsidiaries to incur secured and unsecured debt, but still permit DHI Mortgage and its restricted subsidiaries to incur a substantial amount of future secured and unsecured debt, and do not restrict the incurrence of future secured and unsecured debt by DHI Mortgage's unrestricted subsidiaries.

The amount and the maturities of our debt and the debt of our subsidiaries could have important consequences. For example, possible consequences for our homebuilding, rental, Forestar and financial services operations each with respect to their individual debt obligations, could:

- require the dedication of a substantial portion of cash flow from operations to payment of debt and reduce the ability to use cash flow for other operating or investing purposes;
- limit the flexibility to adjust to changes in business or economic conditions; and
- limit the ability to obtain future financing for working capital, capital expenditures, acquisitions, debt service requirements or other requirements.

***Servicing our debt requires a significant amount of cash, and we or our subsidiaries may not have sufficient cash flow from our respective businesses to pay our substantial debt.***

Our ability and that of our subsidiaries to meet our respective debt service obligations will depend, in part, upon our and our subsidiaries' future financial performance. Future results are subject to the risks and uncertainties described in this report. Our revenues and earnings vary with the level of general economic activity in the markets we serve. Our businesses are also affected by financial and political events and other factors, many of which are beyond our control. The factors that affect our ability to generate cash can also affect our ability to raise additional funds for these purposes through the sale of debt or equity, the refinancing of debt or the sale of assets. Changes in prevailing interest rates may affect the cost of our debt service obligations, because borrowings under the homebuilding, rental and Forestar revolving credit facilities and mortgage repurchase facilities bear interest at floating rates.

***The instruments governing our and our subsidiaries' indebtedness impose certain restrictions on our and our subsidiaries' business, and the ability of us and our subsidiaries to comply with related covenants, restrictions or limitations could adversely affect our and our subsidiaries' financial condition or operating flexibility.***

The restrictions imposed by our and certain of our subsidiaries' indebtedness could limit our or our subsidiaries' ability to plan for or react to market or economic conditions or meet capital needs or otherwise restrict our activities or business plans and adversely affect our or our subsidiaries' ability to finance our operations, acquisitions, investments or strategic alliances or other capital needs or to engage in other business activities that would be in our interest.

The agreements governing our indebtedness contain restrictions on our and our guarantor subsidiaries' ability to, among other things, engage in sale and leaseback transactions with respect to certain assets, incur secured debt, create liens, pay dividends and make other distributions on or redeem or repurchase equity securities, sell certain assets and engage in mergers, consolidations or sales of all or substantially all of our assets. The applicable instruments governing each of DRH Rental's indebtedness and Forestar's indebtedness contain restrictions on the ability of DRH Rental and Forestar, as applicable, and certain of their respective subsidiaries to, among other things, incur additional indebtedness, create liens, pay dividends and make other distributions on or redeem or repurchase equity securities, sell certain assets, enter into affiliate transactions and engage in mergers, consolidations or sales of all or substantially all of DRH Rental's or Forestar's assets, as applicable.

In addition, the agreements governing certain of our and our subsidiaries' debt instruments contain the following financial covenants:

*Homebuilding revolving credit facility.* Our homebuilding revolving credit facility contains financial covenants requiring the maintenance of a maximum allowable leverage ratio and a borrowing base restriction if our leverage ratio exceeds a certain level. A failure to comply with these financial covenants could allow the lending banks to terminate the availability of funds under the revolving credit facility or cause any outstanding borrowings to become due and payable prior to maturity.

*Rental and Forestar revolving credit facilities.* The rental and Forestar revolving credit facilities each contain financial covenants requiring the maintenance by DRH Rental or Forestar, as applicable, of a minimum level of tangible net worth, a minimum level of liquidity, a maximum allowable leverage ratio and a borrowing base restriction based on the book value of DRH Rental's or Forestar's real estate assets and unrestricted cash. A failure to comply with these financial covenants could allow the lending banks to terminate the availability of funds under the applicable revolving credit facility or cause any outstanding borrowings to become due and payable prior to maturity.

*Mortgage repurchase facilities and other restrictions.* The mortgage repurchase facilities for our mortgage subsidiary require the maintenance of a minimum level of tangible net worth, a maximum allowable indebtedness to tangible net worth ratio and a minimum level of liquidity by our mortgage subsidiary. A failure to comply with these requirements could allow the lending banks to terminate the availability of funds to our mortgage subsidiary or cause any outstanding borrowings to become due and payable prior to maturity. Any difficulty experienced in complying with these covenants could make the renewal of the facilities more difficult or costly.

In addition, although our financial services business is conducted through subsidiaries that are not restricted by the indentures governing our and Forestar's senior notes or the agreements governing the homebuilding, rental and Forestar revolving credit facilities, the ability of our financial services subsidiaries to distribute funds to our homebuilding operations would be restricted in the event such distribution would cause an event of default under the mortgage repurchase facilities or if an event of default had occurred under these facilities. Moreover, our right to receive assets from our financial services subsidiaries upon their liquidation or recapitalization is subject to the prior claims of the creditors of these subsidiaries. Any claims we may have to funds from our financial services subsidiaries would be subordinate to subsidiary indebtedness to the extent of any security for such indebtedness and to any indebtedness otherwise recognized as senior to our claims.

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

Our homebuilding senior unsecured debt is currently rated investment grade by all three major rating agencies; however, there can be no assurance that we will be able to maintain these ratings. Any lowering of our debt ratings could make accessing the public capital markets or obtaining additional credit from banks more difficult and/or more expensive. Any lowering of Forestar's debt ratings could also make Forestar's ability to access the public capital markets or obtain additional credit from banks more difficult and/or more expensive.

***The instruments governing our indebtedness contain change of control provisions which could affect the timing of repayment.***

*Change of control purchase options under our homebuilding senior notes and change of control default under our homebuilding revolving credit facility.* Upon the occurrence of both a change of control and a ratings downgrade event, each as defined in the indenture governing our homebuilding senior notes, we will be required to offer to repurchase such notes at 101% of their principal amount, together with all accrued and unpaid interest, if any. Moreover, a change of control (as defined in our homebuilding revolving credit facility) would constitute an event of default under our homebuilding revolving credit facility, which could result in the acceleration of the repayment of any borrowings outstanding under the facility, a requirement to cash collateralize all letters of credit outstanding thereunder and the termination of the commitments thereunder. If any indebtedness of us or any guarantor together having an aggregate principal amount outstanding of $50 million or more, or in the case of our 5.5% senior notes due 2035 and 4.85% senior notes due 2030, $150 million or more, were accelerated and such acceleration were not rescinded or such indebtedness were not satisfied, in either case within 30 days, an event of default would result under the indenture governing our homebuilding senior notes, entitling the trustee for the notes or holders of at least 25% in principal amount of the relevant series of notes then outstanding to declare all such notes to be due and payable immediately. If purchase offers were required under the indenture for our homebuilding senior notes, repayment of the borrowings under our homebuilding revolving credit facility were required, or if the senior notes were accelerated, we can give no assurance that we would have sufficient funds to pay the required amounts.

*Change of control purchase option under Forestar's notes and change of control default under the Forestar revolving credit facility.* Upon the occurrence of a change of control triggering event (as defined in the indentures governing Forestar's notes), Forestar will be required to offer to repurchase Forestar's notes at 101% of their principal amount, together with all accrued and unpaid interest, if any. A change of control (as defined in the Forestar revolving credit facility) with respect to Forestar would constitute an event of default under the Forestar revolving credit facility, which could result in the acceleration of the repayment of any borrowings outstanding under the Forestar revolving credit facility, a requirement to cash collateralize all letters of credit outstanding thereunder and the termination of the commitments thereunder. If any indebtedness of Forestar or any of its restricted subsidiaries together having an aggregate principal amount outstanding of $40 million or more, in the case of the indenture governing Forestar's 5.0% senior notes due 2028 (2028 notes), or $75 million or more, in the case of Forestar's 6.5% senior notes due 2033 (2033 notes), were accelerated and such acceleration were not rescinded or such indebtedness were not satisfied, in either case within 30 days, an event of default would result under the indentures governing the Forestar notes, entitling the trustee for the Forestar notes or holders of at least 25%, in the case of the 2028 notes, or 30%, in the case of the 2033 notes, in aggregate principal amount of the applicable series of Forestar notes to declare all such Forestar notes to be due and

payable immediately. If purchase offers were required under the indentures for Forestar's notes, repayment of the borrowings under Forestar's revolving credit facility were required, or if Forestar's notes were accelerated, we can give no assurance that Forestar would have sufficient funds to pay the required amounts.

*Change of control default under the rental revolving credit facility*. A change of control (as defined in the rental revolving credit facility agreement) with respect to DRH Rental would constitute an event of default under the rental revolving credit facility, which could result in the acceleration of the repayment of any borrowings outstanding under the rental revolving credit facility, a requirement to cash collateralize all letters of credit outstanding thereunder and the termination of the commitments thereunder. If repayment of the borrowings under the rental revolving credit facility were required, we can give no assurance that DRH Rental would have sufficient funds to pay the required amounts.

*Change of control default under mortgage repurchase facilities*. A change of control (as defined in the mortgage repurchase facility agreements) with respect to DHI Mortgage would constitute an event of default under the mortgage repurchase facilities, which could result in the acceleration of the repurchase of any loans outstanding under the facilities and an increase in the repurchase price of such loans. If repayments of the loans under DHI Mortgage's mortgage repurchase facilities were required, we can give no assurance that DHI Mortgage would have sufficient funds to pay the required amounts.

**General Risk Factors**

***Damage to our corporate reputation or brands from negative publicity could adversely affect our business, financial results and/or stock price.***

Adverse publicity related to our company, industry, personnel, operations or business performance may cause damage to our corporate reputation or brands and may generate negative sentiment, potentially affecting the performance of our business or our stock price, regardless of its accuracy or inaccuracy. Our reputation could be adversely affected by actual or perceived failures or concerns related to ethics, compliance, product quality and safety, environmental matters, privacy, human rights, compensation and benefits and corporate governance, among other things. Negative publicity can be disseminated rapidly through digital platforms, including social media, websites, blogs and newsletters. Customers and other interested parties value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate without affording us an opportunity for redress or correction, and our success in preserving our brand image depends on our ability to recognize, respond to and effectively manage negative publicity in a rapidly changing environment. Adverse publicity or unfavorable commentary from any source could damage our reputation, reduce the demand for our homes or negatively impact the morale and performance of our employees, which could adversely affect our business.

***Our business could be adversely affected by the loss of key personnel.***

We rely on our key personnel to effectively operate and manage our businesses. Specifically, our success depends heavily on the performance of our homebuilding division and region presidents and their management teams, our rental housing management team, our financial services management team, our corporate office management teams, our Forestar management team and our executive officers. These key personnel have significant experience and skills as well as leadership and management abilities that are vital to our success. Our ability to attract and retain our key personnel may be impacted by matters involving reputation, culture, compensation and benefits and our management of executive succession. We seek to retain our key personnel, to have succession and transition plans in place to address the potential loss of key personnel, and to manage personnel transitions due to retirements, promotions, transfers and other circumstances. However, if our retention, succession and transition implementation efforts are unsuccessful, the loss of key personnel could adversely affect our business.

***Our business could be negatively impacted as a result of actions by activist stockholders or others.***

We may be subject to actions or proposals from activist stockholders or others that may not align with our business strategies or the interests of our other stockholders. Responding to such actions could be costly and time-consuming, disrupt our business and operations and/or divert the attention of our Board and senior management from the pursuit of our business strategies. Activist stockholders may create perceived uncertainties as to the future direction of our business or strategy, including with respect to our sustainability efforts, which may be exploited by our competitors and may make it more difficult to attract and retain qualified personnel, potential homebuyers and business partners and may affect our relationships with current homebuyers, subcontractors, investors and other third parties. In addition, actions of activist stockholders may cause periods of fluctuation in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 1C. CYBERSECURITY

**Risk Management and Strategy**

We have processes in place for assessing, identifying, and managing risks from cybersecurity threats that may result in material adverse effects to the confidentiality, integrity and availability of our systems, operations and data. These processes are a part of our overall risk assessment process. Risks from cybersecurity threats include, among other things, unauthorized access, data theft, computer viruses, ransomware, malicious software and other disruptions. We have implemented systems and processes utilizing a multilayered, proactive approach to identify, evaluate, mitigate and prevent potential cybersecurity threats. Each of these layers contains multiple levels of protection and leverage industry standard framework including the National Institute of Standards and Technology (NIST) Cybersecurity Framework. At the management level, these systems and processes are overseen primarily by our Chief Information Officer (CIO) and our Cyber Security Risk Officer (CSRO).

We have implemented processes to assess, identify, and manage risks from cybersecurity threats, including the following:

- **Multi-factor Authentication:** We secure access to our network and systems through multi-factor authentication.
- **Layered Email Protection**: We have adopted a layered approach to email protection.
- **Zero-Trust Security Model**: We are working towards a zero-trust security model, utilizing group-based access controls to manage network resources.
- **Continuous Monitoring**: We continuously monitor our systems for security anomalies, to help enable early detection of issues and facilitate a rapid response.
- **Regular Scans**: We conduct weekly and monthly scans to identify and prioritize the mitigation of the most critical vulnerabilities.
- **Quarterly Penetration Testing**: We engage third-party consultants to perform quarterly penetration testing, examining our environment from various perspectives, including end-user and employee use cases, to thoroughly assess system vulnerabilities.
- **Collaborative Evaluation and Remediation**: In collaboration with our third-party consultants, we evaluate the outcomes of our testing, address and remediate any identified issues, and subsequently re-test the environment to confirm that the mitigations have effectively resolved the vulnerabilities.
- **Regular Assessments and Gap Analyses**: Our cybersecurity team regularly meets with the third-party consultants to assess overall risk and conduct gap analyses, ensuring the effectiveness of our current cybersecurity measures.
- **Comprehensive Risk Assessment**: Our comprehensive risk assessment includes evaluating potential security risks associated with the use of external service providers.
- **Incident Response Readiness**: We maintain a documented incident response readiness process that details the procedures to follow in the event of a security incident. The documented incident response plan includes:
  - Defined roles and responsibilities
  - Assessment of the severity of the event based on the scope, nature and potential business impact
  - Public reporting assessment and communication plan
- **Data Backup**: We maintain comprehensive backups of all system files to facilitate data recovery during a security incident.
- **Data Classification**: We are working to conduct ongoing scans of our environment looking for and classifying sensitive and classified data. We also work to evaluate permissions to access this data and work to ensure all data is only accessible by a limited set of people.

In addition to the above-described technology controls, we have implemented mandatory training and awareness programs designed to educate our employees on cybersecurity risks. These include periodic exercises to help employees identify phishing schemes and other social engineering tactics, and we provide various methods for them to report suspicious activity that may give rise to a cybersecurity incident.

We also continuously monitor and evaluate the impact of artificial intelligence (AI) on the security posture of our organization. AI-related security and governance risks are assessed on an ongoing basis as new use cases and technologies emerge. Both internal applications of AI and the use of third-party AI tools are evaluated based on specific use cases identified across the organization. Key areas of focus include data security and integrity, access controls, and the potential for misuse of AI technologies. In addition, our security team evaluates opportunities to leverage AI to strengthen and enhance our overall security capabilities. We intend to maintain a measured and risk-based approach to the adoption and oversight of AI technologies commensurate with the associated risks to our organization.

To date, we have not identified any risks from known cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect our business strategy, results of operations or financial condition. However, because the sophistication of cybersecurity threats continues to increase with rapidly evolving techniques to overcome security measures, the preventative actions we have taken and will continue to take to reduce the risks may not successfully protect our systems against a future cybersecurity incident. For more information on how cybersecurity risk could materially affect our business, please refer to Item 1A, “Risk Factors.”

**Governance**

Our Board considers cybersecurity and other information technology risk as part of its risk oversight function. The members of our Board receive reports on our cybersecurity risks and risk management on at least an annual basis from our CIO and CSRO. These reports include reviewing current trends, processes and systems used to mitigate the risk of cybersecurity threats. Our internal audit department also conducts cybersecurity reviews as part of its audit procedures and presents any findings to the Board. We have protocols by which certain cybersecurity incidents would be escalated within the Company and, where appropriate, reported to the Board in a timely manner.

We invest a considerable amount of resources in training, tools and other resources to manage risks from cybersecurity threats. Our cybersecurity program is led by an experienced team that creates cybersecurity policies and procedures and possesses expert knowledge related to controls and safeguards related to cybersecurity. Led by our CIO, our cybersecurity team is responsible for assessing and managing risks from cybersecurity threats. The CIO receives reports on cybersecurity threats from the cybersecurity team on an ongoing basis and in conjunction with the CSRO, regularly reviews risk management measures implemented by the Company to identify and mitigate data protection and cybersecurity risks. Our CIO and CSRO work closely with our legal team to oversee compliance with legal, regulatory and contractual security requirements.

Our CIO has 37 years of experience working in information technology including roles in the commercial software development, healthcare, industrial and professional services sectors. While in those roles, our CIO has led governance, risk, and compliance technology programs and information security programs. The CIO currently reports to the CFO.

Our CSRO has 25 years of experience working in information technology and cybersecurity roles including software development, identity and access management projects, privilege account management and multi-factor authentication implementations. While in those roles, our CSRO has led projects and implementations for a variety of organizations that assess and create solutions for security concerns. The CSRO currently reports to the CIO.

Supporting the CIO and CSRO is a dedicated cybersecurity team that designs and monitors our cybersecurity control framework as well as implements cybersecurity control systems and solutions. Our cybersecurity team collectively holds the following degrees and certifications: Master’s in Cybersecurity, Certified Information Systems Security Professional, Security+, Network+, AWS Certified Cloud Practitioner and Certified Information Systems Auditor.

## ITEM 2. PROPERTIES

Our homebuilding and lot development operations own inventories of land, lots and homes, and our rental operations own rental properties that are both completed and under construction as part of the ordinary course of our business. We also own office buildings totaling approximately 2.3 million square feet, and we lease approximately 760,000 square feet of office space under leases expiring through April 2034. These properties are located in our various operating markets to house our homebuilding, rental, Forestar and financial services operating divisions and our regional and corporate offices.

We own ranch land and improvements totaling 94,200 acres, most of which has been owned for over 20 years. We use this land to conduct ranching and agricultural activities and to host company meetings and events.

## ITEM 3. LEGAL PROCEEDINGS

We are involved in lawsuits and other contingencies in the ordinary course of business. While the outcome of such contingencies cannot be predicted with certainty, we believe that the liabilities arising from these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. However, to the extent the liability arising from the ultimate resolution of any matter exceeds our estimates reflected in the recorded reserves relating to such matter, we could incur additional charges that could be significant.

With respect to administrative or judicial proceedings involving the environment, we have determined that we will disclose any such proceeding if we reasonably believe such proceeding will result in monetary sanctions, exclusive of interest and costs, at or in excess of $1 million.

In fiscal 2014, we received Notices of Violation from the United States Environmental Protection Agency (EPA), the Alabama Department of Environmental Management and the State of South Carolina Department of Health and Environmental Control related to stormwater compliance at certain of our sites in the southeastern United States within EPA Region 4. Since 2014, we have enhanced our practices and procedures related to stormwater compliance, and this matter has been resolved with each of these governmental entities (collectively with the U.S. Department of Justice, the Consent Decree Parties) through a consent decree issued in April 2024 (Consent Decree) and entered by the court in August 2024. In addition to a $400,000 civil penalty, we agreed to complete a supplemental environmental project intended to provide a tangible environmental benefit. The Consent Decree also provides for ongoing reporting obligations and stipulated penalties for future noncompliance with the Consent Decree in EPA Region 4. In July 2026, we notified the Consent Decree Parties of potential noncompliance with the construction stormwater discharge observation, inspection, monitoring, and reporting requirements at two of our development sites in Mobile County, Alabama (the Sites). Corrective actions have been taken to bring the Sites into compliance, and additional measures have been taken to prevent recurrence. While the aggregate costs of the civil penalty, the project and stipulated penalties have exceeded $1 million, we do not believe it is reasonably possible that any future obligations related to this matter would result in a loss that would have a material effect on our consolidated financial position, results of operations or cash flows.

On April 29, 2025, a verified stockholder of Forestar filed a derivative complaint in the Delaware Court of Chancery, on behalf of Forestar, against D.R. Horton, Inc., Forestar's Executive Chairman and certain of Forestar's directors. The complaint, which is captioned Mississippi Public Employees' Retirement System v. D.R. Horton, Inc., C.A. No. 2025-0465-MTZ, asserts claims for breach of fiduciary duty arising out of lot sale transactions between Forestar and D.R. Horton. The complaint seeks judgment awarding Forestar damages against the defendants and awarding the plaintiff the costs and disbursements of the action, including reasonable attorney and expert fees. The Company disputes the allegations of wrongdoing in this matter. The outcome of this lawsuit is uncertain; however, we do not anticipate this matter would have a material adverse effect on our business, financial condition, results of operations or liquidity.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

# PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the NYSE and NYSE Texas under the symbol "DHI." As of November 12, 2026, the closing price of our common stock was $144.45, and there were approximately 215 holders of record.

In October 2026, our Board of Directors declared a quarterly cash dividend of $0.50 per share, payable on November 19, 2026 to stockholders of record on November 12, 2026. The declaration of future cash dividends is at the discretion of our Board and will depend on, among other things, our future earnings, cash flows, capital requirements, financial condition and general business conditions.

We may repurchase shares of our common stock from time to time pursuant to our common stock repurchase authorization. In April 2025, our Board authorized the repurchase of up to $5.0 billion of our common stock. In September 2026, when $52.7 million remained under the authorization, the Board authorized the repurchase of an additional $5.0 billion of our common stock, with no expiration date. During fiscal 2026, we repurchased 24.0 million shares for a total cost, including commissions and excise taxes, of $3.6 billion. At September 30, 2026, $4.7 billion remained available for future repurchases. The following table sets forth information concerning our common stock repurchases during the three months ended September 30, 2026.

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs (In millions) |
|---|---|---|---|---|
| July 2026 | 2,616,751 | $ 150.06 | 2,616,751 | $ 702.3 |
| August 2026 | 2,039,684 | 149.46 | 2,039,684 | 397.4 |
| September 2026 | 4,715,412 | 140.98 | 4,715,412 | 4,732.7 |
| Total | 9,371,847 | $ 145.36 | 9,371,847 | $ 4,732.7 |

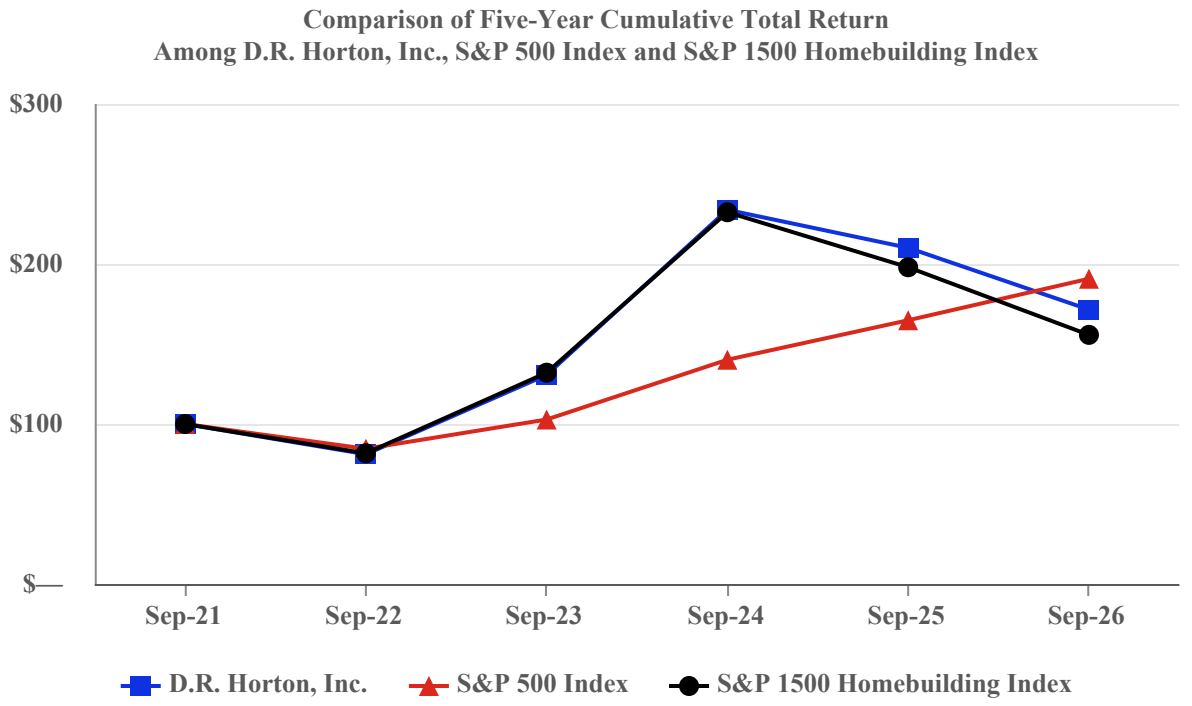
The share repurchases may be effected through Rule 10b5-1 plans or open market purchases, each in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended (Exchange Act). Shares repurchased in July and September 2026 included 1,577,800 shares and 2,264,770 shares, respectively, purchased pursuant to a trading plan under Rule 10b5-1 of the Exchange Act.

During fiscal years 2026, 2025 and 2024, we did not sell any equity securities that were not registered under the Securities Act of 1933, as amended (Securities Act).

The information required by this item with respect to equity compensation plans is set forth under Item 12 of this annual report on Form 10-K and is incorporated herein by reference.

**Stock Performance Graph**

The following graph illustrates the cumulative total stockholder return on D.R. Horton common stock for the last five fiscal years through September 30, 2026, compared to the S&P 500 Index and the S&P 1500 Homebuilding Index. The comparison assumes a hypothetical investment in D.R. Horton common stock and in each of the foregoing indices of $100 at September 30, 2021 and assumes that all dividends were reinvested. Shareholder returns over the indicated period are based on historical data and should not be considered indicative of future shareholder returns. The graph and related disclosure in no way reflect our forecast of future financial performance.




| | September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| D.R. Horton, Inc. | $ 100.00 | $ 81.10 | $ 130.67 | $ 233.86 | $ 210.11 | $ 171.49 |
| S&P 500 Index | 100.00 | 84.53 | 102.80 | 140.17 | 164.84 | 190.78 |
| S&P 1500 Homebuilding Index | 100.00 | 81.69 | 132.07 | 232.35 | 197.96 | 155.70 |

This performance graph shall not be deemed to be incorporated by reference into our SEC filings and should not constitute soliciting material or otherwise be considered filed under the Securities Act or the Exchange Act.

## ITEM 6. [Reserved]

# ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to promote an understanding of our financial condition, results of operations, liquidity and certain other factors that may affect future results. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and notes to those statements that appear elsewhere in this Form 10-K. This section discusses the results of operations for fiscal 2026 compared to 2025. For similar operating and financial data and discussion of our fiscal 2025 results compared to our fiscal 2024 results, refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Part II of our annual report on Form 10-K for the fiscal year ended September 30, 2025, which was filed with the SEC on November 19, 2025.

The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to any differences include, but are not limited to, those discussed under the caption "Forward-Looking Statements" and under Item 1A, "Risk Factors."

## Results of Operations — Overview

### *Fiscal 2026 Operating Results*

In fiscal 2026, our homes closed and home sales revenues decreased 1% and 3%, respectively, compared to the prior year, and consolidated revenues decreased 4% to $33.0 billion from $34.3 billion. Our pre-tax income was $3.9 billion in fiscal 2026 compared to $4.7 billion in fiscal 2025, and our pre-tax operating margin was 11.8% compared to 13.8%. Net income was $2.9 billion in fiscal 2026 compared to $3.6 billion in fiscal 2025, and our diluted earnings per share were $10.11 compared to $11.57.

Consolidated net cash provided by operations was $3.5 billion in fiscal 2026 compared to $3.4 billion in fiscal 2025, and net cash provided by our homebuilding operations was $2.7 billion compared to $3.4 billion. In fiscal 2026, our return on equity (ROE) was 12.2% compared to 14.6% in fiscal 2025, and return on assets (ROA) was 8.2% compared to 10.0%. ROE is calculated as net income attributable to D.R. Horton for the year divided by average stockholders' equity, where average stockholders' equity is the sum of ending stockholders' equity balances for the trailing five quarters divided by five. ROA is calculated as net income attributable to D.R. Horton for the year divided by average consolidated assets, where average consolidated assets is the sum of total asset balances for the trailing five quarters divided by five.

During fiscal 2026, new home demand was impacted by affordability constraints, rising mortgage rates and cautious consumer sentiment. Net sales orders increased 2% while order value was essentially flat compared to fiscal 2025. Home sales revenues decreased 3%. Home sales gross margin decreased to 20.2% from 21.5%, reflecting a 2% decline in our average sales price and higher incentives, including mortgage rate buydowns. We have maintained our affordable product offerings and controlled lot supply, and we actively manage home pricing, incentives and inventory levels based on demand within our local markets. We expect sales incentives to remain elevated during fiscal 2027 and will continue to adjust incentive levels based on changes in market conditions and mortgage interest rates.

We focus on our relationships with land developers across the country to maximize returns and capital efficiency. We prioritize the purchase of finished lots from Forestar and other land developers when possible. In our homebuilding segment, lots controlled through purchase contracts represented 77% of lots owned and controlled at September 30, 2026 compared to 75% at September 30, 2025. During fiscal 2026, 68% of the homes we closed were on lots developed by either Forestar or a third party compared to 65% in fiscal 2025.

Our strong balance sheet and liquidity provide us with flexibility to operate effectively through changing economic conditions. We intend to consistently generate substantial cash flows from our operations and manage our product offerings, incentives, home pricing, sales pace and inventory levels to optimize returns on our inventory investments in each community based on local housing market conditions.

***Strategy***

Our operating strategy focuses on consistently enhancing long-term value for our shareholders by leveraging our financial and competitive positions to maximize the returns on our inventory investments and generate strong profits and cash flows from operations, while managing risk and maintaining financial flexibility to navigate changing economic conditions. Our strategy includes the following initiatives:

- Developing and retaining highly experienced and productive teams that are aligned and focused on continuous improvement in our operational execution and financial performance.
- Maintaining a significant cash balance and strong overall liquidity position while controlling our level of debt.
- Allocating and actively managing our inventory investments across our operating markets to diversify geographic risk.
- Offering new home communities that appeal to a broad range of entry-level, move-up, active adult and luxury homebuyers based on consumer demand in each market.
- Executing sales and marketing strategies to drive traffic, generate demand and optimize sales pace across our communities.
- Modifying product offerings, sales pace, home prices and incentives as necessary in each of our markets to meet consumer demand and maintain affordability.
- Delivering high-quality homes and a positive experience to our customers both during and after the sale.
- Managing our inventory of homes under construction relative to demand in each of our markets, including starting construction on unsold homes to capture new home demand and actively controlling the number of unsold completed homes in inventory.
- Investing in lots, land and land development in desirable markets, while controlling the level of land and lots we own in each market relative to the local new home demand.
- Controlling a significant portion of our land and finished lot position through purchase contracts and prioritizing the purchase of finished lots from Forestar and other land developers when possible.
- Controlling the cost of labor and goods provided by subcontractors and vendors.
- Improving the efficiency of our land development, construction and other key operational activities.
- Controlling our selling, general and administrative (SG&A) expense infrastructure to match production levels.
- Ensuring that our financial services business provides high-quality mortgage and title services to homebuyers efficiently and effectively.
- Managing our investments in our rental operations to meet rental demand and enhance profits and returns.
- Opportunistically evaluating potential acquisitions to enhance our operating platform.

We believe our operating strategy, which has produced positive results over time, will allow us to operate successfully through changing economic conditions and maintain our solid financial performance and competitive position. However, we cannot provide any assurance that the initiatives listed above will continue to be successful, and we may need to adjust parts of our strategy to meet future market conditions.

***Key Results***

Key financial results as of and for our fiscal year ended September 30, 2026, as compared to fiscal 2025, were as follows:

***Consolidated Results:***

- Consolidated revenues decreased 4% to $33.0 billion compared to $34.3 billion.
- Consolidated pre-tax income decreased 18% to $3.9 billion compared to $4.7 billion.
- Consolidated pre-tax income was 11.8% of consolidated revenues compared to 13.8%.
- Income tax expense was $968.8 million compared to $1.1 billion, and our effective tax rate was 24.8% compared to 23.6%.
- Net income attributable to D.R. Horton was $2.9 billion compared to $3.6 billion.
- Net income per diluted share attributable to D.R. Horton decreased 13% to $10.11 compared to $11.57.
- Net cash provided by operations was $3.5 billion compared to $3.4 billion.
- Stockholders' equity was $23.1 billion compared to $24.2 billion.
- Book value per share increased to $85.14 compared to $82.15.
- Debt to total capital was 20.8% compared to 19.8%, and net debt to total capital was 14.7% compared to 11.0%.

***Homebuilding:***

- Homebuilding revenues decreased 3% to $30.7 billion compared to $31.5 billion.
- Homes closed decreased 1% to 84,202 homes, and the average closing price decreased 2% to $363,600.
- Net sales orders increased 2% to 84,995 homes, and the value of net sales orders was essentially flat at $30.9 billion.
- Sales order backlog increased 9% to 11,714 homes, and the value of sales order backlog increased 8% to $4.5 billion.
- Home sales gross margin was 20.2% compared to 21.5%.
- Homebuilding SG&A expense was 8.9% of homebuilding revenues compared to 8.3%.
- Homebuilding pre-tax income was $3.4 billion compared to $4.1 billion.
- Homebuilding pre-tax income was 11.2% of homebuilding revenues compared to 13.1%.
- Net cash provided by homebuilding operations was $2.7 billion compared to $3.4 billion.
- Homebuilding cash and cash equivalents totaled $1.0 billion compared to $2.2 billion.
- Homebuilding inventories totaled $20.3 billion in both years.
- Homes in inventory totaled 28,200 compared to 29,600.
- Owned lots totaled 130,500 compared to 147,000, and lots controlled through purchase contracts totaled 440,100 compared to 444,900.
- Homebuilding debt was $3.5 billion compared to $3.2 billion.

***Rental:***

- Rental revenues were $1.2 billion compared to $1.6 billion.
- Single-family rental homes closed totaled 2,073 compared to 3,460.
- Multi-family rental units closed totaled 2,737 compared to 2,947.
- Rental pre-tax income was $18.2 million compared to $170.0 million.
- Rental inventory totaled $2.6 billion compared to $2.7 billion.

***Forestar:***

- Forestar's revenues decreased 2% to $1.6 billion compared to $1.7 billion. Revenues in fiscal 2026 and 2025 included $1.3 billion and $1.4 billion, respectively, of revenue from land and lot sales to our homebuilding segment.
- Forestar's lots sold decreased 5% to 13,545 compared to 14,240. Lots sold to D.R. Horton totaled 11,629 compared to 11,751.
- Forestar's revenue from tract acres sold increased to $106.4 million compared to $103.5 million, of which $44.7 million and $91.2 million, respectively, related to acreage sold to D.R. Horton.
- Forestar's pre-tax income was $192.1 million compared to $219.3 million.
- Forestar's pre-tax income was 11.7% of revenues compared to 13.2%.
- Forestar's cash and cash equivalents totaled $657.0 million compared to $379.2 million.
- Forestar's inventories totaled $2.5 billion compared to $2.6 billion.
- Forestar's owned and controlled lots totaled 84,400 compared to 99,800. Of these lots, 38,400 were under contract to sell to or subject to a right of first offer with D.R. Horton compared to 40,400.
- Forestar's debt was $794.2 million compared to $802.8 million.
- Forestar's debt to total capital was 29.3% compared to 31.2%, and Forestar's net debt to total capital was 6.7% compared to 19.3%.

***Financial Services:***

- Financial services revenues decreased 3% to $817.3 million compared to $841.2 million.
- Financial services pre-tax income was $258.1 million compared to $278.7 million.
- Financial services pre-tax income was 31.6% of financial services revenues compared to 33.1%.

## Results of Operations — Homebuilding

Our operating segments are our 92 homebuilding divisions, rental operations, majority-owned Forestar residential lot development operations, financial services operations and our other business activities. The homebuilding operating segments are aggregated into six reporting segments. These reporting segments, which we also refer to as reporting regions, have homebuilding operations located in the following states:

| | |
|---|---|
| Northwest: | Colorado, Idaho, Oregon, Utah and Washington |
| Southwest: | Arizona, California, Hawaii, Nevada and New Mexico |
| South Central: | Arkansas, Oklahoma and Texas |
| Southeast: | Alabama, Florida, Louisiana and Mississippi |
| East: | Georgia, North Carolina, South Carolina and Tennessee |
| North: | Delaware, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Missouri, Nebraska, New Jersey, Ohio, Pennsylvania, Virginia, West Virginia and Wisconsin |

The following tables and related discussion set forth key operating and financial data for our homebuilding operations by reporting segment as of and for the fiscal years ended September 30, 2026 and 2025.

**Net Sales Orders (1)**

**Year Ended September 30,**

| | Net Homes Sold | | | Value (In millions) | | | Average Selling Price | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2026 | 2025 | % Change | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Northwest | 4,353 | 4,938 | (12)% | $ 2,290.8 | $ 2,679.2 | (14)% | $ 526,300 | $ 542,600 | (3)% |
| Southwest | 9,096 | 9,325 | (2)% | 4,388.2 | 4,436.4 | (1)% | 482,400 | 475,800 | 1 % |
| South Central | 22,311 | 22,000 | 1 % | 6,638.6 | 6,744.9 | (2)% | 297,500 | 306,600 | (3)% |
| Southeast | 19,971 | 19,700 | 1 % | 6,730.2 | 6,625.8 | 2 % | 337,000 | 336,300 | — % |
| East | 17,900 | 17,290 | 4 % | 6,113.3 | 5,958.3 | 3 % | 341,500 | 344,600 | (1)% |
| North | 11,364 | 10,170 | 12 % | 4,733.7 | 4,315.9 | 10 % | 416,600 | 424,400 | (2)% |
| | 84,995 | 83,423 | 2 % | $ 30,894.8 | $ 30,760.5 | — % | $ 363,500 | $ 368,700 | (1)% |

(1) Net sales orders represent the number and dollar value of new sales contracts executed with customers (gross sales orders), net of cancelled sales orders.

**Sales Order Cancellations**

**Year Ended September 30,**

| | Cancelled Sales Orders | | Value (In millions) | | Cancellation Rate (1) | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| Northwest | 687 | 832 | $ 398.7 | $ 471.5 | 14 % | 14 % |
| Southwest | 2,070 | 1,702 | 1,031.9 | 848.1 | 19 % | 15 % |
| South Central | 5,148 | 4,473 | 1,615.8 | 1,462.2 | 19 % | 17 % |
| Southeast | 4,789 | 4,699 | 1,656.2 | 1,627.3 | 19 % | 19 % |
| East | 4,369 | 3,892 | 1,533.8 | 1,378.7 | 20 % | 18 % |
| North | 2,932 | 2,500 | 1,205.0 | 1,045.2 | 21 % | 20 % |
| | 19,995 | 18,098 | $ 7,441.4 | $ 6,833.0 | 19 % | 18 % |

(1) Cancellation rate represents the number of cancelled sales orders divided by gross sales orders.

***Net Sales Orders***

The value of net sales orders was $30.9 billion (84,995 homes) in fiscal 2026 compared to $30.8 billion (83,423 homes) in fiscal 2025. The slight increase in net sales order value resulted from a 2% increase in order volume, partially offset by a 1% decrease in average selling price. The largest percentage increase in sales order volume was in the North region, where the Ohio markets contributed most to the increase. The largest percentage decrease in sales order volume was in the Northwest region, where the Seattle market contributed most to the decrease.

**Sales Order Backlog**

| | As of September 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Homes in Backlog | | | Value (In millions) | | | Average Selling Price | | |
| | 2026 | 2025 | % Change | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Northwest | 343 | 476 | (28)% | $ 183.9 | $ 277.8 | (34)% | $ 536,200 | $ 583,600 | (8)% |
| Southwest | 1,118 | 1,035 | 8 % | 562.6 | 486.4 | 16 % | 503,200 | 470,000 | 7 % |
| South Central | 2,701 | 2,435 | 11 % | 839.8 | 753.1 | 12 % | 310,900 | 309,300 | 1 % |
| Southeast | 2,635 | 2,405 | 10 % | 923.8 | 821.9 | 12 % | 350,600 | 341,700 | 3 % |
| East | 2,341 | 2,323 | 1 % | 813.6 | 839.5 | (3)% | 347,500 | 361,400 | (4)% |
| North | 2,576 | 2,111 | 22 % | 1,131.4 | 941.4 | 20 % | 439,200 | 445,900 | (2)% |
| | 11,714 | 10,785 | 9 % | $ 4,455.1 | $ 4,120.1 | 8 % | $ 380,300 | $ 382,000 | — % |

***Sales Order Backlog***

Sales order backlog represents homes under contract but not yet closed at the end of the period. Many of the contracts in our backlog are subject to contingencies, including mortgage loan approval and the sale of buyers' existing homes, which can result in cancellations. As a result, a portion of the contracts in our backlog will not result in closings.

**Homes Closed and Revenue**

| | Year Ended September 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Homes Closed | | | Home Sales Revenue (In millions) | | | Average Selling Price | | |
| | 2026 | 2025 | % Change | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Northwest | 4,486 | 4,997 | (10)% | $ 2,384.7 | $ 2,685.7 | (11)% | $ 531,600 | $ 537,500 | (1)% |
| Southwest | 9,013 | 9,504 | (5)% | 4,312.0 | 4,573.7 | (6)% | 478,400 | 481,200 | (1)% |
| South Central | 22,045 | 22,319 | (1)% | 6,551.9 | 6,885.4 | (5)% | 297,200 | 308,500 | (4)% |
| Southeast | 19,741 | 20,390 | (3)% | 6,628.3 | 6,939.4 | (4)% | 335,800 | 340,300 | (1)% |
| East | 17,991 | 17,711 | 2 % | 6,183.6 | 6,131.1 | 1 % | 343,700 | 346,200 | (1)% |
| North | 10,926 | 9,942 | 10 % | 4,557.3 | 4,216.7 | 8 % | 417,100 | 424,100 | (2)% |
| | 84,202 | 84,863 | (1)% | $30,617.8 | $31,432.0 | (3)% | $ 363,600 | $ 370,400 | (2)% |

***Home Sales Revenue***

Home sales revenues were $30.6 billion (84,202 homes) in fiscal 2026 compared to $31.4 billion (84,863 homes) in fiscal 2025. The 3% decrease in home sales revenues resulted from a 1% decrease in homes closed and a 2% decrease in average selling price. The largest percentage decrease in the number of homes closed was in the Northwest region, where the Seattle market contributed most to the decrease. The largest percentage increase in homes closed was in the North region, where the Virginia and Chicago markets contributed most to the increase.

**Homebuilding Operating Margin Analysis**

| | Percentages of Related Revenues | |
|---|---|---|
| | Year Ended September 30, | |
| | 2026 | 2025 |
| Gross profit — home sales | 20.2 % | 21.5 % |
| Gross profit — land/lot sales and other | 25.6 % | 40.0 % |
| Inventory and land option charges | (0.3)% | (0.5)% |
| Gross profit — total homebuilding | 19.9 % | 21.1 % |
| Selling, general and administrative expense | 8.9 % | 8.3 % |
| Other (income) expense | (0.2)% | (0.3)% |
| Homebuilding pre-tax income | 11.2 % | 13.1 % |

***Home Sales Gross Profit***

Gross profit from home sales decreased to $6.2 billion in fiscal 2026 from $6.8 billion in fiscal 2025 and decreased 130 basis points to 20.2% as a percentage of home sales revenues. The percentage decrease resulted from decreases of 160 basis points due to a decrease in the average selling price of homes closed and 10 basis points due to an increase in the amortization of capitalized interest. These decreases were partially offset by increases of 30 basis points due to a favorable litigation outcome and lower warranty costs and 10 basis points due to a decrease in the amount of purchase accounting adjustments related to prior year acquisitions.

We remain focused on managing pricing, incentives and sales pace in each of our communities to optimize the returns on our inventory investments and adjust to local market conditions and new home demand. To adjust to changes in market conditions in recent years, we have used a higher level of incentives and reduced home prices and the sizes of our home offerings where necessary to improve affordability for homebuyers. We expect incentives to remain elevated during fiscal 2027 and will continue to adjust incentive levels based on changes in market conditions and mortgage interest rates.

***Land/Lot Sales and Other Revenues***

Land/lot sales and other revenues from our homebuilding operations were $43.3 million and $83.5 million in fiscal 2026 and 2025, respectively. We continually evaluate our land and lot supply, and revenues and profitability from land sales fluctuate based on how we manage our inventory levels in various markets. We generally purchase land and lots to build and sell homes. However, some of the land we purchase includes parcels zoned for commercial use that we may sell to developers. We may also sell residential lots or land parcels to manage our land and lot supply or for other strategic reasons. As of September 30, 2026, our homebuilding operations had $26.8 million of land held for sale that we expect to sell in the next twelve months.

***Inventory and Land Option Charges***

At the end of each quarter, we review the performance and outlook for all of our communities and land inventories for indicators of potential impairment and perform detailed impairment evaluations and analyses when necessary. Based on this review, we recorded $6.8 million of impairment charges in our homebuilding segment during the three months ended September 30, 2026. During fiscal 2026, impairment charges in our homebuilding segment totaled $13.5 million compared to $29.9 million in fiscal 2025.

As we manage our inventory investments across our operating markets to optimize returns and cash flows, we may modify our pricing and incentives, construction and development plans or land sale strategies in individual active communities and land held for development, which could result in the affected communities being evaluated for potential impairment. If the housing market or economic conditions are adversely affected for a prolonged period, we may be required to evaluate additional communities for potential impairment. These evaluations could result in impairment charges, which could be significant.

During fiscal 2026 and 2025, write-offs of earnest money and pre-acquisition costs for our homebuilding segment's terminated land purchase contracts, including those we expect to terminate, were $72.5 million and $114.3 million, respectively.

***Selling, General and Administrative (SG&A) Expense***

Homebuilding SG&A expense was $2.7 billion in fiscal 2026 compared to $2.6 billion in fiscal 2025. As a percentage of homebuilding revenues, SG&A expense was 8.9% in fiscal 2026 compared to 8.3% in fiscal 2025. Employee compensation and related costs were $2.1 billion in both fiscal 2026 and 2025, representing 75% of SG&A expense in fiscal 2026 and 79% in fiscal 2025. Our homebuilding operations employed 9,844 people at September 30, 2026 and 9,972 at September 30, 2025.

We attempt to control our homebuilding SG&A costs while ensuring that our infrastructure adequately supports our operations; however, we cannot provide any assurance that we will be able to maintain or improve upon our current SG&A expense as a percentage of revenues.

***Interest Incurred***

We capitalize interest costs incurred to inventory during active development and construction (active inventory). Capitalized interest is charged to cost of sales as the related inventory is delivered to the buyer. Interest incurred by our homebuilding operations increased 41% to $145.6 million in fiscal 2026 from $103.1 million in fiscal 2025, primarily due to a higher weighted average interest rate on homebuilding debt outstanding and a 21% increase in the average amount of that debt. Interest charged to cost of sales was 0.5% of homebuilding cost of sales (excluding inventory and land option charges) compared to 0.4% in the prior year.

***Other Income***

Other income, net of other expenses, included in our homebuilding operations was $49.3 million in fiscal 2026 compared to $101.7 million in fiscal 2025. Other income consists of interest income and various ancillary income, gains, expenses and losses not directly associated with sales of homes, land and lots. The activities that result in this ancillary income are not significant, either individually or in the aggregate.

***Business Acquisition***

In October 2025, we acquired the homebuilding operations of SK Builders for approximately $80 million in cash. SK Builders operates in and around Greenville, South Carolina. The assets acquired included approximately 160 homes in inventory, 260 lots and a sales order backlog of 110 homes. We also obtained control of approximately 1,320 additional lots through land purchase contracts.

In July 2026, we acquired the homebuilding operations of Clearview Homes for approximately $40 million in cash. Clearview Homes operates in and around Detroit, Michigan.

***Homebuilding Results by Reporting Region***

| | Year Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2026 | | | 2025 | | |
| | Homebuilding Revenues | Homebuilding Pre-tax Income (1) | Pre-tax Income as % of Revenues | Homebuilding Revenues | Homebuilding Pre-tax Income (1) | Pre-tax Income as % of Revenues |
| | (In millions) | | | | | |
| Northwest | $ 2,388.3 | $ 233.2 | 9.8 % | $ 2,686.2 | $ 395.7 | 14.7 % |
| Southwest | 4,327.1 | 477.9 | 11.0 % | 4,595.3 | 517.1 | 11.3 % |
| South Central | 6,553.1 | 802.1 | 12.2 % | 6,899.3 | 964.6 | 14.0 % |
| Southeast | 6,643.6 | 712.1 | 10.7 % | 6,971.2 | 839.9 | 12.0 % |
| East | 6,184.4 | 642.8 | 10.4 % | 6,138.0 | 834.0 | 13.6 % |
| North | 4,564.6 | 555.5 | 12.2 % | 4,225.5 | 583.6 | 13.8 % |
| | $ 30,661.1 | $ 3,423.6 | 11.2 % | $ 31,515.5 | $ 4,134.9 | 13.1 % |

(1) Expenses maintained at the corporate level consist primarily of interest and property taxes, which are capitalized and amortized to cost of sales or expensed directly, and expenses related to operating our corporate office. The amortization of capitalized interest and property taxes is allocated to each segment based on the segment's cost of sales, while expenses associated with the corporate office are allocated to each segment based on the segment's inventory balances.

*Northwest Region* — Homebuilding revenues decreased 11% in fiscal 2026 compared to fiscal 2025, primarily due to a decrease in the number of homes closed, particularly in our Seattle market. The region generated pre-tax income of $233.2 million in fiscal 2026 compared to $395.7 million in fiscal 2025. Gross profit from home sales as a percentage of home sales revenue (home sales gross profit percentage) decreased 370 basis points, primarily due to the average cost of homes closed increasing while the average selling price of those homes decreased. As a percentage of homebuilding revenues, SG&A expenses increased 110 basis points, primarily due to the decrease in homebuilding revenues.

*Southwest Region* — Homebuilding revenues decreased 6% in fiscal 2026 compared to fiscal 2025, primarily due to a decrease in the number of homes closed, particularly in our Las Vegas and Southern California markets. The region generated pre-tax income of $477.9 million in fiscal 2026 compared to $517.1 million in fiscal 2025. Home sales gross profit percentage increased 10 basis points, primarily due to lower construction defect costs in our Phoenix and Hawaii markets, partially offset by the average cost of homes closed increasing while the average selling price of those homes decreased. As a percentage of homebuilding revenues, SG&A expenses increased 40 basis points, primarily due to the decrease in homebuilding revenues.

*South Central Region* — Homebuilding revenues decreased 5% in fiscal 2026 compared to fiscal 2025, primarily due to a decrease in the average selling price of homes closed in most markets. The region generated pre-tax income of $802.1 million in fiscal 2026 compared to $964.6 million in fiscal 2025. Home sales gross profit percentage decreased 90 basis points, primarily because the average selling price of homes closed declined more than the average cost of those homes. As a percentage of homebuilding revenues, SG&A expenses increased 80 basis points, primarily due to the decrease in homebuilding revenues.

*Southeast Region* — Homebuilding revenues decreased 5% in fiscal 2026 compared to fiscal 2025, primarily due to a decrease in the number of homes closed, particularly in our Florida markets. The region generated pre-tax income of $712.1 million in fiscal 2026 compared to $839.9 million in fiscal 2025. Home sales gross profit percentage decreased 80 basis points, primarily because the average selling price of homes closed declined more than the average cost of those homes. As a percentage of homebuilding revenues, SG&A expenses increased 60 basis points, primarily due to the decrease in homebuilding revenues.

*East Region* — Homebuilding revenues increased 1% in fiscal 2026 compared to fiscal 2025, primarily due to an increase in the number of homes closed, particularly in our South Carolina markets. The region generated pre-tax income of $642.8 million in fiscal 2026 compared to $834.0 million in fiscal 2025. Home sales gross profit percentage decreased 230 basis points, primarily due to the average cost of homes closed increasing while the average selling price of those homes decreased. As a percentage of homebuilding revenues, SG&A expenses increased 70 basis points, primarily due to an increase in SG&A costs.

*North Region* — Homebuilding revenues increased 8% in fiscal 2026 compared to fiscal 2025, primarily due to an increase in the number of homes closed, particularly in our Virginia and Chicago markets. The region generated pre-tax income of $555.5 million in fiscal 2026 compared to $583.6 million in fiscal 2025. Home sales gross profit percentage decreased 170 basis points, primarily due to a decrease in the average selling price of homes closed. As a percentage of homebuilding revenues, SG&A expenses decreased 10 basis points, primarily due to the increase in homebuilding revenues.

## Homebuilding Inventories, Land and Lot Position and Homes in Inventory

We routinely enter into contracts to purchase land or developed residential lots at predetermined prices on a set schedule aligned with planned development or anticipated new home demand. At the time of purchase, the undeveloped land generally already has the rights to begin development or construction, and we plan and coordinate the development of our land into residential lots for our homebuilding business. We manage our inventory of owned land, lots and homes under construction relative to demand in each of our markets, including starting construction on unsold homes to capture new home demand and actively controlling the number of unsold completed homes in inventory.

Our homebuilding segment's inventories at September 30, 2026 and 2025 are summarized as follows:

| | September 30, 2026 | | | | |
|---|---|---|---|---|---|
| | Construction in Progress and Finished Homes | Residential Land/Lots Developed and Under Development | Land Held for Development | Land Held for Sale | Total Inventory |
| | | | (In millions) | | |
| Northwest | $ 628.2 | $ 1,137.9 | $ 30.0 | $ 2.6 | $ 1,798.7 |
| Southwest | 933.0 | 1,900.0 | 8.7 | 22.6 | 2,864.3 |
| South Central | 1,518.5 | 2,371.9 | — | 0.6 | 3,891.0 |
| Southeast | 1,543.1 | 2,478.0 | 12.6 | — | 4,033.7 |
| East | 1,535.3 | 3,008.8 | — | — | 4,544.1 |
| North | 1,309.4 | 1,490.4 | — | 0.6 | 2,800.4 |
| Corporate and unallocated (1) | 151.4 | 240.2 | 0.8 | 0.4 | 392.8 |
| | $ 7,618.9 | $ 12,627.2 | $ 52.1 | $ 26.8 | $ 20,325.0 |

| | September 30, 2025 | | | | |
|---|---|---|---|---|---|
| | Construction in Progress and Finished Homes | Residential Land/Lots Developed and Under Development | Land Held for Development | Land Held for Sale | Total Inventory |
| | | | (In millions) | | |
| Northwest | $ 647.4 | $ 1,225.3 | $ 16.2 | $ 2.9 | $ 1,891.8 |
| Southwest | 1,003.8 | 2,047.1 | 8.7 | 8.9 | 3,068.5 |
| South Central | 1,643.0 | 2,288.6 | 0.3 | — | 3,931.9 |
| Southeast | 1,537.8 | 2,502.3 | 12.6 | 9.1 | 4,061.8 |
| East | 1,561.4 | 2,836.3 | — | — | 4,397.7 |
| North | 1,222.8 | 1,414.6 | — | 0.2 | 2,637.6 |
| Corporate and unallocated (1) | 127.5 | 198.9 | 0.5 | 0.3 | 327.2 |
| | $ 7,743.7 | $ 12,513.1 | $ 38.3 | $ 21.4 | $ 20,316.5 |

(1) Corporate and unallocated inventory consists primarily of capitalized interest and property taxes.

Our land and lot position and homes in inventory at September 30, 2026 and 2025 are summarized as follows:

| | September 30, 2026 | | | |
|---|---|---|---|---|
| | Land/Lots Owned (1) | Lots Controlled Through Land and Lot Purchase Contracts (2)(3) | Total Land/Lots Owned and Controlled | Homes in Inventory (4) |
| Northwest | 10,500 | 16,900 | 27,400 | 1,600 |
| Southwest | 17,300 | 31,200 | 48,500 | 2,600 |
| South Central | 30,900 | 115,400 | 146,300 | 7,000 |
| Southeast | 27,600 | 103,300 | 130,900 | 6,200 |
| East | 28,600 | 104,600 | 133,200 | 6,000 |
| North | 15,600 | 68,700 | 84,300 | 4,800 |
| | 130,500 | 440,100 | 570,600 | 28,200 |
| | 23 % | 77 % | 100 % | |

| | September 30, 2025 | | | |
|---|---|---|---|---|
| | Land/Lots Owned (1) | Lots Controlled Through Land and Lot Purchase Contracts (2)(3) | Total Land/Lots Owned and Controlled | Homes in Inventory (4) |
| Northwest | 12,200 | 17,100 | 29,300 | 1,700 |
| Southwest | 19,600 | 31,200 | 50,800 | 3,200 |
| South Central | 35,900 | 111,900 | 147,800 | 7,700 |
| Southeast | 31,500 | 113,600 | 145,100 | 6,300 |
| East | 31,500 | 111,100 | 142,600 | 6,300 |
| North | 16,300 | 60,000 | 76,300 | 4,400 |
| | 147,000 | 444,900 | 591,900 | 29,600 |
| | 25 % | 75 % | 100 % | |

(1) Land/lots owned included 77,300 and 78,400 lots that are fully developed and ready for home construction at September 30, 2026 and 2025, respectively.

(2) The total remaining purchase price of lots controlled through land and lot purchase contracts at September 30, 2026 and 2025 was $28.7 billion and $26.0 billion, respectively, secured by earnest money deposits of $2.6 billion and $2.3 billion, respectively. Of these amounts, $2.0 billion in both years related to lot purchase contracts with Forestar, secured by $198.9 million and $200.2 million, respectively, of earnest money.

(3) Lots controlled at September 30, 2026 included 38,400 lots owned by Forestar, of which our homebuilding divisions had 19,800 under contract to purchase and a right of first offer on 18,600. Of these, 10,100 lots were in our Southeast region, 8,900 lots were in our South Central region, 7,800 lots were in our East region, 6,600 lots were in our North region, 3,300 lots were in our Southwest region and 1,700 lots were in our Northwest region. Lots controlled at September 30, 2025 included 40,400 lots owned by Forestar, of which our homebuilding divisions had 22,800 under contract to purchase and a right of first offer on 17,600.

(4) Approximately 17,700 and 19,600 of our homes in inventory were unsold at September 30, 2026 and 2025, respectively. At September 30, 2026, 8,800 of our unsold homes were completed, of which 600 had been completed for more than six months. At September 30, 2025, 9,300 of our unsold homes were completed, of which 800 had been completed for more than six months. Homes in inventory exclude model homes, which totaled 3,000 at September 30, 2026 and 2,700 at September 30, 2025.

## Results of Operations — Rental

Our rental segment consists of single-family and multi-family rental operations. Single-family rental operations construct homes within build-to-rent communities and then either sell homes to an investor as they are completed or lease them and market the entire community for a bulk sale. Multi-family rental operations develop, construct, lease and sell residential rental properties, primarily focused on constructing garden-style apartment communities in high-growth suburban markets. Sales of single-family and multi-family rental properties are recognized as revenues, and rental income is recognized as other income. The following tables provide further information about our rental operations as of and for the fiscal years ended September 30, 2026 and 2025.

**Rental Homes/Units Closed and Revenue**

| | Year Ended September 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Homes/Units Closed | | | Rental Revenue (In millions) | | | Average Selling Price | | |
| | 2026 | 2025 | % Change | 2026 | 2025 | % Change | 2026 | 2025 | % Change |
| Single-family | 2,073 | 3,460 | (40)% | $ 560.0 | $ 957.4 | (42)% | $ 270,100 | $ 276,700 | (2)% |
| Multi-family | 2,737 | 2,947 | (7)% | 666.5 | 673.9 | (1)% | 243,500 | 228,700 | 6 % |
| | 4,810 | 6,407 | (25)% | $ 1,226.5 | $ 1,631.3 | (25)% | $ 255,000 | $ 254,600 | — % |

| | Year Ended September 30, | |
|---|---|---|
| | 2026 | 2025 |
| | (In millions) | |
| Revenues | | |
| Single-family rental | $ 560.0 | $ 957.4 |
| Multi-family rental and other | 674.5 | 683.0 |
| Total revenues | 1,234.5 | 1,640.4 |
| Cost of sales | | |
| Single-family rental | 464.4 | 774.1 |
| Multi-family rental and other | 593.6 | 559.3 |
| Inventory and land option charges | 94.4 | 7.3 |
| Total cost of sales | 1,152.4 | 1,340.7 |
| Selling, general and administrative expense | 207.5 | 245.2 |
| Other (income) expense | (143.6) | (115.5) |
| Income before income taxes | $ 18.2 | $ 170.0 |

**Rental Operating Margin Analysis**

| | Percentages of Related Revenues | |
|---|---|---|
| | Year Ended September 30, | |
| | 2026 | 2025 |
| Gross profit — rental | 6.7 % | 18.3 % |
| Selling, general and administrative expense | 16.8 % | 14.9 % |
| Other (income) expense | (11.6)% | (7.0)% |
| Rental pre-tax income | 1.5 % | 10.4 % |

Revenues from our rental operations decreased to $1.2 billion in fiscal 2026 from $1.6 billion in fiscal 2025, and pre-tax income decreased to $18.2 million from $170.0 million. The decline in pre-tax income was primarily due to inventory impairment charges recorded in fiscal 2026, fewer single-family homes closed and a lower gross profit percentage on both single-family and multi-family closings.

At the end of each quarter, we review the performance and outlook for all of our rental properties for indicators of potential impairment and perform detailed impairment evaluations and analyses when necessary. Based on this review, several completed multi-family rental properties showed indicators of potential impairment and were evaluated for impairment. We determined that nine projects with a carrying value of $541.4 million were impaired and recorded $91.4 million of impairment charges during the three months ended September 30, 2026 to reduce their carrying value to estimated fair value. Estimates of future cash flows from these projects may change and result in further impairments. If economic conditions worsen, our disposition strategies for multi-family properties change or we modify our construction and development plans, we may be required to evaluate other properties for potential impairment, which could result in impairment charges that could be significant. During fiscal 2026, impairment charges in our rental segment totaled $91.4 million compared to $3.1 million in fiscal 2025.

During fiscal 2026 and 2025, write-offs of earnest money and pre-acquisition costs for our rental segment's terminated land purchase contracts, including those we expect to terminate, were $3.0 million and $4.2 million, respectively.

At September 30, 2026, our rental property inventory of $2.6 billion included $291.3 million of single-family rental inventory and $2.3 billion of multi-family rental inventory. At September 30, 2025, our rental property inventory of $2.7 billion included $378.3 million of single-family rental inventory and $2.3 billion of multi-family rental inventory. Single-family rental homes and lots, and multi-family rental units at September 30, 2026 and 2025 consisted of the following:

| | Rental Inventory | |
|---|---|---|
| | September 30, | |
| | 2026 | 2025 |
| Single-family rental homes (1) | 980 | 1,420 |
| Single-family rental lots (2) | 970 | 1,150 |
| Multi-family rental units (3) | 12,600 | 12,480 |

(1) Single-family rental homes at September 30, 2026 consist of 480 homes under construction and 500 completed homes compared to 370 homes under construction and 1,050 completed homes at September 30, 2025.

(2) Single-family rental lots at September 30, 2026 consist of 470 undeveloped lots and 500 finished lots compared to 440 undeveloped lots and 710 finished lots at September 30, 2025.

(3) Multi-family rental units at September 30, 2026 consist of 3,700 units under construction and 8,900 substantially completed units compared to 4,910 units under construction and 7,570 substantially completed units at September 30, 2025.

## Results of Operations — Forestar

At September 30, 2026, we owned 62% of the outstanding shares of Forestar, a publicly traded residential lot development company with operations in 65 markets across 24 states. (See Note B to the accompanying financial statements for additional Forestar segment information.)

Results of operations for the Forestar segment for the fiscal years ended September 30, 2026 and 2025 were as follows:

| | Year Ended September 30, | |
|---|---|---|
| | 2026 | 2025 |
| | (In millions) | |
| Total revenues | $ 1,635.1 | $ 1,662.4 |
| Cost of land/lot sales and other | 1,293.7 | 1,291.7 |
| Inventory and land option charges | 19.0 | 7.2 |
| Total cost of sales | 1,312.7 | 1,298.9 |
| Selling, general and administrative expense | 151.0 | 154.4 |
| Other (income) expense | (20.7) | (10.2) |
| Income before income taxes | $ 192.1 | $ 219.3 |

Forestar primarily generates revenues from sales of single-family residential lots to local, regional and national homebuilders and to land bankers that serve homebuilders. The following tables provide further information regarding Forestar's revenues and lot position as of and for the fiscal years ended September 30, 2026 and 2025:

| | Year Ended September 30, | | | |
|---|---|---|---|---|
| | Lots Sold | | Value (In millions) | |
| | 2026 | 2025 | 2026 | 2025 |
| Residential lots sold | | | | |
| Lots sold to D.R. Horton | 11,629 | 11,751 | $ 1,291.5 | $ 1,278.7 |
| Total lots sold | 13,545 | 14,240 | $ 1,506.0 | $ 1,544.3 |
| Tract acres sold | | | | |
| Tract acres sold to D.R. Horton | 292 | 414 | $ 44.7 | $ 91.2 |
| Total tract acres sold | 1,001 | 504 | $ 106.4 | $ 103.5 |

| | September 30, | |
|---|---|---|
| | 2026 | 2025 |
| Residential lots in inventory and under contract | | |
| Lots owned | 58,200 | 65,100 |
| Lots controlled through land purchase contracts | 26,200 | 34,700 |
| Total lots owned and controlled | 84,400 | 99,800 |
| Owned lots under contract to sell to D.R. Horton | 19,800 | 22,800 |
| Owned lots under contract to customers other than D.R. Horton | 1,700 | 1,000 |
| Total owned lots under contract | 21,500 | 23,800 |
| Owned lots subject to right of first offer with D.R. Horton | 18,600 | 17,600 |
| Owned lots fully developed | 8,100 | 8,900 |

At September 30, 2026 and 2025, Forestar's inventory, which includes land and lots that are developed, under development or held for development, totaled $2.5 billion and $2.6 billion, respectively.

Forestar's inventory and land option charges included $11.4 million and $7.2 million of write-offs of earnest money and pre-acquisition costs in fiscal 2026 and 2025, respectively. Inventory and land option charges in fiscal 2026 also included $7.6 million of impairment charges compared to none in fiscal 2025.

SG&A expense for fiscal 2026 and 2025 included charges of $7.2 million and $7.3 million, respectively, related to the shared services agreement between Forestar and D.R. Horton under which D.R. Horton provides Forestar with certain administrative, compliance, operational and procurement services.

## Results of Operations — Financial Services

The following tables and related discussion set forth key operating and financial data for our financial services operations, comprising DHI Mortgage and our subsidiary title companies, for the fiscal years ended September 30, 2026 and 2025.

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2026 | 2025 | % Change |
| Number of first-lien loans originated or brokered by DHI Mortgage for D.R. Horton homebuyers | 67,955 | 68,609 | (1)% |
| Number of homes closed by D.R. Horton | 84,202 | 84,863 | (1)% |
| Percentage of D.R. Horton homes financed by DHI Mortgage | 81 % | 81 % | |
| Total number of loans originated or brokered by DHI Mortgage | 68,287 | 68,982 | (1)% |
| Loans sold by DHI Mortgage to third parties | 67,671 | 68,529 | (1)% |

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2026 | 2025 | % Change |
| | (In millions) | | |
| Loan origination and other fees | $ 85.6 | $ 86.2 | (1)% |
| Gains on sale of mortgage loans and mortgage servicing rights | 537.1 | 566.3 | (5)% |
| Servicing income | 8.8 | 2.8 | 214 % |
| Total mortgage operations revenues | 631.5 | 655.3 | (4)% |
| Title policy premiums | 185.8 | 185.9 | — % |
| Total revenues | 817.3 | 841.2 | (3)% |
| General and administrative expense | 640.3 | 651.4 | (2)% |
| Other (income) expense | (81.1) | (88.9) | (9)% |
| Financial services pre-tax income | $ 258.1 | $ 278.7 | (7)% |

### Financial Services Operating Margin Analysis

| | Percentages of Financial Services Revenues | |
|---|---|---|
| | Year Ended September 30, | |
| | 2026 | 2025 |
| General and administrative expense | 78.3 % | 77.4 % |
| Other (income) expense | (9.9)% | (10.6)% |
| Financial services pre-tax income | 31.6 % | 33.1 % |

***Mortgage Loan Activity***

DHI Mortgage primarily originates loans for our homebuilding operations, and those originations account for substantially all of its total loan volume. In fiscal 2026, the volume of first-lien loans originated or brokered by DHI Mortgage for our homebuyers decreased 1%, in line with the 1% decrease in homes closed by our homebuilding operations. The percentage of homes closed for which DHI Mortgage handled our homebuyers' financing was 81% in both fiscal 2026 and 2025.

The number of loans sold decreased 1% in fiscal 2026 compared to fiscal 2025. Substantially all mortgage loans held for sale on September 30, 2026 were eligible for sale to Fannie Mae, Freddie Mac or Ginnie Mae. During fiscal 2026, approximately 78% of our mortgage loans were sold directly to Fannie Mae, Freddie Mac or into securities backed by Ginnie Mae, and 13% were sold to one other major financial entity. Changes in market conditions could result in a greater concentration of our mortgage sales in future periods to fewer financial entities and directly to Fannie Mae, Freddie Mac or Ginnie Mae, and we may need to make other adjustments to our mortgage operations.

***Financial Services Revenues and Expenses***

Total loan origination volume decreased 1% during fiscal 2026, and revenues from our mortgage operations decreased 4% to $631.5 million from $655.3 million in fiscal 2025. The decrease in revenues was primarily due to reduced profit margin on loans sold. Revenues from our title operations were $185.8 million in fiscal 2026 compared to $185.9 million in the prior year.

General and administrative (G&A) expense related to our financial services operations was $640.3 million in fiscal 2026 compared to $651.4 million in the prior year. As a percentage of financial services revenues, G&A expense was 78.3% in fiscal 2026 compared to 77.4% in the prior year. Fluctuations in financial services G&A expense as a percentage of revenues can occur because some components of revenue fluctuate differently than loan volumes, and some expenses are not directly related to mortgage loan volume or to changes in the amount of revenue earned. Our financial services operations employed 2,858 and 2,967 people at September 30, 2026 and 2025, respectively.

Other income, net of other expense, included in our financial services operations consists primarily of the interest income of our mortgage subsidiary. Other income decreased 9% to $81.1 million in fiscal 2026 from $88.9 million in the prior year, primarily due to a decrease in interest income because of lower interest rates on our loan originations during most of the year.

## Results of Operations — Other Businesses

In addition to our homebuilding, rental, Forestar and financial services operations, we engage in other business activities through our subsidiaries. We conduct insurance-related operations, own water rights and other water-related assets and own non-residential real estate including ranch land and improvements. Pre-tax income from other business activities was $36.7 million in fiscal 2026 compared to $35.9 million in fiscal 2025.

## Results of Operations — Consolidated

### *Income before Income Taxes*

Pre-tax income was $3.9 billion in fiscal 2026 compared to $4.7 billion in fiscal 2025. In fiscal 2026, our homebuilding, financial services, Forestar and rental businesses generated pre-tax income of $3.4 billion, $258.1 million, $192.1 million and $18.2 million, respectively, compared to $4.1 billion, $278.7 million, $219.3 million and $170.0 million, respectively, in fiscal 2025.

### *Income Taxes*

Our income tax expense was $968.8 million and $1.1 billion in fiscal 2026 and 2025, respectively, and our effective tax rate was 24.8% and 23.6% in those years. The effective tax rates for both years include state income tax expense and tax benefits from stock-based compensation and federal energy-efficient home tax credits.

At September 30, 2026, we had deferred tax liabilities, net of deferred tax assets, of $99.2 million, after consideration of a valuation allowance of $14.7 million recorded against certain deferred tax assets. At September 30, 2025, we had deferred tax assets, net of deferred tax liabilities, of $44.5 million, after consideration of a valuation allowance of $14.6 million recorded against certain deferred tax assets. The valuation allowance for both years relates to deferred tax assets for state net operating loss (NOL) and tax credit carryforwards that are expected to expire before being realized. We will continue to evaluate both the positive and negative evidence in determining the need for a valuation allowance with respect to our remaining state NOL and tax credit carryforwards. Reversal of any portion of the valuation allowance in future periods would impact our effective tax rate.

## Capital Resources and Liquidity

We have historically funded our operations with cash flows from operations, borrowings under bank credit facilities and the issuance of new debt securities. Our current levels of cash, borrowing capacity and balance sheet leverage provide us with the operational flexibility to adjust to changes in economic and market conditions.

We manage our investments in homebuilding and rental inventories to expand our operations and market share, while generating strong returns and consistent cash flows from operations. We return capital to shareholders through repurchases of our common stock and dividend payments. We maintain significant homebuilding cash balances and liquidity to support the scale and level of activity in our business and to provide flexibility to respond to changing market conditions and opportunities.

At September 30, 2026, we had outstanding notes payable with varying maturities and an aggregate principal amount of $6.1 billion. Of this amount, $2.2 billion was payable within 12 months, including $1.4 billion outstanding under our mortgage repurchase facilities and $600 million principal amount of 1.3% homebuilding senior notes that were repaid at maturity in October 2026. Future interest payments on our notes payable total $1.2 billion, of which $277.9 million is payable within 12 months.

At September 30, 2026, our ratio of debt to total capital (notes payable divided by stockholders' equity plus notes payable) was 20.8% compared to 19.8% at September 30, 2025. Our net debt to total capital (notes payable net of cash divided by stockholders' equity plus notes payable net of cash) was 14.7% at September 30, 2026 compared to 11.0% at September 30, 2025. Over the long term, we intend to maintain our ratio of debt to total capital around 20%.

At September 30, 2026, we had outstanding letters of credit of $301.1 million and surety bonds of $3.5 billion, issued by third parties to secure performance under various contracts. We expect that our performance obligations secured by these letters of credit and bonds will generally be completed in the ordinary course of business and in accordance with the applicable contractual terms. When we complete our performance obligations, the related letters of credit and bonds are typically released shortly thereafter, leaving us with no continuing obligations. We have no material third-party guarantees.

We regularly assess our projected capital requirements to fund growth in our business, repay debt obligations, pay dividends, repurchase our common stock and maintain sufficient cash and liquidity levels to support our other operational needs, and we regularly evaluate our opportunities to raise additional capital. D.R. Horton has an automatically effective universal shelf registration statement filed with the SEC in July 2024, registering debt and equity securities that may be issued from time to time in amounts to be determined. Forestar also has an effective shelf registration statement filed with the SEC in September 2024, registering $750 million of equity securities, of which $300 million is reserved for sales under its at-the-market equity offering (ATM) program, which it entered into in November 2024.

As market conditions permit, we may issue new debt or equity securities through the capital markets or obtain additional bank financing to fund our projected capital requirements or provide additional liquidity. We believe that our existing cash resources, revolving credit facilities, mortgage repurchase facilities and ability to access the capital markets or obtain additional bank financing will provide sufficient liquidity to fund our near-term working capital needs and debt obligations for the next 12 months and for the foreseeable future thereafter.

### *Capital Resources - Homebuilding*

*Cash and Cash Equivalents* — At September 30, 2026, cash and cash equivalents of our homebuilding segment totaled $1.0 billion.

*Bank Credit Facility* — We have a senior unsecured homebuilding revolving credit facility that was amended in March 2026 to increase its capacity from $2.3 billion to $3.3 billion. The amendment also extended the maturity dates of the facility. Of the total commitments, $265 million matures on October 28, 2027, $1.0 billion matures on March 27, 2029 and $2.0 billion matures on March 27, 2031. The facility has an uncommitted accordion feature that allows for an increase in its size to $4.0 billion, subject to certain conditions and availability of additional bank commitments. The facility also provides for the issuance of letters of credit with a sublimit equal to 100% of the total revolving credit commitments. Letters of credit issued under the facility reduce the available borrowing capacity. At September 30, 2026, there were $250 million of borrowings outstanding at a 4.8% annual interest rate and $243.9 million of letters of credit issued under the revolving credit facility, resulting in available capacity of $2.8 billion.

Our homebuilding revolving credit facility imposes restrictions on our operations and activities, including a requirement to maintain a maximum allowable leverage ratio and a borrowing base restriction that applies if our leverage ratio exceeds a certain level. These covenants are measured as defined in the credit agreement governing the facility and are reported to the lenders quarterly. A failure to comply with these financial covenants could allow the lending banks to terminate the availability of funds under the revolving credit facility or cause any outstanding borrowings to become due and payable prior to maturity. The credit agreement governing the facility imposes restrictions on the creation of secured debt and liens.

*Public Unsecured Debt* — At September 30, 2026, we had $3.0 billion principal amount of homebuilding senior notes outstanding that were scheduled to mature from October 2026 through October 2035. The indenture governing our senior notes imposes restrictions on the creation of secured debt and liens.

*Compliance and Guarantors* — At September 30, 2026, we were in compliance with all of the covenants, limitations and restrictions of our homebuilding revolving credit facility and public debt obligations. Our homebuilding revolving credit facility and homebuilding senior notes are guaranteed by D.R. Horton, Inc.'s significant wholly owned homebuilding subsidiaries.

*Debt and Stock Repurchase Authorizations* — In July 2024, our Board of Directors authorized the repurchase of up to $500 million of our debt securities. In April 2025, the Board authorized the repurchase of up to $5.0 billion of our common stock. In September 2026, when $52.7 million remained under the stock repurchase authorization, the Board authorized the repurchase of an additional $5.0 billion of our common stock. During fiscal 2026, we repurchased 24.0 million shares for a total cost, including commissions and excise taxes, of $3.6 billion. At September 30, 2026, the full amount of the debt repurchase authorization remained available, and $4.7 billion of the stock repurchase authorization remained available for future repurchases. The debt and stock repurchase authorizations have no expiration date.

***Capital Resources - Rental***

*Cash and Cash Equivalents* — At September 30, 2026, cash and cash equivalents of our rental segment totaled $108.0 million.

*Bank Credit Facility* — Our rental subsidiary, DRH Rental, has a $1.05 billion senior unsecured revolving credit facility with an uncommitted accordion feature that allows for an increase in its size to $2.0 billion, subject to certain conditions and availability of additional bank commitments. Borrowings under the rental revolving credit facility are subject to a borrowing base calculation based on the book value of DRH Rental's real estate assets and unrestricted cash. The facility also provides for the issuance of letters of credit with a sublimit equal to the greater of $100 million and 50% of the total revolving credit commitments. The facility was amended in March 2026 to extend its maturity date to March 27, 2030. At September 30, 2026, there were $410 million of borrowings outstanding at a 5.6% annual interest rate and no letters of credit issued under the facility, resulting in available capacity of $640 million.

The rental revolving credit facility includes customary affirmative and negative covenants, events of default and financial covenants. The financial covenants require DRH Rental to maintain a minimum level of tangible net worth, a minimum level of liquidity and a maximum allowable leverage ratio. These covenants are measured as defined in the credit agreement governing the facility and are reported to the lenders quarterly. A failure to comply with these financial covenants could allow the lending banks to terminate the availability of funds under the revolving credit facility or cause any outstanding borrowings to become due and payable prior to maturity.

*Compliance and Guarantors* — At September 30, 2026, DRH Rental was in compliance with all of the covenants, limitations and restrictions of its revolving credit facility.

The rental revolving credit facility is guaranteed by DRH Rental's wholly owned subsidiaries that are not immaterial subsidiaries and have not been designated as unrestricted subsidiaries. The rental revolving credit facility is not guaranteed by D.R. Horton, Inc. or any of the subsidiaries that guarantee the debt of our homebuilding, Forestar or financial services operations.

***Capital Resources - Forestar***

Forestar's achievement of its long-term growth objectives will depend on its ability to obtain financing and generate sufficient cash flows from operations. As market conditions permit, Forestar may issue new debt or equity securities through the capital markets or obtain additional bank financing to provide capital for future growth and additional liquidity. At September 30, 2026, Forestar's ratio of debt to total capital (notes payable divided by stockholders' equity plus notes payable) was 29.3% compared to 31.2% at September 30, 2025. Forestar's ratio of net debt to total capital (notes payable net of cash divided by stockholders' equity plus notes payable net of cash) was 6.7% compared to 19.3% at September 30, 2025.

*Cash and Cash Equivalents* — At September 30, 2026, Forestar had cash and cash equivalents of $657.0 million.

*Bank Credit Facility* — At September 30, 2026, Forestar had a $715 million senior unsecured revolving credit facility with an uncommitted accordion feature that allows for an increase in its size to $1.0 billion, subject to certain conditions and availability of additional bank commitments. The capacity of the facility reflects additional bank commitments of $25 million and $50 million obtained in October 2025 and March 2026, respectively. Of the total commitments, $65 million matured after fiscal year end on October 28, 2026 and $650 million matures on December 18, 2029. The facility also provides for the issuance of letters of credit with a sublimit equal to the greater of $100 million and 50% of the total revolving credit commitments. Borrowings under the revolving credit facility are subject to a borrowing base calculation based on the book value of Forestar's real estate assets and unrestricted cash. Letters of credit issued under the facility reduce the available borrowing capacity. At September 30, 2026, there were no borrowings outstanding and $57.2 million of letters of credit issued under the revolving credit facility, resulting in available capacity of $657.8 million.

The Forestar revolving credit facility includes customary affirmative and negative covenants, events of default and financial covenants. The financial covenants require Forestar to maintain a minimum level of tangible net worth, a minimum level of liquidity and a maximum allowable leverage ratio. These covenants are measured as defined in the credit agreement governing the facility and are reported to the lenders quarterly. A failure to comply with these financial covenants could allow the lending banks to terminate the availability of funds under the revolving credit facility or cause any outstanding borrowings to become due and payable prior to maturity.

*Unsecured Debt* — As of September 30, 2026, Forestar had $800 million principal amount of senior notes issued pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended, that mature in March 2028 and March 2033 and represent unsecured obligations of Forestar.

*Compliance and Guarantors* — At September 30, 2026, Forestar was in compliance with all of the covenants, limitations and restrictions of its revolving credit facility and senior note obligations. Forestar's revolving credit facility and its senior notes are guaranteed by Forestar's wholly owned subsidiaries that are not immaterial subsidiaries and have not been designated as unrestricted subsidiaries. Neither the facility nor the senior notes are guaranteed by D.R. Horton, Inc. or any of the subsidiaries that guarantee the debt of our homebuilding, rental or financial services operations.

*Debt Repurchase Authorization* — In April 2020, Forestar's Board of Directors authorized the repurchase of up to $30 million of Forestar's debt securities. All of the $30 million authorization remained available at September 30, 2026, and the authorization has no expiration date.

*Issuance of Common Stock* — Forestar did not issue any shares under its ATM program during fiscal 2026. At September 30, 2026, $750 million remained available for issuance under Forestar's shelf registration statement, with $300 million reserved for sales under the ATM program.

***Capital Resources - Financial Services***

*Cash and Cash Equivalents* — At September 30, 2026, cash and cash equivalents of our financial services segment totaled $248.0 million.

*Mortgage Repurchase Facilities* — Our mortgage subsidiary, DHI Mortgage, has two mortgage repurchase facilities, one is committed and the other uncommitted, that provide financing and liquidity to DHI Mortgage by facilitating purchase transactions in which DHI Mortgage transfers eligible loans to counterparties upon receipt of funds from them. DHI Mortgage then has the right and obligation to repurchase the loans upon their sale to third-party purchasers in the secondary market or within specified time frames in accordance with the terms of the mortgage repurchase facilities.

In May 2026, the committed mortgage repurchase facility was amended to increase its capacity to $1.925 billion and extend its maturity date to May 4, 2029. The capacity of the facility can be increased to $2.0 billion subject to the availability of additional commitments. At September 30, 2026, DHI Mortgage had an obligation of $1.1 billion under the committed mortgage repurchase facility at a 5.8% annual interest rate.

At September 30, 2026, the uncommitted mortgage repurchase facility had a borrowing capacity of $500 million, of which DHI Mortgage had an obligation of $291.0 million at a 5.2% annual interest rate.

At September 30, 2026, $2.44 billion of mortgage loans held for sale with a collateral value of $2.39 billion were pledged under the committed mortgage repurchase facility, and $343.9 million of mortgage loans held for sale with a collateral value of $305.3 million were pledged under the uncommitted mortgage repurchase facility.

The mortgage repurchase facilities contain financial covenants requiring DHI Mortgage to maintain a minimum tangible net worth, a maximum ratio of indebtedness to tangible net worth and a minimum level of liquidity.

In the past, DHI Mortgage has been able to renew or extend its committed mortgage repurchase facility with sufficient capacity and on satisfactory terms prior to its maturity and obtain temporary additional commitments through amendments to the facility during periods of higher-than-normal volumes of mortgages held for sale. The liquidity of our financial services business depends on its continued ability to renew or extend the committed mortgage repurchase facility, utilize the uncommitted mortgage repurchase facility or obtain other financing with sufficient capacity.

*Compliance and Guarantors* — At September 30, 2026, DHI Mortgage was in compliance with all of the conditions and covenants of the mortgage repurchase facilities. The mortgage repurchase facilities are not guaranteed by D.R. Horton, Inc. or any of the subsidiaries that guarantee the debt of our homebuilding, rental or Forestar operations.

***Operating Cash Flow Activities***

In fiscal 2026, net cash provided by operating activities was $3.5 billion compared to $3.4 billion in fiscal 2025. Cash provided by operating activities in fiscal 2026 primarily consisted of $2.7 billion, $289.5 million, $271.1 million and $148.6 million of cash provided by our homebuilding, Forestar, financial services and rental segments, respectively. The most significant source of cash provided by operating activities in both years was net income.

***Investing Cash Flow Activities***

In fiscal 2026, net cash used in investing activities was $311.8 million compared to $168.7 million in fiscal 2025. In fiscal 2026, uses of cash included purchases of property and equipment totaling $160.4 million and payments of $124.1 million for business acquisitions. In fiscal 2025, uses of cash included purchases of property and equipment totaling $137.4 million and payments of $53.1 million for business acquisitions.

***Financing Cash Flow Activities***

We expect to fund our short-term financing needs with existing cash, cash generated from operations and borrowings under our credit facilities. We may fund long-term financing needs through the issuance of senior unsecured debt securities or equity securities through the capital markets.

In fiscal 2026, net cash used in financing activities was $4.1 billion, consisting primarily of repurchases of $3.5 billion of our common stock, cash dividends of $513.3 million and net payments on our rental revolving credit facility and mortgage repurchase facilities of $190 million and $36.3 million, respectively. These uses of cash were partially offset by net borrowings on our homebuilding revolving credit facility of $250 million.

In fiscal 2025, net cash used in financing activities was $4.8 billion, consisting primarily of repurchases of $4.3 billion of our common stock, repayment of $1.0 billion principal amount of homebuilding senior notes, Forestar's repayment of $400 million principal amount of senior notes, cash dividends of $494.8 million and net payments on our rental revolving credit facility and mortgage repurchase facilities of $145 million and $125.5 million, respectively. These uses of cash were partially offset by proceeds from our issuances of $700 million principal amount of 5.5% homebuilding senior notes and $500 million principal amount of 4.85% homebuilding senior notes, as well as Forestar's issuance of $500 million principal amount of 6.5% senior notes.

Our Board of Directors declared and we paid quarterly cash dividends of $0.45 per share in fiscal 2026 and $0.40 per share in fiscal 2025. In October 2026, our Board declared a quarterly cash dividend of $0.50 per share, payable on November 19, 2026 to stockholders of record on November 12, 2026. The declaration of future cash dividends is at the discretion of our Board and will depend on, among other things, our future earnings, cash flows, capital requirements, financial condition and general business conditions.

## Seasonality

Although significant changes in market conditions have impacted our seasonal patterns in the past and could do so again, we generally close more homes and generate greater revenues and pre-tax income in the third and fourth quarters of our fiscal year. The seasonal nature of our business can also cause significant variations in the working capital requirements for our homebuilding, rental, lot development and financial services operations. As a result of seasonal activity, our quarterly results of operations and financial position at the end of a particular fiscal quarter are not necessarily representative of the remainder of our fiscal year.

## Supplemental Guarantor Financial Information

As of September 30, 2026, D.R. Horton, Inc. had $3.0 billion principal amount of homebuilding senior notes outstanding due through October 2035 and $250 million outstanding on its homebuilding revolving credit facility.

All of the homebuilding senior notes and the homebuilding revolving credit facility are fully and unconditionally guaranteed, on a joint and several basis, by certain subsidiaries of D.R. Horton, Inc. (Guarantors or Guarantor Subsidiaries). Each of the Guarantor Subsidiaries is 100% owned, directly or indirectly, by D.R. Horton, Inc. Our subsidiaries associated with the single-family and multi-family rental operations, Forestar lot development operations, financial services operations and certain other subsidiaries do not guarantee the homebuilding senior notes or the homebuilding revolving credit facility (collectively, Non-Guarantor Subsidiaries). The guarantees are senior unsecured obligations of each Guarantor and rank equal with all existing and future senior debt of such Guarantor and senior to all subordinated debt of such Guarantor. The guarantees are effectively subordinated to any secured debt of such Guarantor to the extent of the value of the assets securing such debt. The guarantees will be structurally subordinated to indebtedness and other liabilities of Non-Guarantor Subsidiaries of the Guarantors.

The guarantees by a Guarantor Subsidiary will be automatically and unconditionally released and discharged upon: (1) the sale or other disposition of its common stock whereby it is no longer a subsidiary of ours; (2) the sale or other disposition of all or substantially all of its assets (other than to us or another Guarantor); (3) its merger or consolidation with an entity other than us or another Guarantor; or (4) its ceasing to guarantee any of our publicly traded debt securities and ceasing to guarantee any of our obligations under our homebuilding revolving credit facility.

The enforceability of the obligations of the Guarantor Subsidiaries 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 our guaranteed obligations. The indenture governing our homebuilding senior notes contains a "savings clause," which limits the liability of each Guarantor on its guarantee to the maximum amount that such Guarantor can incur without risk that its guarantee will be subject to avoidance as a fraudulent transfer. This provision may not be effective to protect such guarantees from fraudulent transfer challenges or, if it does, it may reduce such Guarantor's obligation such that the remaining amount due and collectible under the guarantees would not suffice, if necessary, to pay the notes in full when due.

The following tables present summarized financial information for D.R. Horton, Inc. and the Guarantor Subsidiaries on a combined basis after intercompany transactions and balances have been eliminated among D.R. Horton, Inc. and the Guarantor Subsidiaries, as well as their investment in, and equity in earnings from the Non-Guarantor Subsidiaries.

**D.R. Horton, Inc. and Guarantor Subsidiaries**

| **Summarized Balance Sheet Data** | **September 30, 2026** |
|---|---|
| | **(In millions)** |
| Assets | |
| Cash | $ 964.1 |
| Inventories | 20,311.3 |
| Amount due from Non-Guarantor Subsidiaries | 1,538.2 |
| Total assets | 27,116.3 |
| Liabilities & Stockholders' Equity | |
| Notes payable | $ 3,477.5 |
| Total liabilities | 7,467.2 |
| Stockholders' equity | 19,649.1 |

| **Summarized Statement of Operations Data** | **Year Ended September 30, 2026** |
|---|---|
| | **(In millions)** |
| Revenues | $ 30,399.7 |
| Cost of sales | 24,345.7 |
| Selling, general and administrative expense | 2,660.1 |
| Income before income taxes | 3,407.5 |
| Net income | 2,559.7 |

## Forward-Looking Statements

Some of the statements contained in this report, as well as in other materials we have filed or will file with the Securities and Exchange Commission, statements made by us in periodic press releases and oral statements we make to analysts, stockholders and the press in the course of presentations about us, may be construed as "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's beliefs as well as assumptions made by, and information currently available to, management. These forward-looking statements typically include the words "anticipate," "believe," "consider," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "likely," "may," "outlook," "plan," "possible," "potential," "predict," "projection," "seek," "should," "strategy," "target," "will," "would" or other words of similar meaning. Any or all of the forward-looking statements included in this report and in any other of our reports or public statements may not approximate actual experience, and the expectations derived from them may not be realized, due to risks, uncertainties and other factors. As a result, actual results may differ materially from the expectations or results we discuss in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to:

- the cyclical nature of the homebuilding, rental and land development operations and changes in economic, real estate or other conditions;
- adverse developments affecting the capital markets and financial institutions, which could limit our ability to access capital, increase our cost of capital and impact our liquidity and capital resources;
- reductions in the availability of mortgage financing provided by government agencies, changes in government financing programs, a decrease in our ability to sell mortgage loans on attractive terms or an increase in mortgage interest rates;
- the effects of increases in our cancellation rate;
- the risks associated with our land, lot and rental inventory;
- our ability to effect our growth strategies, acquisitions, investments or other strategic initiatives successfully;
- the impact of an inflationary, deflationary or higher interest rate environment;
- risks of acquiring land, building materials and skilled labor and challenges obtaining regulatory approvals;
- the effects of public health issues such as a major epidemic or pandemic on the economy and our businesses;
- the effects of weather conditions and natural disasters on our business and financial results;
- home warranty and construction defect claims;
- the effects of health and safety incidents;
- reductions in the availability of performance bonds;
- increases in the costs of owning a home;
- the effects of information technology failures, cybersecurity incidents, and the failure to satisfy privacy and data protection laws and regulations;
- risks related to the use of artificial intelligence in our business operations;
- the effects of governmental regulations and environmental matters on our land development and housing operations;
- the effects of changes in income tax and securities laws;
- the effects of governmental regulations on our financial services operations;
- the effects of competitive conditions within the industries in which we operate;
- our ability to manage and service our debt and comply with related debt covenants, restrictions and limitations;
- the effects of negative publicity;
- the effects of the loss of key personnel; and
- the effects of actions by activist stockholders.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in subsequent reports on Forms 10-K, 10-Q and 8-K should be consulted. Additional information about issues that could lead to material changes in performance and risk factors that have the potential to affect us is contained in Item 1A, "Risk Factors" under Part I of this annual report on Form 10-K.

## Critical Accounting Policies and Estimates

*General* — A comprehensive enumeration of the significant accounting policies of D.R. Horton, Inc. and subsidiaries is presented in Note A to the accompanying financial statements as of September 30, 2026 and 2025, and for the years ended September 30, 2026, 2025 and 2024. Each of our accounting policies has been chosen based upon current authoritative literature that collectively comprises U.S. generally accepted accounting principles (GAAP). In instances where alternative methods of accounting are permissible under GAAP, we have chosen the method that most appropriately reflects the nature of our business, the results of our operations and our financial condition, and have consistently applied those methods over each of the periods presented in the financial statements. The Audit Committee of our Board of Directors has reviewed and approved the accounting policies selected.

We believe the following critical accounting policies describe the more significant judgments and estimates used in the preparation of our consolidated financial statements.

*Revenue Recognition* — We generally recognize homebuilding revenue and related profit at the time of the closing of a sale, when title to and possession of the property are transferred to the buyer. Our performance obligation, to deliver the agreed-upon home, is generally satisfied in less than one year from the original contract date. Proceeds from home closings held for our benefit at title companies are included in homebuilding cash and cash equivalents in the consolidated balance sheets.

When we execute sales contracts with our homebuyers, or when we require advance payment from homebuyers for custom changes, upgrades or options related to their homes, we record the cash deposits received as liabilities until the homes are closed or the contracts are cancelled. We either retain or refund to the homebuyer deposits on cancelled sales contracts, depending upon the applicable provisions of the contract or other circumstances.

Revenues associated with our mortgage operations primarily include net gains on the sale of mortgage loans and servicing rights. We typically elect the fair value option for our mortgage loan originations whereby mortgage loans held for sale are recorded at fair value based on either sale commitments or current market quotes and loan values are adjusted through revenues for subsequent changes in fair value until the loans are sold. Expected gains and losses from the sale of loans, adjusted for (i) estimated costs to complete and originate the loan and (ii) the estimated percentage of written loan commitments that will result in a closed mortgage loan, are included in the measurement of all written loan commitments that are accounted for at fair value through revenues at the time of commitment. We sell substantially all of the mortgages we originate and the related servicing rights to third-party purchasers. Interest income is earned from the date a mortgage loan is originated until the loan is sold.

Mortgage loans are sold with limited recourse provisions, which can result in repurchases of loans previously sold to investors or payments to reimburse investors for loan losses. Based on historical experience, analysis of the volume of mortgages we originated, discussions with our mortgage purchasers and current housing and credit market conditions, we estimate and record a loss reserve for mortgage loans held in portfolio and mortgage loans held for sale, as well as known and projected mortgage loan repurchase requests.

*Inventories and Cost of Sales* — Inventory includes the costs of direct land acquisition, land development and construction, capitalized interest, real estate taxes and direct overhead costs incurred during development and construction. Costs that we incur after projects or homes are substantially complete, such as utilities, maintenance and cleaning, are charged to SG&A expense as incurred. All indirect overhead costs, such as compensation of sales personnel, division and region management, and the costs of advertising and builder's risk insurance are charged to SG&A expense as incurred.

Land and development costs are typically allocated to individual residential lots on a pro-rata basis, and the costs of residential lots are transferred to construction in progress when home construction begins. Home construction costs are specifically identified and recorded to individual homes. Cost of sales for homes closed includes the specific construction costs of each home and all applicable land acquisition, land development and related costs (both incurred and estimated to be incurred) allocated to each residential lot based upon the total number of homes expected to be closed in each community. Cost of sales for lots sold includes all applicable land acquisition, land development and related costs (both incurred and estimated to be incurred) allocated to each residential lot in the community. Any changes to the estimated total development costs after the initial home or lot closings in a community are generally allocated on a pro-rata basis to the remaining homes or lots in the community associated with the relevant development activity. Development and construction costs incurred related to the rental operations are recorded as rental property inventory. Cost of sales related to the rental operations include the specific construction costs and all applicable land acquisition, land development and related costs for each rental project.

When a home is closed, we generally have not paid all of the incurred costs necessary to complete the home. We record a liability and a corresponding charge to cost of sales for the amount estimated to ultimately be paid related to completed homes that have been closed. We compare our home construction budgets to actual recorded costs to determine the additional costs remaining to be paid on each closed home. We monitor the accrual by comparing actual costs incurred on closed homes in subsequent months to the amounts previously accrued. Although actual costs to be paid in the future on previously closed homes could differ from our current accruals, such differences have not been significant.

At the end of each quarter, we review the performance and outlook for all of our communities, rental properties and land inventories for indicators of potential impairment. We generally review our inventory for impairment indicators at the community level, and the inventory within each community is categorized as land held for development, residential land and lots developed and under development, land held for sale, rental properties and construction in progress and finished homes, based on the stage of production or plans for future development or sale. A particular community often includes inventory in more than one category. In certain situations, inventory may be analyzed separately for impairment purposes based on its product type or future plans. In reviewing each of our communities, we determine if impairment indicators exist on inventory held and used by analyzing a variety of factors including, but not limited to, the following:

- gross margins on homes closed in recent months;
- projected gross margins on homes sold but not closed;
- projected gross margins based on community budgets;
- projected gross margins of rental property sales;
- trends in gross margins, average selling prices or cost of sales;
- sales absorption rates; and
- performance of other communities in nearby locations.

If indicators of impairment are present for a community, we perform an impairment evaluation of the community, which includes an analysis to determine if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts. If so, impairment charges are recorded to cost of sales if the fair value of such assets is less than their carrying amounts. These estimates of cash flows are significantly impacted by community specific factors including estimates of the amounts and timing of future revenues and estimates of the amount of land development, materials and labor costs which, in turn, may be impacted by the following local market conditions:

- supply and availability of new and existing homes;
- location and desirability of our communities;
- variety of product types offered in the area;
- pricing and use of incentives by us and our competitors;
- alternative uses for our land or communities such as the sale of land, finished lots or home sites to third parties;
- amount of land and lots we own or control in a particular market or sub-market; and
- local economic and demographic trends.

For those assets deemed to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Our determination of fair value is primarily based on discounting the estimated cash flows at a rate commensurate with the inherent risks associated with the assets and related estimated cash flow streams. When an impairment charge for a community or rental property is determined, the charge is then allocated to each lot in the community in the same manner as land and development costs are allocated to each lot. Impairment charges are also recorded on finished homes in substantially completed communities and completed rental properties when events or circumstances indicate that the carrying values are greater than the fair values less estimated costs to sell these homes and properties.

We rarely purchase land for resale. However, when we own land or communities under development that do not fit into our development and construction plans, and we determine that we will sell the asset, the project is accounted for as land held for sale if certain criteria are met. We record land held for sale at the lesser of its carrying value or fair value less estimated costs to sell. In performing the impairment evaluation for land held for sale, we consider several factors including, but not limited to, recent offers received to purchase the property, prices for land in recent comparable sales transactions and market analysis studies, which include the estimated price a willing buyer would pay for the land. If the estimated fair value less costs to sell an asset is less than the current carrying value, the asset is written down to its estimated fair value less costs to sell.

The key assumptions relating to inventory valuations are impacted by local market and economic conditions, and are inherently uncertain. Although our quarterly assessments reflect management's best estimates, due to uncertainties in the estimation process, actual results could differ from such estimates.

*Legal Claims and Insurance* — We are named as a defendant in various claims, complaints and other legal actions in the ordinary course of business. At any point in time, we are managing hundreds of individual claims related to construction defect matters, personal injury claims, employment matters, land development issues, contract disputes and other matters. We have established reserves for these contingencies based on the estimated costs of pending claims and the estimated costs of anticipated future claims related to previously closed homes. Approximately 99% and 98% of these reserves related to construction defect matters at September 30, 2026 and 2025, respectively.

Our reserves for construction defect claims include the estimated costs of both known claims and anticipated future claims. At September 30, 2026 and 2025, we had reserves for approximately 840 and 875 pending construction defect claims, respectively, and no individual existing claim was material to our financial statements. During fiscal 2026, we were notified of approximately 330 new construction defect claims and resolved 365 construction defect claims for a total cost of $90.5 million. We have closed a significant number of homes during recent years, and we may be subject to future construction defect claims on these homes. Although regulations vary from state to state, construction defect issues can generally be reported for up to ten years after the home has closed in many states in which we operate. Historical data and trends regarding the frequency of claims incurred and the costs to resolve claims relative to the types of products and markets where we operate are used to estimate the construction defect liabilities for both existing and anticipated future claims. These estimates are subject to ongoing revision as the circumstances of individual pending claims and historical data and trends change. Adjustments to estimated reserves are recorded in the accounting period in which the change in estimate occurs.

Historical trends in construction defect claims have been inconsistent, and we believe they may continue to fluctuate. We also believe that fluctuations in housing market conditions can affect the frequency and cost of construction defect claims. If the ultimate resolution of construction defect claims resulting from our home closings in prior years varies from current expectations, it could significantly change our estimates regarding the frequency and timing of claims incurred and the costs to resolve existing and anticipated future claims, which would impact the construction defect reserves in the future. If the frequency of claims incurred or costs of existing and future legal claims significantly exceed our current estimates, they will have a significant negative impact on our future earnings and liquidity.

We estimate and record receivables under the applicable insurance policies related to our estimated contingencies for known claims and anticipated future construction defect claims on previously closed homes and other legal claims and lawsuits incurred in the ordinary course of business when recovery is probable. However, because the self-insured retentions under these policies are significant, we are largely self-insured. Additionally, we may have the ability to recover a portion of our losses from our subcontractors and their insurance carriers when we have been named as an additional insured on their insurance policies.

The estimation of losses related to these reserves and the related estimates of recoveries from insurance policies are subject to a high degree of variability due to uncertainties such as trends in construction defect claims relative to our markets and the types of products built, claim frequency, claim settlement costs and patterns, insurance industry practices and legal interpretations, among others. Due to the high degree of judgment required in establishing reserves for these contingencies, actual future costs and recoveries from insurance could differ significantly from current estimated amounts. A 10% increase in the claim frequency and the average cost per claim used to estimate the reserves would result in an increase of approximately $215.9 million in our reserves and a $34.7 million increase in our insurance receivable, resulting in additional expense of $181.2 million. A 10% decrease in the claim frequency and the average cost per claim would result in a decrease of approximately $193.3 million in our reserves and a $30.7 million decrease in our insurance receivable, resulting in a reduction in expense of $162.6 million. For additional information regarding our legal claims reserves, see Note L, "Commitments and Contingencies," to our consolidated financial statements included elsewhere in this report.

## Recent Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures," which requires disclosure of certain costs and expenses on an interim and annual basis in the notes to the financial statements. The standard is effective for our annual periods beginning in fiscal 2028 and interim periods beginning in the first quarter of fiscal 2029, with early adoption permitted. We are currently evaluating the impact this standard will have on our disclosures.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to interest rate risk on our long-term debt. We monitor our exposure to changes in interest rates and utilize both fixed and variable rate debt. For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. Conversely, for variable rate debt, changes in interest rates generally do not impact the fair value of the debt instrument, but may affect our future earnings and cash flows. Except in very limited circumstances, we do not have an obligation to prepay fixed-rate debt prior to maturity and, as a result, interest rate risk and changes in fair value would not have a significant impact on our cash flows related to our fixed-rate debt until such time as we are required to refinance, repurchase or repay such debt.

We are exposed to interest rate risk associated with our mortgage loan origination services. We manage interest rate risk through the use of forward sales of MBS, which are referred to as "hedging instruments" in the following discussion. We do not enter into or hold derivatives for trading or speculative purposes.

Interest rate lock commitments (IRLCs) are extended to borrowers who have applied for loan funding and who meet defined credit and underwriting criteria. Typically, the IRLCs have a duration of less than six months. Some IRLCs are committed immediately to a specific purchaser through the use of best-efforts whole loan delivery commitments, while other IRLCs are funded prior to being committed to third-party purchasers. The hedging instruments related to IRLCs are classified and accounted for as derivative instruments in an economic hedge, with gains and losses recognized in revenues in the consolidated statements of operations. Hedging instruments related to funded, uncommitted loans are accounted for at fair value, with changes recognized in revenues in the consolidated statements of operations, along with changes in the fair value of the funded, uncommitted loans. The fair value change related to hedging instruments generally offsets the fair value change in the uncommitted loans. The net fair value change, which for the years ended September 30, 2026 and 2025 was not significant, is recognized in current earnings. At September 30, 2026 and 2025, hedging instruments used to mitigate interest rate risk related to uncommitted mortgage loans held for sale and uncommitted IRLCs totaled a notional amount of $4.0 billion and $4.2 billion, respectively. Uncommitted IRLCs totaled a notional amount of $2.2 billion and $2.0 billion at September 30, 2026 and 2025, respectively, and uncommitted mortgage loans held for sale totaled a notional amount of $1.9 billion and $2.3 billion at September 30, 2026 and 2025, respectively.

We also use hedging instruments as part of a program to offer below market interest rate financing to our homebuyers. At September 30, 2026 and 2025, we had MBS totaling $785.4 million and $677.5 million, respectively, that did not yet have IRLCs or closed loans created or assigned and recorded assets of $18.3 million and $1.9 million, respectively, for the fair value of such MBS position.

The following table sets forth principal cash flows by scheduled maturity, effective weighted average interest rates and estimated fair value of our debt obligations as of September 30, 2026. Because the mortgage repurchase facilities are effectively secured by certain mortgage loans held for sale that are typically sold within 60 days, the outstanding balances related to those facilities are included in the most current period presented. The interest rate for our variable rate debt represents the weighted average interest rate in effect at September 30, 2026.

| | Fiscal Year Ending September 30, | | | | | | | Fair Value at September 30, 2026 |
|---|---|---|---|---|---|---|---|---|
| | 2027 | 2028 | 2029 | 2030 | 2031 | Thereafter | Total | |
| | ($ in millions) | | | | | | | |
| **Debt:** | | | | | | | | |
| Fixed rate | $ 831.9 | $ 800.0 | $ 17.5 | $ — | $ 500.0 | $1,900.0 | $4,049.4 | $ 3,910.1 |
| Average interest rate | 2.4 % | 3.0 % | 6.0 % | — % | 5.1 % | 5.8 % | 4.5 % | |
| Variable rate | $1,372.0 | $ 20.1 | $ 76.8 | $ 410.0 | $ 153.1 | $ — | $2,032.0 | $ 2,032.0 |
| Average interest rate | 5.7 % | 5.0 % | 4.8 % | 5.6 % | 4.8 % | — % | 5.6 % | |

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### INDEX TO CONSOLIDATED FINANCIAL STATEMENTS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## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of D.R. Horton, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of D.R. Horton, Inc. and subsidiaries (the Company) as of September 30, 2026 and 2025, the related consolidated statements of operations, total equity and cash flows for each of the three years in the period ended September 30, 2026, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at September 30, 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2026, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2026, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated November 18, 2026 expressed an unqualified opinion thereon.

**Basis for Opinion**

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

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

**Critical Audit Matter**

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

***Estimation of reserves for construction defect matters***

*Description of the Matter*

At September 30, 2026, the Company's reserve for legal claims related to construction defect matters was $1.2 billion. As explained in Note L to the consolidated financial statements, the Company has established reserves for construction defect matters based on the estimated costs of pending legal claims and the estimated costs of anticipated future legal claims related to previously closed homes, and this liability is included within the accrued expenses and other liabilities account in the consolidated balance sheet. This reserve estimate is subject to a high degree of variability and ongoing revision as the circumstances of individual pending claims and historical data and trends change. Management applies judgment in determining the key assumptions used in calculating the reserve for construction defect matters.

Auditing the reserve for construction defect matters is complex and especially challenging due to the judgmental nature of the key assumptions related to projections of the frequency of future claims and the costs to resolve claims in consideration of historical claims information. These assumptions are developed by management, are subjective in nature and have a significant effect on the determined amount of the reserve for construction defect matters.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process for estimating the reserve for construction defect matters. We tested the Company's controls that address the risk of material misstatement related to the measurement and valuation of the reserve for construction defect matters, including the key assumptions related to the projections of the frequency and costs of future claims, and the completeness and accuracy of data used in the model developed by management.

To test the reserve for construction defect matters, our audit procedures included, among others, evaluating the methodology used, the key assumptions and the underlying data used by the Company in developing the reserve estimate. As management utilizes historical trends of frequency of claims incurred and the average cost to resolve claims relative to the types of products and markets where the Company operates in measuring the reserve estimate, we evaluated management's methodology for determining the frequency and cost of future claims assumptions by comparing these key assumptions to trends observed in historical Company claims data and other available information. In addition, we involved an actuarial specialist to assist with our procedures. Our specialist developed a range of values for the reserve estimate based on independently selected assumptions, which we compared to management's recorded amount to evaluate management's estimate. We also performed sensitivity analyses to determine the effect of changes in assumptions, where appropriate. We also tested completeness and accuracy of underlying claims data used in management's estimation calculations and performed recalculations to evaluate the accuracy of the model used by management to determine the estimate.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2018.

Fort Worth, Texas
November 18, 2026

## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of D.R. Horton, Inc.

**Opinion on Internal Control Over Financial Reporting**

We have audited D.R. Horton, Inc. and subsidiaries' internal control over financial reporting as of September 30, 2026, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, D.R. Horton, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of September 30, 2026, based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of September 30, 2026 and 2025, the related consolidated statements of operations, total equity and cash flows for each of the three years in the period ended September 30, 2026, and the related notes and our report dated November 18, 2026 expressed an unqualified opinion thereon.

**Basis for Opinion**

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control Over Financial Reporting**

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

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

/s/ Ernst & Young LLP

Fort Worth, Texas
November 18, 2026

**D.R. HORTON, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**

| | September 30, 2026 | September 30, 2025 |
|---|---|---|
| | (In millions) | |
| **ASSETS** | | |
| Cash and cash equivalents | $ 2,060.4 | $ 2,985.4 |
| Restricted cash | 55.0 | 47.9 |
| Total cash, cash equivalents and restricted cash | 2,115.4 | 3,033.3 |
| Inventories: | | |
| Construction in progress and finished homes | 7,519.9 | 7,648.5 |
| Residential land and lots — developed and under development | 14,691.6 | 14,695.8 |
| Land held for development | 194.9 | 218.3 |
| Land held for sale | 26.8 | 21.4 |
| Rental properties | 2,632.6 | 2,703.3 |
| Total inventory | 25,065.8 | 25,287.3 |
| Mortgage loans held for sale | 2,570.0 | 2,566.5 |
| Deferred tax asset, net | — | 44.5 |
| Property and equipment, net | 633.5 | 578.9 |
| Other assets | 4,270.1 | 3,797.2 |
| Goodwill | 163.5 | 163.5 |
| Total assets | $ 34,818.3 | $ 35,471.2 |
| **LIABILITIES** | | |
| Accounts payable | $ 1,114.6 | $ 1,221.9 |
| Deferred tax liability, net | 99.2 | — |
| Accrued expenses and other liabilities | 3,836.4 | 3,541.6 |
| Notes payable | 6,053.9 | 5,965.5 |
| Total liabilities | 11,104.1 | 10,729.0 |
| Commitments and contingencies (Note L) | | |
| **EQUITY** | | |
| Preferred stock, $.10 par value, 30,000,000 shares authorized, no shares issued | — | — |
| Common stock, $.01 par value, 1,000,000,000 shares authorized, 404,975,758 shares issued and 271,435,610 shares outstanding at September 30, 2026 and 404,031,443 shares issued and 294,475,153 shares outstanding at September 30, 2025 | 4.0 | 4.0 |
| Additional paid-in capital | 3,670.4 | 3,576.1 |
| Retained earnings | 33,417.5 | 31,041.4 |
| Treasury stock, 133,540,148 shares and 109,556,290 shares at September 30, 2026 and 2025, respectively, at cost | (13,982.4) | (10,431.1) |
| Stockholders' equity | 23,109.5 | 24,190.4 |
| Noncontrolling interests | 604.7 | 551.8 |
| Total equity | 23,714.2 | 24,742.2 |
| Total liabilities and equity | $ 34,818.3 | $ 35,471.2 |

See accompanying notes to consolidated financial statements.

**D.R. HORTON, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| | (In millions, except per share data) | | |
| Revenues | $ 33,043.4 | $ 34,250.4 | $ 36,801.4 |
| Cost of sales | 25,682.7 | 26,134.2 | 27,266.0 |
| Selling, general and administrative expense | 3,748.6 | 3,692.0 | 3,599.5 |
| Other (income) expense | (294.1) | (315.7) | (348.8) |
| Income before income taxes | 3,906.2 | 4,739.9 | 6,284.7 |
| Income tax expense | 968.8 | 1,119.0 | 1,478.7 |
| Net income | 2,937.4 | 3,620.9 | 4,806.0 |
| Net income attributable to noncontrolling interests | 48.0 | 35.7 | 49.6 |
| Net income attributable to D.R. Horton, Inc. | $ 2,889.4 | $ 3,585.2 | $ 4,756.4 |
| Net income per share attributable to D.R. Horton, Inc. | | | |
| Basic | $ 10.14 | $ 11.62 | $ 14.44 |
| Diluted | $ 10.11 | $ 11.57 | $ 14.34 |
| Weighted average shares outstanding | | | |
| Basic | 284.8 | 308.5 | 329.5 |
| Diluted | 285.8 | 309.9 | 331.6 |

See accompanying notes to consolidated financial statements.

## D.R. HORTON, INC. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF TOTAL EQUITY

| | Common Stock | Additional Paid-in Capital | Retained Earnings | Treasury Stock | Non-controlling Interests | Total Equity |
|---|---|---|---|---|---|---|
| | (In millions, except common stock share data) | | | | | |
| Balances at September 30, 2023 (334,848,565 shares) | $ 4.0 | $ 3,432.2 | $ 23,589.8 | $ (4,329.8) | $ 441.7 | $ 23,137.9 |
| Net income | — | — | 4,756.4 | — | 49.6 | 4,806.0 |
| Exercise of stock options (219,663 shares) | — | 5.2 | — | — | — | 5.2 |
| Stock issued under employee benefit plans (1,426,426 shares) | — | 20.4 | — | — | — | 20.4 |
| Cash paid for shares withheld for taxes | — | (83.9) | — | — | — | (83.9) |
| Stock-based compensation expense | — | 118.1 | — | — | — | 118.1 |
| Cash dividends declared ($1.20 per share) | — | — | (395.2) | — | — | (395.2) |
| Repurchases of common stock (12,467,294 shares) | — | — | — | (1,803.1) | — | (1,803.1) |
| Change of ownership interest in Forestar | — | (1.3) | — | — | 20.3 | 19.0 |
| Balances at September 30, 2024 (324,027,360 shares) | $ 4.0 | $ 3,490.7 | $ 27,951.0 | $ (6,132.9) | $ 511.6 | $ 25,824.4 |
| Net income | — | — | 3,585.2 | — | 35.7 | 3,620.9 |
| Stock issued under employee benefit plans (1,183,101 shares) | — | 22.5 | — | — | — | 22.5 |
| Cash paid for shares withheld for taxes | — | (64.2) | — | — | — | (64.2) |
| Stock-based compensation expense | — | 131.0 | — | — | — | 131.0 |
| Cash dividends declared ($1.60 per share) | — | — | (494.8) | — | — | (494.8) |
| Repurchases of common stock (30,735,308 shares) | — | — | — | (4,298.2) | — | (4,298.2) |
| Change of ownership interest in Forestar | — | (3.9) | — | — | 4.5 | 0.6 |
| Balances at September 30, 2025 (294,475,153 shares) | $ 4.0 | $ 3,576.1 | $ 31,041.4 | $(10,431.1) | $ 551.8 | $ 24,742.2 |
| Net income | — | — | 2,889.4 | — | 48.0 | 2,937.4 |
| Stock issued under employee benefit plans (944,315 shares) | — | 20.0 | — | — | — | 20.0 |
| Cash paid for shares withheld for taxes | — | (55.4) | — | — | — | (55.4) |
| Stock-based compensation expense | — | 134.0 | — | — | — | 134.0 |
| Cash dividends declared ($1.80 per share) | — | — | (513.3) | — | — | (513.3) |
| Repurchases of common stock (23,983,858 shares) | — | — | — | (3,551.3) | — | (3,551.3) |
| Change of ownership interest in Forestar | — | (4.3) | — | — | 4.9 | 0.6 |
| Balances at September 30, 2026 (271,435,610 shares) | $ 4.0 | $ 3,670.4 | $ 33,417.5 | $(13,982.4) | $ 604.7 | $ 23,714.2 |

See accompanying notes to consolidated financial statements.

## D.R. HORTON, INC. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| | (In millions) | | |
| **OPERATING ACTIVITIES** | | | |
| Net income | $ 2,937.4 | $ 3,620.9 | $ 4,806.0 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 116.5 | 101.3 | 87.1 |
| Stock-based compensation expense | 134.0 | 131.0 | 118.1 |
| Deferred income taxes | 143.9 | 123.2 | 19.0 |
| Inventory and land option charges | 199.6 | 158.1 | 78.8 |
| Changes in operating assets and liabilities: | | | |
| Decrease in construction in progress and finished homes | 146.3 | 1,228.8 | 141.3 |
| Decrease (increase) in residential land and lots — developed, under development, held for development and held for sale | 21.2 | (1,884.3) | (2,576.5) |
| (Increase) decrease in rental properties | (23.8) | 195.4 | (214.6) |
| Increase in other assets | (421.0) | (248.2) | (331.4) |
| (Increase) decrease in mortgage loans held for sale | (3.5) | (89.0) | 42.4 |
| Increase in accounts payable, accrued expenses and other liabilities | 256.6 | 83.7 | 19.6 |
| Net cash provided by operating activities | 3,507.2 | 3,420.9 | 2,189.8 |
| **INVESTING ACTIVITIES** | | | |
| Expenditures for property and equipment | (160.4) | (137.4) | (165.3) |
| Proceeds from sale of assets | — | 22.9 | 19.4 |
| Payments related to business acquisitions, net of cash acquired | (124.1) | (53.1) | (40.4) |
| Other investing activities | (27.3) | (1.1) | (4.3) |
| Net cash used in investing activities | (311.8) | (168.7) | (190.6) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from notes payable | 5,423.6 | 3,272.0 | 2,086.3 |
| Repayment of notes payable | (5,378.5) | (3,142.8) | (1,055.8) |
| Repayment on mortgage repurchase facilities, net | (36.3) | (125.5) | (135.8) |
| Proceeds from stock associated with certain employee benefit plans | 18.3 | 18.5 | 20.6 |
| Cash paid for shares withheld for taxes | (55.4) | (64.2) | (83.9) |
| Cash dividends paid | (513.3) | (494.8) | (395.2) |
| Repurchases of common stock | (3,523.8) | (4,281.6) | (1,787.5) |
| Net proceeds from issuance of Forestar common stock | — | — | 19.7 |
| Net other financing activities | (47.9) | 55.5 | (23.7) |
| Net cash used in financing activities | (4,113.3) | (4,762.9) | (1,355.3) |
| Net (decrease) increase in cash, cash equivalents and restricted cash | (917.9) | (1,510.7) | 643.9 |
| Cash, cash equivalents and restricted cash at beginning of year | 3,033.3 | 4,544.0 | 3,900.1 |
| Cash, cash equivalents and restricted cash at end of year | $ 2,115.4 | $ 3,033.3 | $ 4,544.0 |

**D.R. HORTON, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| | (In millions) | | |
| **SUPPLEMENTAL CASH FLOW INFORMATION** | | | |
| Income taxes paid, net | $ 869.4 | $ 1,020.5 | $ 1,669.7 |
| **SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES** | | | |
| Notes payable issued for inventory | $ — | $ 5.5 | $ 43.4 |
| Reduction of notes payable upon deconsolidation of variable interest entity | $ — | $ — | $ (127.8) |
| Stock issued under employee incentive plans | $ 114.7 | $ 147.6 | $ 174.3 |
| Repurchases of common stock not settled | $ 34.6 | $ — | $ — |

See accompanying notes to consolidated financial statements.

**D.R. HORTON, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Basis of Presentation*

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) and include the accounts of D.R. Horton, Inc. and all of its wholly owned, majority-owned and controlled subsidiaries, which are collectively referred to as the Company, unless the context otherwise requires. Noncontrolling interests represent the proportionate equity interests in consolidated entities that are not 100% owned by the Company. As of September 30, 2026, the Company owned a 62% controlling interest in Forestar Group Inc. (Forestar) and therefore is required to consolidate 100% of Forestar within its consolidated financial statements, and the 38% interest the Company does not own is accounted for as noncontrolling interests. All intercompany accounts, transactions and balances have been eliminated in consolidation.

### *Use of Estimates*

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

### *Revenue Recognition*

Homebuilding revenue and related profit are generally recognized at the time of the closing of a sale, when title to and possession of the property are transferred to the buyer. The Company's performance obligation, to deliver the agreed-upon home, is generally satisfied in less than one year from the original contract date. Proceeds from home closings held for the Company's benefit at title companies are included in homebuilding cash and cash equivalents in the consolidated balance sheets.

When the Company executes sales contracts with its homebuyers, or when it requires advance payment from homebuyers for custom changes, upgrades or options related to their homes, the cash deposits received are recorded as liabilities until the homes are closed or the contracts are cancelled. The Company either retains or refunds to the homebuyer deposits on cancelled sales contracts, depending upon the applicable provisions of the contract or other circumstances.

Forestar's land and lot sales revenue and related profit are generally recognized at the time of the closing of a sale, when title to and possession of the property are transferred to a third-party buyer. Forestar's revenues from land and lot sales to D.R. Horton are eliminated in the consolidated financial statements.

The Company rarely purchases unimproved land for resale, but periodically may elect to sell parcels of land that do not fit into its strategic operating plans. Revenue from land sales is typically recognized on the closing date, which is generally when performance obligations are satisfied.

The Company's rental operations develop, construct, lease and sell residential multi-family and single-family rental properties. Revenue is recognized from the sale of these properties on the closing date, which is when performance obligations are satisfied. Rental income from these properties is recognized as other income.

Financial services revenues associated with the Company's title operations are recognized as closing services are rendered and title insurance policies are issued, both of which generally occur simultaneously as each home is closed. Revenues associated with the Company's mortgage operations primarily include net gains on the sale of mortgage loans and servicing rights. The Company typically elects the fair value option for its mortgage loan originations whereby mortgage loans held for sale are recorded at fair value based on either sale commitments or current market quotes and loan values are adjusted through revenues for subsequent changes in fair value until the loans are sold. Expected gains and losses from the sale of loans, adjusted for (i) estimated costs to complete and originate the loan and (ii) the estimated percentage of written loan commitments that will result in a closed mortgage loan, are included in the measurement of all

written loan commitments that are accounted for at fair value through revenues at the time of commitment. The Company sells substantially all of the mortgages it originates and the related servicing rights to third-party purchasers, typically within 60 days of origination. Interest income is earned from the date a mortgage loan is originated until the loan is sold.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. Proceeds from home closings held for the Company's benefit at title companies, which totaled $301.7 million and $341.7 million at September 30, 2026 and 2025, respectively, are included in homebuilding cash and cash equivalents in the consolidated balance sheets.

Cash balances of the Company's captive insurance subsidiary, which are expected to be used to fund the subsidiary's operations and pay future anticipated legal claims, were $61.7 million and $68.5 million at September 30, 2026 and 2025, respectively, and are included in cash and cash equivalents in the consolidated balance sheets.

***Restricted Cash***

The Company has cash that is restricted as to its use. Restricted cash related to homebuilding and land development operations includes customer deposits that are temporarily restricted in accordance with regulatory requirements. Restricted cash related to financial services is mortgagor related funds held by the Company for taxes and insurance on an interim basis until the loans are sold.

***Inventories and Cost of Sales***

Inventory includes the costs of direct land acquisition, land development and construction, capitalized interest, real estate taxes and direct overhead costs incurred during development and construction. Costs incurred after projects or homes are substantially complete, such as utilities, maintenance and cleaning, are charged to selling, general and administrative (SG&A) expense as incurred. All indirect overhead costs, such as compensation of sales personnel, division and region management, and the costs of advertising and builder's risk insurance are charged to SG&A expense as incurred.

Land and development costs are typically allocated to individual residential lots on a pro-rata basis, and the costs of residential lots are transferred to construction in progress when home construction begins. Home construction costs are specifically identified and recorded to individual homes. Cost of sales for homes closed includes the specific construction costs of each home and all applicable land acquisition, land development and related costs (both incurred and estimated to be incurred) allocated to each residential lot based upon the total number of homes expected to be closed in each community. Cost of sales for lots sold includes all applicable land acquisition, land development and related costs (both incurred and estimated to be incurred) allocated to each residential lot in the community. Any changes to the estimated total development costs after the initial home or lot closings in a community are generally allocated on a pro-rata basis to the remaining homes or lots in the community associated with the relevant development activity. Development and construction costs incurred related to the rental operations are recorded as rental property inventory. Cost of sales related to the rental operations include the specific construction costs and all applicable land acquisition, land development and related costs for each rental project.

When a home is closed, the Company generally has not paid all of the incurred costs necessary to complete the home. A liability and a corresponding charge to cost of sales are recorded for the amount estimated to ultimately be paid related to completed homes that have been closed. Home construction budgets are compared to actual recorded costs to determine the additional costs remaining to be paid on each closed home.

The Company rarely purchases land for resale. However, when the Company owns land or communities under development that do not fit into its development and construction plans, and the Company determines that it will sell the asset, the project is accounted for as land held for sale if certain criteria are met. The Company records land held for sale at the lesser of its carrying value or fair value less estimated costs to sell.

At the end of each quarter, the Company reviews the performance and outlook for all of its communities, rental properties and land inventories for indicators of potential impairment. If indicators of impairment are present for a community, the Company performs an impairment evaluation of the community, which includes an analysis to determine if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts. The Company's estimate of undiscounted cash flows from communities analyzed may change and could result in a future need to record impairment charges to adjust the carrying value of these assets to their estimated fair value. There are several factors which could lead to changes in the estimates of undiscounted future cash flows for a given community. The most significant of these includes pricing and incentive levels realized by the community, the rate at which the homes are sold and the costs incurred to develop the lots and construct the homes. Pricing and incentive levels are often interrelated with sales pace in a community, such that a price reduction is typically expected to increase the sales pace. Further, both of these factors are heavily influenced by the competitive pressures facing a given community from both new and existing homes. If conditions in the broader economy, homebuilding industry or specific markets in which the Company operates worsen, and as the Company evaluates specific community pricing and incentives, construction and development plans, and its overall land sale strategies, it may be required to evaluate additional communities for potential impairment. This may result in impairment charges which could be significant.

When events or circumstances indicate that the carrying values on finished homes in substantially completed communities and completed rental properties are greater than the fair values less estimated costs to sell these homes and properties, impairment charges are also recorded. The key assumptions relating to inventory valuations are impacted by local market and economic conditions and are inherently uncertain. Due to uncertainties in the estimation process, actual results could differ from such estimates. See Note C.

***Capitalized Interest***

The Company capitalizes interest costs incurred to inventory during active development and construction (active inventory). Capitalized interest is charged to cost of sales as the related inventory is delivered to the buyer. During periods in which the Company's active inventory is lower than its debt level, a portion of the interest incurred is reflected as interest expense in the period incurred. During fiscal 2026, 2025 and 2024, the Company's active inventory exceeded its debt level, and all interest incurred was capitalized to inventory. See Note E.

***Land and Lot Purchase Contracts***

The Company enters into land and lot purchase contracts to acquire land or lots for the construction of homes. Under these contracts, the Company will fund a stated deposit in consideration for the right, but not the obligation, to purchase land or lots at a future point in time with predetermined terms. Under the terms of many of the purchase contracts, the deposits are not refundable in the event the Company elects to terminate the contract. Land purchase contract deposits and capitalized pre-acquisition costs are expensed to cost of sales when the Company believes it is probable that it will not acquire the property under contract and will not be able to recover these costs through other means. See Notes C and L.

***Variable Interests***

Land purchase contracts can result in the creation of a variable interest in the entity holding the land parcel under contract. No variable interest entities were consolidated in the Company's balance sheets at September 30, 2026 or 2025 because, with regard to each entity, the Company determined it did not control the activities that most significantly impact the variable interest entity's economic performance.

The maximum exposure to losses related to the Company's unconsolidated variable interest entities is limited to the amounts of the Company's related deposits. At September 30, 2026 and 2025, the deposits related to these contracts totaled $2.4 billion and $2.1 billion, respectively, and are included in other assets in the consolidated balance sheets.

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Repairs and maintenance costs are expensed as incurred. Depreciation generally is recorded using the straight-line method over the estimated useful life of the asset. The depreciable life of model home furniture is 2 years, depreciable lives of other furniture and equipment typically range from 2 to 5 years, and depreciable lives of buildings and improvements typically range from 5 to 30 years. See Note F.

***Business Acquisitions***

The Company accounts for acquisitions of businesses by allocating the purchase price of the business to the various assets acquired and liabilities assumed at their respective fair values. Any excess of the purchase price over the estimated fair values of the identifiable net assets acquired is recorded as goodwill. Significant judgment is often required in estimating the fair value of assets acquired, particularly intangible assets. These estimates and assumptions are based on historical experience, information obtained from the management of the acquired companies and the Company's estimates of significant assumptions that a market participant would use when determining fair value. While the Company believes the estimates and assumptions are reasonable, they are inherently uncertain. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions.

In October 2025, the Company acquired the homebuilding operations of SK Builders for approximately $80 million in cash. SK Builders operates in and around Greenville, South Carolina. The assets acquired included approximately 160 homes in inventory, 260 lots and a sales order backlog of 110 homes. Through the acquisition, the Company also obtained control of approximately 1,320 additional lots through land purchase contracts.

In July 2026, the Company acquired the homebuilding operations of Clearview Homes for approximately $40 million in cash. Clearview Homes operates in and around Detroit, Michigan.

***Goodwill***

The Company records goodwill associated with its acquisitions of businesses when the purchase price of the business exceeds the fair value of the identifiable net assets acquired. Goodwill balances are evaluated for potential impairment on at least an annual basis by performing 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 an operating segment with goodwill is less than its carrying amount. If the qualitative assessment indicates that additional impairment testing is required, then a quantitative assessment is performed to determine the operating segment's fair value. The estimated fair value is determined by discounting the future cash flows of the operating segment to present value. If the carrying value of the operating segment exceeds its fair value, the Company records a goodwill impairment by the amount that an operating segment's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. As a result of the qualitative assessments performed in fiscal 2026, 2025 and 2024, no impairment charges were indicated or recorded.

The Company's goodwill balances by reporting segment were as follows:

| | September 30, | |
|---|---|---|
| | 2026 | 2025 |
| | (In millions) | |
| Northwest | $ 2.2 | $ 2.2 |
| Southwest | — | — |
| South Central | 15.9 | 15.9 |
| Southeast | 6.0 | 6.0 |
| East | 60.5 | 60.5 |
| North | 49.7 | 49.7 |
| Forestar | 29.2 | 29.2 |
| Total goodwill | $ 163.5 | $ 163.5 |

***Warranty Claims***

The Company typically provides its homebuyers with a ten-year limited warranty for major defects in structural elements such as framing components and foundation systems, a two-year limited warranty on major mechanical systems and a one-year limited warranty on other construction components of the home. Because the Company subcontracts its construction work to subcontractors who typically provide it with an indemnity and a certificate of insurance before receiving payment for their work, claims relating to workmanship and materials are generally the primary responsibility of the subcontractors. Warranty liabilities have been established by charging cost of sales for each home delivered. The amounts charged are based on management's estimate of the warranty-related costs expected to be incurred in the future. The Company's warranty liability is based upon historical warranty cost experience in each market in which it operates. See Note L.

***Legal Claims and Insurance***

The Company records expenses and liabilities for legal claims related to construction defect matters, personal injury claims, employment matters, land development issues, contract disputes and other matters. The amounts recorded for these contingencies are based on the estimated costs of pending claims and the estimated costs of anticipated future claims related to previously closed homes. The Company estimates and records receivables under its applicable insurance policies for these legal claims when recovery is probable. However, because the self-insured retentions under these policies are significant, the Company anticipates it will largely be self-insured. Additionally, the Company may have the ability to recover a portion of its losses from its subcontractors and their insurance carriers when the Company has been named as an additional insured on their insurance policies. See Note L.

***Advertising Costs***

The Company expenses advertising costs as incurred. Advertising expense was approximately $137.5 million, $108.2 million and $72.3 million in fiscal 2026, 2025 and 2024, respectively, and is included in SG&A expense in the consolidated statements of operations.

***Income Taxes***

The Company's income tax expense is calculated using the asset and liability method, under which deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the financial statement amounts of assets and liabilities and their respective tax bases and attributable to net operating losses and tax credit carryforwards. When assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of its deferred tax assets will not be realized. The realization of deferred tax assets is dependent upon the generation of sufficient taxable income in future periods and in the jurisdictions in which those temporary differences become deductible. The Company records a valuation allowance when it determines it is more likely than not that a portion of the deferred tax assets will not be realized. The accounting for deferred taxes is based upon estimates of future results. Differences between the anticipated and actual outcomes of these future results could have a material impact on the Company's consolidated results of operations or financial position. Also, changes in existing federal and state tax laws and tax rates could affect future tax results and the valuation of the Company's deferred tax assets and liabilities. See Note H.

Interest and penalties related to unrecognized tax benefits are recognized in the financial statements as a component of income tax expense. Significant judgment is required to evaluate uncertain tax positions. The Company evaluates its uncertain tax positions on a quarterly basis. The evaluations are based upon a number of factors, including changes in facts or circumstances, changes in tax law, correspondence with tax authorities during the course of audits and effective settlement of audit issues. Changes in the recognition or measurement of uncertain tax positions could result in increases or decreases in the Company's income tax expense in the period in which the change is made. The Company had no unrecognized tax benefits at September 30, 2026 or 2025.

***Earnings Per Share***

Basic earnings per share are based on the weighted average number of shares of common stock outstanding during each year. Diluted earnings per share are based on the weighted average number of shares of common stock and dilutive securities outstanding during each year. See Note I.

***Stock-Based Compensation***

The Company's stockholders formally authorize shares of its common stock to be available for future grants of stock-based compensation awards. From time to time, the Compensation Committee of the Company's Board of Directors (Compensation Committee) authorizes the grant of stock-based compensation to its employees and directors from these available shares. At September 30, 2026, all outstanding stock-based compensation awards were in the form of restricted stock units. Grants of restricted stock units vest over a certain number of years as determined by the Compensation Committee. Restricted stock units outstanding at September 30, 2026 have a remaining vesting period up to 4.1 years. Compensation expense for restricted stock unit awards is based on the fair value of the award (the Company's stock price on the date of grant) and is recognized on a straight-line basis over the remaining vesting period. See Note K.

***Fair Value Measurements***

The Financial Accounting Standards Board's authoritative guidance for fair value measurements establishes a three-level hierarchy based upon the inputs to the valuation model of an asset or liability. When available, the Company uses quoted market prices in active markets to determine fair value. The Company considers the principal market and nonperformance risk associated with the Company's counterparties when determining the fair value measurements, if applicable. Fair value measurements are used for the Company's mortgage loans held for sale, mortgage servicing rights, builder forward contracts, interest rate lock commitments and other derivative instruments on a recurring basis and are used for inventories, other mortgage loans and real estate owned on a nonrecurring basis, when events and circumstances indicate that the carrying value is not recoverable. See Note N.

***Recent Accounting Pronouncements***

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, "Income Taxes - Improvements to Income Tax Disclosures," which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation and modifies other income tax related disclosures. The standard became effective for the Company's annual periods beginning in fiscal 2026. The Company adopted this standard retrospectively for the annual reporting period ended September 30, 2026. See Note H for the related disclosures.

In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures," which requires disclosure of certain costs and expenses on an interim and annual basis in the notes to the financial statements. The standard is effective for the Company's annual periods beginning in fiscal 2028 and interim periods beginning in the first quarter of fiscal 2029, with early adoption permitted. The Company is currently evaluating the impact this standard will have on its disclosures.

## NOTE B – SEGMENT INFORMATION

The Company's operating segments are its 92 homebuilding divisions, its rental operations, its majority-owned Forestar residential lot development operations, its financial services operations and its other business activities. The Company's reporting segments are its homebuilding reporting segments, its rental operations segment, its Forestar lot development segment and its financial services segment. The accounting policies of the reporting segments are described throughout Note A.

***Homebuilding***

The homebuilding operating segments are aggregated into six reporting segments. The reporting segments and the states in which the Company has homebuilding operations are as follows:

| | |
|---|---|
| Northwest: | Colorado, Idaho, Oregon, Utah and Washington |
| Southwest: | Arizona, California, Hawaii, Nevada and New Mexico |
| South Central: | Arkansas, Oklahoma and Texas |
| Southeast: | Alabama, Florida, Louisiana and Mississippi |
| East: | Georgia, North Carolina, South Carolina and Tennessee |
| North: | Delaware, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Missouri, Nebraska, New Jersey, Ohio, Pennsylvania, Virginia, West Virginia and Wisconsin |

Homebuilding is the Company's core business, generating 93% of consolidated revenues in fiscal 2026 compared to 92% of consolidated revenues in fiscal 2025 and 2024. The Company's homebuilding divisions are primarily engaged in the acquisition and development of land and the construction and sale of residential homes, with operations in 128 markets across 38 states. Most of the revenue generated by the Company's homebuilding operations is from the sale of completed homes and to a lesser extent from the sale of land and lots.

***Rental***

The Company's rental segment consists of single-family and multi-family rental operations. Single-family rental operations construct homes within build-to-rent communities and then either sell homes to an investor as they are completed or lease them and market the entire community for a bulk sale. Multi-family rental operations develop, construct, lease and sell residential rental properties, the substantial majority of which are apartment communities.

***Forestar***

The Forestar segment is a residential lot development company with operations in 65 markets across 24 states. The Company's homebuilding divisions acquire finished lots from Forestar in accordance with the master supply agreement between the two companies. Forestar's segment results are presented on their historical cost basis, consistent with the manner in which management evaluates segment performance.

***Financial Services***

The Company's financial services segment provides mortgage financing, title agency services and title insurance to homebuyers in many of the Company's homebuilding markets. The segment generates the substantial majority of its revenues from originating and selling mortgages, collecting premiums and fees for escrow closing services and collecting premiums for title insurance. The Company sells substantially all of the mortgages it originates and the related servicing rights to third-party purchasers, typically within 60 days of origination.

***Other***

In addition to its homebuilding, rental, Forestar and financial services operations, the Company engages in other business activities through its subsidiaries. The Company conducts insurance-related operations, owns water rights and other water-related assets and owns non-residential real estate including ranch land and improvements. The results of these operations are immaterial for separate reporting and therefore are grouped together and presented in the Eliminations and Other column in the tables that follow.

**D.R. HORTON, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Company's Chief Executive Officer, Chief Operating Officer and Chief Financial Officer are its Chief Operating Decision Makers (CODMs). The CODMs evaluate segment performance primarily based on revenues, pre-tax income and inventories for all reporting segments. Revenues, pre-tax income and inventories at the segment level are compared to forecasted results to evaluate the performance of each segment and assist in decision making regarding capital allocation between segments. The tables that follow present financial information pertaining to the Company's reporting segments.

| | September 30, 2026 | | | | | |
|---|---|---|---|---|---|---|
| | Homebuilding | Rental | Forestar | Financial Services | Eliminations and Other (1) | Consolidated |
| | (In millions) | | | | | |
| Assets | | | | | | |
| Cash and cash equivalents | $ 1,029.2 | $ 108.0 | $ 657.0 | $ 248.0 | $ 18.2 | $ 2,060.4 |
| Restricted cash | 30.3 | 3.9 | — | 20.8 | — | 55.0 |
| Inventories: | | | | | | |
| Construction in progress and finished homes | 7,618.9 | — | — | — | (99.0) | 7,519.9 |
| Residential land and lots — developed and under development | 12,627.2 | — | 2,388.0 | — | (323.6) | 14,691.6 |
| Land held for development | 52.1 | — | 142.8 | — | — | 194.9 |
| Land held for sale | 26.8 | — | — | — | — | 26.8 |
| Rental properties | — | 2,640.6 | — | — | (8.0) | 2,632.6 |
| | 20,325.0 | 2,640.6 | 2,530.8 | — | (430.6) | 25,065.8 |
| Mortgage loans held for sale | — | — | — | 2,570.0 | — | 2,570.0 |
| Property and equipment, net | 582.9 | 0.3 | 6.9 | 3.9 | 39.5 | 633.5 |
| Other assets | 3,700.9 | 57.3 | 115.2 | 408.7 | (12.0) | 4,270.1 |
| Goodwill | 134.3 | — | — | — | 29.2 | 163.5 |
| | $ 25,802.6 | $ 2,810.1 | $ 3,309.9 | $ 3,251.4 | $ (355.7) | $ 34,818.3 |
| Liabilities | | | | | | |
| Accounts payable | $ 962.4 | $ 270.3 | $ 64.5 | $ — | $ (182.6) | $ 1,114.6 |
| Deferred tax liability, net | (12.4) | 51.4 | 100.1 | 8.1 | (48.0) | 99.2 |
| Accrued expenses and other liabilities | 3,161.4 | 65.4 | 433.5 | 533.7 | (357.6) | 3,836.4 |
| Notes payable | 3,477.5 | 410.2 | 794.2 | 1,372.0 | — | 6,053.9 |
| | $ 7,588.9 | $ 797.3 | $ 1,392.3 | $ 1,913.8 | $ (588.2) | $ 11,104.1 |

(1) Amounts include the balances of the Company's other businesses and the elimination of intercompany transactions.

**D.R. HORTON, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

| | September 30, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Homebuilding | Rental | Forestar | Financial Services | Eliminations and Other (1) | Consolidated |
| | (In millions) | | | | | |
| Assets | | | | | | |
| Cash and cash equivalents | $ 2,210.5 | $ 140.8 | $ 379.2 | $ 244.5 | $ 10.4 | $ 2,985.4 |
| Restricted cash | 25.5 | 2.5 | — | 19.9 | — | 47.9 |
| Inventories: | | | | | | |
| Construction in progress and finished homes | 7,743.7 | — | — | — | (95.2) | 7,648.5 |
| Residential land and lots — developed and under development | 12,513.1 | — | 2,465.1 | — | (282.4) | 14,695.8 |
| Land held for development | 38.3 | — | 180.0 | — | — | 218.3 |
| Land held for sale | 21.4 | — | — | — | — | 21.4 |
| Rental properties | — | 2,710.4 | — | — | (7.1) | 2,703.3 |
| | 20,316.5 | 2,710.4 | 2,645.1 | — | (384.7) | 25,287.3 |
| Mortgage loans held for sale | — | — | — | 2,566.5 | — | 2,566.5 |
| Deferred tax asset, net | 125.7 | (42.2) | — | — | (39.0) | 44.5 |
| Property and equipment, net | 543.0 | 0.6 | 8.1 | 4.3 | 22.9 | 578.9 |
| Other assets | 3,344.1 | 38.9 | 104.6 | 220.6 | 89.0 | 3,797.2 |
| Goodwill | 134.3 | — | — | — | 29.2 | 163.5 |
| | $ 26,699.6 | $ 2,851.0 | $ 3,137.0 | $ 3,055.8 | $ (272.2) | $ 35,471.2 |
| Liabilities | | | | | | |
| Accounts payable | $ 1,016.8 | $ 230.6 | $ 71.0 | $ 0.7 | $ (97.2) | $ 1,221.9 |
| Accrued expenses and other liabilities | 3,122.1 | 34.7 | 494.3 | 294.7 | (404.2) | 3,541.6 |
| Notes payable | 3,154.4 | 600.0 | 802.8 | 1,408.3 | — | 5,965.5 |
| | $ 7,293.3 | $ 865.3 | $ 1,368.1 | $ 1,703.7 | $ (501.4) | $ 10,729.0 |

(1) Amounts include the balances of the Company's other businesses and the elimination of intercompany transactions.

**D.R. HORTON, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

| | Year Ended September 30, 2026 | | | | | |
|---|---|---|---|---|---|---|
| | Homebuilding | Rental | Forestar | Financial Services | Eliminations and Other (1) | Consolidated |
| | (In millions) | | | | | |
| Revenues | | | | | | |
| Home sales | $ 30,617.8 | $ — | $ — | $ — | $ — | $ 30,617.8 |
| Land/lot sales and other | 43.3 | — | 1,635.1 | — | (1,304.6) | 373.8 |
| Rental property sales | — | 1,234.5 | — | — | — | 1,234.5 |
| Financial services | — | — | — | 817.3 | — | 817.3 |
| | 30,661.1 | 1,234.5 | 1,635.1 | 817.3 | (1,304.6) | 33,043.4 |
| Cost of sales | | | | | | |
| Home sales (2) | 24,437.3 | — | — | — | (271.5) | 24,165.8 |
| Land/lot sales and other | 32.2 | — | 1,293.7 | — | (1,062.3) | 263.6 |
| Rental property sales | — | 1,058.0 | — | — | (4.3) | 1,053.7 |
| Inventory and land option charges | 86.0 | 94.4 | 19.0 | — | 0.2 | 199.6 |
| | 24,555.5 | 1,152.4 | 1,312.7 | — | (1,337.9) | 25,682.7 |
| Selling, general and administrative expense | 2,731.3 | 207.5 | 151.0 | 640.3 | 18.5 | 3,748.6 |
| Other (income) expense (3) | (49.3) | (143.6) | (20.7) | (81.1) | 0.6 | (294.1) |
| Income before income taxes | $ 3,423.6 | $ 18.2 | $ 192.1 | $ 258.1 | $ 14.2 | $ 3,906.2 |
| Summary Cash Flow Information | | | | | | |
| Depreciation and amortization | $ 108.3 | $ 1.7 | $ 3.7 | $ 1.9 | $ 0.9 | $ 116.5 |
| Cash provided by operating activities | $ 2,716.2 | $ 148.6 | $ 289.5 | $ 271.1 | $ 81.8 | $ 3,507.2 |

(1) Amounts include the results of the Company's other businesses and the elimination of intercompany transactions.

(2) Amount in the Eliminations and Other column represents the recognition of profit on lots sold from Forestar to the homebuilding segment. Intercompany profit is eliminated in the consolidated financial statements when Forestar sells lots to the homebuilding segment and is recognized in the consolidated financial statements when the homebuilding segment closes homes on the lots to homebuyers.

(3) Other (income) expense primarily includes interest and rental income but also consists of various other types of ancillary income, gains, expenses and losses not directly associated with sales of homes, land and lots.

**D.R. HORTON, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

| | Year Ended September 30, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Homebuilding | Rental | Forestar | Financial Services | Eliminations and Other (1) | Consolidated |
| | (In millions) | | | | | |
| Revenues | | | | | | |
| Home sales | $ 31,432.0 | $ — | $ — | $ — | $ — | $ 31,432.0 |
| Land/lot sales and other | 83.5 | — | 1,662.4 | — | (1,409.1) | 336.8 |
| Rental property sales | — | 1,640.4 | — | — | — | 1,640.4 |
| Financial services | — | — | — | 841.2 | — | 841.2 |
| | 31,515.5 | 1,640.4 | 1,662.4 | 841.2 | (1,409.1) | 34,250.4 |
| Cost of sales | | | | | | |
| Home sales (2) | 24,664.9 | — | — | — | (227.3) | 24,437.6 |
| Land/lot sales and other | 50.1 | — | 1,291.7 | — | (1,132.5) | 209.3 |
| Rental property sales | — | 1,333.4 | — | — | (4.2) | 1,329.2 |
| Inventory and land option charges | 144.2 | 7.3 | 7.2 | — | (0.6) | 158.1 |
| | 24,859.2 | 1,340.7 | 1,298.9 | — | (1,364.6) | 26,134.2 |
| Selling, general and administrative expense | 2,623.1 | 245.2 | 154.4 | 651.4 | 17.9 | 3,692.0 |
| Other (income) expense (3) | (101.7) | (115.5) | (10.2) | (88.9) | 0.6 | (315.7) |
| Income before income taxes | $ 4,134.9 | $ 170.0 | $ 219.3 | $ 278.7 | $ (63.0) | $ 4,739.9 |
| Summary Cash Flow Information | | | | | | |
| Depreciation and amortization | $ 93.4 | $ 2.0 | $ 3.5 | $ 1.8 | $ 0.6 | $ 101.3 |
| Cash provided by (used in) operating activities | $ 3,407.6 | $ 105.5 | $ (197.7) | $ 173.2 | $ (67.7) | $ 3,420.9 |

(1) Amounts include the results of the Company's other businesses and the elimination of intercompany transactions.

(2) Amount in the Eliminations and Other column represents the recognition of profit on lots sold from Forestar to the homebuilding segment. Intercompany profit is eliminated in the consolidated financial statements when Forestar sells lots to the homebuilding segment and is recognized in the consolidated financial statements when the homebuilding segment closes homes on the lots to homebuyers.

(3) Other (income) expense primarily includes interest and rental income but also consists of various other types of ancillary income, gains, expenses and losses not directly associated with sales of homes, land and lots.

**D.R. HORTON, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

| | Year Ended September 30, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Homebuilding | Rental | Forestar | Financial Services | Eliminations and Other (1) | Consolidated |
| | (In millions) | | | | | |
| Revenues | | | | | | |
| Home sales | $ 33,903.6 | $ — | $ — | $ — | $ — | $ 33,903.6 |
| Land/lot sales and other | 58.2 | — | 1,509.4 | — | (1,237.4) | 330.2 |
| Rental property sales | — | 1,685.1 | — | — | — | 1,685.1 |
| Financial services | — | — | — | 882.5 | — | 882.5 |
| | 33,961.8 | 1,685.1 | 1,509.4 | 882.5 | (1,237.4) | 36,801.4 |
| Cost of sales | | | | | | |
| Home sales (2) | 25,952.1 | — | — | — | (262.9) | 25,689.2 |
| Land/lot sales and other | 40.0 | — | 1,145.9 | — | (989.8) | 196.1 |
| Rental property sales | — | 1,315.9 | — | — | (14.0) | 1,301.9 |
| Inventory and land option charges | 68.9 | 5.8 | 4.1 | — | — | 78.8 |
| | 26,061.0 | 1,321.7 | 1,150.0 | — | (1,266.7) | 27,266.0 |
| Selling, general and administrative expense | 2,553.3 | 236.2 | 118.5 | 672.4 | 19.1 | 3,599.5 |
| Other (income) expense (3) | (107.6) | (101.5) | (29.2) | (101.1) | (9.4) | (348.8) |
| Income before income taxes | $ 5,455.1 | $ 228.7 | $ 270.1 | $ 311.2 | $ 19.6 | $ 6,284.7 |
| Summary Cash Flow Information | | | | | | |
| Depreciation and amortization | $ 79.4 | $ 2.4 | $ 3.0 | $ 1.8 | $ 0.5 | $ 87.1 |
| Cash provided by (used in) operating activities | $ 2,239.0 | $ (231.0) | $ (158.6) | $ 281.6 | $ 58.8 | $ 2,189.8 |

(1) Amounts include the results of the Company's other businesses and the elimination of intercompany transactions.

(2) Amount in the Eliminations and Other column represents the recognition of profit on lots sold from Forestar to the homebuilding segment. Intercompany profit is eliminated in the consolidated financial statements when Forestar sells lots to the homebuilding segment and is recognized in the consolidated financial statements when the homebuilding segment closes homes on the lots to homebuyers.

(3) Other (income) expense primarily includes interest and rental income but also consists of various other types of ancillary income, gains, expenses and losses not directly associated with sales of homes, land and lots.

**D.R. HORTON, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Revenues, expenses and pre-tax income of the Company's homebuilding segment are disaggregated into the individual homebuilding reporting segments in the tables below. Expenses maintained at the corporate level consist primarily of homebuilding interest and property taxes, which are capitalized and amortized to cost of sales or expensed directly, and the expenses related to operating the Company's corporate office. The amortization of capitalized interest and property taxes is allocated to each homebuilding segment based on the segment's cost of sales, while expenses associated with the corporate office are allocated to each homebuilding segment based on the segment's inventory balances.

| **Homebuilding Results by Reporting Segment** | **Year Ended September 30, 2026** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Northwest** | **Southwest** | **South Central** | **Southeast** | **East** | **North** | **Total** |
| | | | | **(In millions)** | | | |
| Revenues | | | | | | | |
| Home sales | $ 2,384.7 | $ 4,312.0 | $ 6,551.9 | $ 6,628.3 | $ 6,183.6 | $ 4,557.3 | $ 30,617.8 |
| Land/lot sales and other | 3.6 | 15.1 | 1.2 | 15.3 | 0.8 | 7.3 | 43.3 |
| | 2,388.3 | 4,327.1 | 6,553.1 | 6,643.6 | 6,184.4 | 4,564.6 | 30,661.1 |
| Cost of sales | | | | | | | |
| Home sales | 1,930.7 | 3,479.4 | 5,152.1 | 5,315.8 | 4,953.6 | 3,605.7 | 24,437.3 |
| Land/lot sales and other | 2.0 | 12.1 | 0.2 | 12.8 | — | 5.1 | 32.2 |
| Inventory and land option charges | 5.0 | 6.8 | 27.3 | 15.1 | 25.4 | 6.4 | 86.0 |
| | 1,937.7 | 3,498.3 | 5,179.6 | 5,343.7 | 4,979.0 | 3,617.2 | 24,555.5 |
| Selling, general and administrative expense | 222.7 | 358.8 | 580.1 | 598.8 | 571.9 | 399.0 | 2,731.3 |
| Other (income) expense | (5.3) | (7.9) | (8.7) | (11.0) | (9.3) | (7.1) | (49.3) |
| Income before income taxes | $ 233.2 | $ 477.9 | $ 802.1 | $ 712.1 | $ 642.8 | $ 555.5 | $ 3,423.6 |

| **Homebuilding Results by Reporting Segment** | **Year Ended September 30, 2025** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Northwest** | **Southwest** | **South Central** | **Southeast** | **East** | **North** | **Total** |
| | | | | **(In millions)** | | | |
| Revenues | | | | | | | |
| Home sales | $ 2,685.7 | $ 4,573.7 | $ 6,885.4 | $ 6,939.4 | $ 6,131.1 | $ 4,216.7 | $ 31,432.0 |
| Land/lot sales and other | 0.5 | 21.6 | 13.9 | 31.8 | 6.9 | 8.8 | 83.5 |
| | 2,686.2 | 4,595.3 | 6,899.3 | 6,971.2 | 6,138.0 | 4,225.5 | 31,515.5 |
| Cost of sales | | | | | | | |
| Home sales | 2,075.7 | 3,695.4 | 5,350.7 | 5,510.1 | 4,768.1 | 3,264.9 | 24,664.9 |
| Land/lot sales and other | 0.2 | 19.9 | 10.0 | 9.0 | 4.8 | 6.2 | 50.1 |
| Inventory and land option charges | 3.8 | 16.7 | 36.7 | 45.4 | 29.2 | 12.4 | 144.2 |
| | 2,079.7 | 3,732.0 | 5,397.4 | 5,564.5 | 4,802.1 | 3,283.5 | 24,859.2 |
| Selling, general and administrative expense | 220.0 | 361.9 | 558.3 | 587.8 | 522.1 | 373.0 | 2,623.1 |
| Other (income) expense | (9.2) | (15.7) | (21.0) | (21.0) | (20.2) | (14.6) | (101.7) |
| Income before income taxes | $ 395.7 | $ 517.1 | $ 964.6 | $ 839.9 | $ 834.0 | $ 583.6 | $ 4,134.9 |

**D.R. HORTON, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

| Homebuilding Results by Reporting Segment | Year Ended September 30, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Northwest | Southwest | South Central | Southeast | East | North | Total |
| | | | | (In millions) | | | |
| Revenues | | | | | | | |
| Home sales | $ 2,744.6 | $ 4,913.3 | $ 7,639.6 | $ 8,853.4 | $ 6,070.9 | $ 3,681.8 | $ 33,903.6 |
| Land/lot sales and other | 17.1 | 1.4 | 12.5 | 23.4 | 2.2 | 1.6 | 58.2 |
| | 2,761.7 | 4,914.7 | 7,652.1 | 8,876.8 | 6,073.1 | 3,683.4 | 33,961.8 |
| Cost of sales | | | | | | | |
| Home sales | 2,121.2 | 3,862.5 | 5,765.4 | 6,790.5 | 4,534.8 | 2,877.7 | 25,952.1 |
| Land/lot sales and other | 14.8 | 0.1 | 8.1 | 15.9 | 0.6 | 0.5 | 40.0 |
| Inventory and land option charges | 4.4 | 12.7 | 11.4 | 18.4 | 11.9 | 10.1 | 68.9 |
| | 2,140.4 | 3,875.3 | 5,784.9 | 6,824.8 | 4,547.3 | 2,888.3 | 26,061.0 |
| Selling, general and administrative expense | 211.1 | 354.1 | 557.0 | 634.4 | 484.6 | 312.1 | 2,553.3 |
| Other (income) expense | (10.6) | (18.2) | (21.2) | (23.8) | (18.4) | (15.4) | (107.6) |
| Income before income taxes | $ 420.8 | $ 703.5 | $ 1,331.4 | $ 1,441.4 | $ 1,059.6 | $ 498.4 | $ 5,455.1 |

The Company's total inventories are disaggregated into the individual reporting segments in the table below. Inventories are the only assets included in the measure of segment assets used by the Company's chief operating decision makers.

| Inventories by Reporting Segment | September 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| | | (In millions) | |
| Homebuilding | | | |
| Northwest | $ 1,798.7 | $ 1,891.8 | $ 1,935.2 |
| Southwest | 2,864.3 | 3,068.5 | 3,278.9 |
| South Central | 3,891.0 | 3,931.9 | 3,728.0 |
| Southeast | 4,033.7 | 4,061.8 | 4,284.5 |
| East | 4,544.1 | 4,397.7 | 3,978.2 |
| North | 2,800.4 | 2,637.6 | 2,551.2 |
| Corporate and unallocated (1) | 392.8 | 327.2 | 275.0 |
| Total Homebuilding | 20,325.0 | 20,316.5 | 20,031.0 |
| Rental | 2,640.6 | 2,710.4 | 2,902.4 |
| Forestar | 2,530.8 | 2,645.1 | 2,266.2 |
| Eliminations and other (2) | (430.6) | (384.7) | (296.4) |
| Consolidated inventories | $ 25,065.8 | $ 25,287.3 | $ 24,903.2 |

(1) Corporate and unallocated consists primarily of homebuilding capitalized interest and property taxes.

(2) Amounts include the balances of the Company's other businesses and the elimination of intercompany transactions.

**NOTE C – INVENTORIES**

At the end of each quarter, the Company reviews the performance and outlook for all of its communities, rental properties and land inventories for indicators of potential impairment and performs detailed impairment evaluations and analyses when necessary. As of September 30, 2026, the Company performed detailed impairment evaluations of communities, rental properties and land inventories and determined that communities with a combined carrying value of $597.5 million were impaired, of which $541.4 million were in the rental segment. As a result, impairment charges of $105.8 million were recorded during the three months ended September 30, 2026 to reduce the carrying value of the related inventories to fair value. Of the fourth quarter impairments, $6.8 million related to the homebuilding segment, $91.4 million related to the rental segment and $7.6 million related to the Forestar segment. The impairments in the rental segment related to nine completed multi-family projects. Estimates of future cash flows from these projects may change and result in further impairments. If economic conditions worsen, the Company's disposition strategies for multi-family properties change or the Company modifies its construction and development plans, it may be required to evaluate other properties for potential impairment, which could result in impairment charges that could be significant. During fiscal 2026, impairment charges totaled $112.5 million compared to $33.0 million and $14.0 million in fiscal 2025 and 2024, respectively. Of the fiscal 2026 impairments, $13.5 million related to the homebuilding segment, $91.4 million related to the rental segment and $7.6 million related to the Forestar segment.

During fiscal 2026, 2025 and 2024, earnest money and pre-acquisition cost write-offs related to land purchase contracts that the Company has terminated or expects to terminate were $87.1 million, $125.1 million and $64.8 million, respectively. Inventory impairments and land option charges are included in cost of sales in the consolidated statements of operations.

## NOTE D – NOTES PAYABLE

The Company's notes payable at their carrying amounts consist of the following:

| | September 30, | |
|---|---|---|
| | 2026 | 2025 |
| | (In millions) | |
| **Homebuilding** | | |
| Revolving credit facility | $ 250.0 | $ — |
| 1.3% senior notes due 2026 (1) | 600.0 | 598.8 |
| 1.4% senior notes due 2027 (1) | 499.1 | 498.2 |
| 4.85% senior notes due 2030 (1) | 496.3 | 495.5 |
| 5.0% senior notes due 2034 (1) | 688.8 | 687.7 |
| 5.5% senior notes due 2035 (1) | 694.1 | 693.6 |
| Other notes | 249.2 | 180.6 |
| | 3,477.5 | 3,154.4 |
| **Rental** | | |
| Revolving credit facility | 410.0 | 600.0 |
| Other notes | 0.2 | — |
| | 410.2 | 600.0 |
| **Forestar** | | |
| Revolving credit facility | — | — |
| 5.0% senior notes due 2028 (2) | 299.2 | 298.7 |
| 6.5% senior notes due 2033 (2) | 495.0 | 494.2 |
| Other notes | — | 9.9 |
| | 794.2 | 802.8 |
| **Financial Services** | | |
| Mortgage repurchase facilities: | | |
| Committed facility | 1,081.0 | 1,103.5 |
| Uncommitted facility | 291.0 | 304.8 |
| | 1,372.0 | 1,408.3 |
| Total notes payable | $ 6,053.9 | $ 5,965.5 |

(1) Debt issuance costs that were deducted from the carrying amounts of the homebuilding senior notes totaled $15.4 million and $18.9 million at September 30, 2026 and 2025, respectively.

(2) Debt issuance costs that were deducted from the carrying amount of Forestar's senior notes totaled $5.8 million and $7.2 million at September 30, 2026 and 2025, respectively.

As of September 30, 2026, maturities of consolidated notes payable, assuming the mortgage repurchase facilities are repaid in fiscal 2027, are $2.2 billion in fiscal 2027, $820.1 million in fiscal 2028, $94.3 million in fiscal 2029, $410.0 million in fiscal 2030, $653.1 million in fiscal 2031 and $1.9 billion thereafter.

***Homebuilding***

The Company has a senior unsecured homebuilding revolving credit facility that was amended in March 2026 to increase its capacity from $2.3 billion to $3.3 billion. The amendment also extended the maturity dates of the facility. Of the total commitments, $265 million matures on October 28, 2027, $1.0 billion matures on March 27, 2029 and $2.0 billion matures on March 27, 2031. The facility has an uncommitted accordion feature that allows for an increase in its size to $4.0 billion, subject to certain conditions and availability of additional bank commitments. The facility also provides for the issuance of letters of credit with a sublimit equal to 100% of the total revolving credit commitments. Letters of credit issued under the facility reduce the available borrowing capacity. At September 30, 2026, there were $250 million of borrowings outstanding at a 4.8% annual interest rate and $243.9 million of letters of credit issued under the revolving credit facility, resulting in available capacity of $2.8 billion.

The Company's homebuilding revolving credit facility imposes restrictions on its operations and activities, including a requirement to maintain a maximum allowable leverage ratio and a borrowing base restriction that applies if the leverage ratio exceeds a certain level. These covenants are measured as defined in the credit agreement governing the facility and are reported to the lenders quarterly. A failure to comply with these financial covenants could allow the lending banks to terminate the availability of funds under the revolving credit facility or cause any outstanding borrowings to become due and payable prior to maturity. The credit agreement governing the facility imposes restrictions on the creation of secured debt and liens.

D.R. Horton has an automatically effective universal shelf registration statement filed with the Securities and Exchange Commission (SEC) in July 2024, registering debt and equity securities that the Company may issue from time to time in amounts to be determined.

The key terms of the Company's homebuilding senior notes outstanding as of September 30, 2026 are summarized below.

| Notes Payable | Principal Amount | Date Issued | Date Due | Redeemable Prior to Maturity (1) | Effective Interest Rate (2) |
|---|---|---|---|---|---|
| | (In millions) | | | | |
| 1.3% senior notes | $600 | August 2021 | October 15, 2026 | Yes | 1.5% |
| 1.4% senior notes | $500 | October 2020 | October 15, 2027 | Yes | 1.6% |
| 4.85% senior notes | $500 | May 2025 | October 15, 2030 | Yes | 5.1% |
| 5.0% senior notes | $700 | August 2024 | October 15, 2034 | Yes | 5.2% |
| 5.5% senior notes | $700 | February 2025 | October 15, 2035 | Yes | 5.6% |

(1) The Company may redeem the notes in whole at any time or in part from time to time, at a redemption price equal to the greater of 100% of their principal amount or the present value of the remaining scheduled payments discounted to the redemption date, plus accrued and unpaid interest. The 1.3% senior notes were repaid at maturity on October 15, 2026. The 4.85% senior notes are redeemable at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, on or after the date that is one month prior to the final maturity date of the notes. The 1.4% senior notes are redeemable at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, on or after the date that is two months prior to the final maturity of the notes. The 5.0% senior notes and the 5.5% senior notes are redeemable at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, on or after the date that is three months prior to the final maturity of the notes.

(2) Interest is payable semi-annually on each of the series of senior notes. The annual effective interest rate is calculated after giving effect to the amortization of debt issuance costs and the discount, if applicable.

All series of homebuilding senior notes and borrowings under the homebuilding revolving credit facility are senior obligations and rank pari passu in right of payment to all existing and future unsecured indebtedness and senior to all existing and future indebtedness expressly subordinated to them. The homebuilding senior notes and borrowings under the homebuilding revolving credit facility are guaranteed by entities that hold approximately 73% of the Company's assets at September 30, 2026. Upon the occurrence of both a change of control of the Company and a ratings downgrade

event, as defined in the indenture governing its senior notes, the Company would be required in certain circumstances to offer to repurchase these notes at 101% of their principal amount, along with accrued and unpaid interest. Also, a change of control as defined in the revolving credit facility would constitute an event of default under the revolving credit facility, which could result in the acceleration of any borrowings outstanding under the facility and the termination of the commitments thereunder.

At September 30, 2026, the Company was in compliance with all of the covenants, limitations and restrictions of its homebuilding revolving credit facility and public debt obligations. The Company's homebuilding revolving credit facility and homebuilding senior notes are guaranteed by D.R. Horton, Inc.'s significant wholly owned homebuilding subsidiaries.

In July 2024, the Board of Directors authorized the repurchase of up to $500 million of the Company's debt securities. The authorization has no expiration date. All of the $500 million authorization was remaining at September 30, 2026.

***Rental***

The Company's rental subsidiary, DRH Rental, has a $1.05 billion senior unsecured revolving credit facility with an uncommitted accordion feature that allows for an increase in its size to $2.0 billion, subject to certain conditions and availability of additional bank commitments. Borrowings under the rental revolving credit facility are subject to a borrowing base calculation based on the book value of DRH Rental's real estate assets and unrestricted cash. The facility also provides for the issuance of letters of credit with a sublimit equal to the greater of $100 million and 50% of the total revolving credit commitments. The facility was amended in March 2026 to extend its maturity date to March 27, 2030. At September 30, 2026, there were $410 million of borrowings outstanding at a 5.6% annual interest rate and no letters of credit issued under the facility, resulting in available capacity of $640 million.

The rental revolving credit facility includes customary affirmative and negative covenants, events of default and financial covenants. The financial covenants require DRH Rental to maintain a minimum level of tangible net worth, a minimum level of liquidity and a maximum allowable leverage ratio. These covenants are measured as defined in the credit agreement governing the facility and are reported to the lenders quarterly. A failure to comply with these financial covenants could allow the lending banks to terminate the availability of funds under the revolving credit facility or cause any outstanding borrowings to become due and payable prior to maturity. At September 30, 2026, DRH Rental was in compliance with all of the covenants, limitations and restrictions of its revolving credit facility.

The rental revolving credit facility is guaranteed by DRH Rental's wholly owned subsidiaries that are not immaterial subsidiaries and have not been designated as unrestricted subsidiaries. The rental revolving credit facility is not guaranteed by D.R. Horton, Inc. or any of the subsidiaries that guarantee the debt of the Company's homebuilding, Forestar or financial services operations.

***Forestar***

At September 30, 2026, Forestar had a $715 million senior unsecured revolving credit facility with an uncommitted accordion feature that allows for an increase in its size to $1.0 billion, subject to certain conditions and availability of additional bank commitments. The capacity of the facility reflects additional bank commitments of $25 million and $50 million obtained in October 2025 and March 2026, respectively. Of the total commitments, $65 million matured after fiscal year end on October 28, 2026 and $650 million matures on December 18, 2029. The facility also provides for the issuance of letters of credit with a sublimit equal to the greater of $100 million and 50% of the total revolving credit commitments. Borrowings under the revolving credit facility are subject to a borrowing base calculation based on the book value of Forestar's real estate assets and unrestricted cash. Letters of credit issued under the facility reduce the available borrowing capacity. At September 30, 2026, there were no borrowings outstanding and $57.2 million of letters of credit issued under the revolving credit facility, resulting in available capacity of $657.8 million.

As of September 30, 2026, Forestar had $800 million principal amount of senior notes issued pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended, which represent unsecured obligations of Forestar. The key terms of Forestar's senior notes are summarized below.

| Notes Payable | Principal Amount | Date Issued | Date Due | Redeemable Prior to Maturity (1) | Effective Interest Rate (2) |
|---|---|---|---|---|---|
| | (In millions) | | | | |
| 5.0% senior notes | $300 | February 2020 | March 1, 2028 | Yes | 5.2% |
| 6.5% senior notes | $500 | March 2025 | March 15, 2033 | Yes | 6.7% |

(1) Forestar's senior notes may be redeemed prior to maturity, subject to certain limitations and premiums defined in the indenture agreements.

(2) Interest is payable semi-annually on each of the series of senior notes. The annual effective interest rate is calculated after giving effect to the amortization of debt issuance costs.

Forestar's revolving credit facility includes customary affirmative and negative covenants, events of default and financial covenants. The financial covenants require Forestar to maintain a minimum level of tangible net worth, a minimum level of liquidity and a maximum allowable leverage ratio. These covenants are measured as defined in the credit agreement governing the facility and are reported to the lenders quarterly. A failure to comply with these financial covenants could allow the lending banks to terminate the availability of funds under the revolving credit facility or cause any outstanding borrowings to become due and payable prior to maturity.

At September 30, 2026, Forestar was in compliance with all of the covenants, limitations and restrictions of its revolving credit facility and senior note obligations. Forestar's revolving credit facility and its senior notes are guaranteed by Forestar's wholly owned subsidiaries that are not immaterial subsidiaries and have not been designated as unrestricted subsidiaries. Neither the facility nor the senior notes are guaranteed by D.R. Horton, Inc. or any of the subsidiaries that guarantee the debt of the Company's homebuilding, rental or financial services operations.

In April 2020, Forestar's Board of Directors authorized the repurchase of up to $30 million of Forestar's debt securities. All of the $30 million authorization remained at September 30, 2026, and the authorization has no expiration date.

***Financial Services***

The Company's mortgage subsidiary, DHI Mortgage, has two mortgage repurchase facilities, one is committed and the other uncommitted, that provide financing and liquidity to DHI Mortgage by facilitating purchase transactions in which DHI Mortgage transfers eligible loans to counterparties upon receipt of funds from them. DHI Mortgage then has the right and obligation to repurchase the loans upon their sale to third-party purchasers in the secondary market or within specified time frames in accordance with the terms of the mortgage repurchase facilities.

In May 2026, the committed mortgage repurchase facility was amended to increase its capacity to $1.925 billion and extend its maturity date to May 4, 2029. The capacity of the facility can be increased to $2.0 billion subject to the availability of additional commitments. At September 30, 2026, DHI Mortgage had an obligation of $1.1 billion under the committed mortgage repurchase facility at a 5.8% annual interest rate.

At September 30, 2026, the uncommitted mortgage repurchase facility had a borrowing capacity of $500 million, of which DHI Mortgage had an obligation of $291.0 million at a 5.2% annual interest rate.

At September 30, 2026, $2.44 billion of mortgage loans held for sale with a collateral value of $2.39 billion were pledged under the committed mortgage repurchase facility, and $343.9 million of mortgage loans held for sale with a collateral value of $305.3 million were pledged under the uncommitted mortgage repurchase facility.

The facilities contain financial covenants requiring DHI Mortgage to maintain a minimum tangible net worth, a maximum ratio of indebtedness to tangible net worth and a minimum level of liquidity. At September 30, 2026, DHI Mortgage was in compliance with all of the conditions and covenants of the mortgage repurchase facilities.

The mortgage repurchase facilities are not guaranteed by D.R. Horton, Inc. or any of the subsidiaries that guarantee the debt of the Company's homebuilding, rental or Forestar operations.

## NOTE E – CAPITALIZED INTEREST

The following table summarizes the Company's interest costs incurred, capitalized and expensed during the years ended September 30, 2026, 2025 and 2024.

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| | (In millions) | | |
| Capitalized interest, beginning of year | $ 438.7 | $ 355.1 | $ 286.4 |
| Interest incurred (1) | 257.8 | 241.7 | 203.7 |
| Interest charged to cost of sales | (182.5) | (158.1) | (135.0) |
| Capitalized interest, end of year | $ 514.0 | $ 438.7 | $ 355.1 |

(1) Interest incurred in fiscal 2026, 2025 and 2024 includes interest on the Company's mortgage repurchase facilities of $24.0 million, $33.9 million and $58.6 million, respectively, Forestar interest of $49.8 million, $45.5 million and $32.7 million, respectively, and interest on the rental revolving credit facility of $38.4 million, $59.2 million and $61.9 million, respectively.

## NOTE F – PROPERTY AND EQUIPMENT

The Company's property and equipment balances and the related accumulated depreciation at September 30, 2026 and 2025 are summarized below.

| | September 30, | |
|---|---|---|
| | 2026 | 2025 |
| | (In millions) | |
| Homebuilding | | |
| Buildings and improvements | $ 568.8 | $ 524.4 |
| Model home furniture | 223.1 | 189.8 |
| Office furniture and equipment | 141.6 | 135.5 |
| Land | 54.6 | 59.2 |
| Accumulated depreciation | (405.2) | (365.9) |
| Total homebuilding | 582.9 | 543.0 |
| Rental, net | 0.3 | 0.6 |
| Forestar, net | 6.9 | 8.1 |
| Financial services, net | 3.9 | 4.3 |
| Other businesses and eliminations, net | 39.5 | 22.9 |
| Property and equipment, net | $ 633.5 | $ 578.9 |

Depreciation expense was $105.4 million, $90.9 million and $78.5 million in fiscal 2026, 2025 and 2024, respectively.

## NOTE G – MORTGAGE LOANS

### *Mortgage Loans Held for Sale and Related Derivatives*

Mortgage loans held for sale consist primarily of single-family residential loans collateralized by the underlying property. The Company typically sells the servicing rights for the majority of loans when the loans are sold. Servicing rights retained are typically sold within six months of loan origination. At September 30, 2026, mortgage loans held for sale of $2.6 billion had an aggregate outstanding principal balance of $2.8 billion. At September 30, 2025, mortgage loans held for sale of $2.6 billion had an aggregate outstanding principal balance of $2.7 billion.

During the years ended September 30, 2026, 2025 and 2024, mortgage loans originated totaled $23.5 billion, $23.7 billion and $24.0 billion, respectively, and mortgage loans sold totaled $23.3 billion, $23.5 billion and $24.0 billion, respectively. The Company had gains on sales of loans and servicing rights of $537.1 million, $566.3 million and $589.9 million during the years ended September 30, 2026, 2025 and 2024, respectively. Net gains on sales of loans and servicing rights are included in revenues in the consolidated statements of operations. During fiscal 2026, approximately 78% of the Company's mortgage loans were sold directly to Fannie Mae, Freddie Mac or into securities backed by Ginnie Mae, and 13% were sold to one other major financial entity.

To manage the interest rate risk inherent in its mortgage operations, the Company hedges its risk using derivative instruments, generally forward sales of mortgage-backed securities (MBS), which are referred to as "hedging instruments" in the following discussion. The Company does not enter into or hold derivatives for trading or speculative purposes.

Newly originated loans that have been closed but not committed to third-party purchasers are hedged to mitigate the risk of changes in their fair value. Hedged loans are committed to third-party purchasers typically within three days after origination. The notional amounts of the hedging instruments used to hedge mortgage loans held for sale may vary in relationship to the underlying loan amounts, depending on the movements in the value of each hedging instrument relative to the value of the underlying mortgage loans. The fair value change related to hedging instruments generally offsets the fair value change in the mortgage loans held for sale. The net fair value change, which for the years ended September 30, 2026, 2025 and 2024 was not significant, is recognized in revenues in the consolidated statements of operations. At September 30, 2026 and 2025, the Company's mortgage loans held for sale that were not committed to third-party purchasers totaled $1.9 billion and $2.3 billion, respectively.

The Company also uses hedging instruments as part of a program to offer below market interest rate financing to its homebuyers. At September 30, 2026 and 2025, the Company had MBS totaling $785.4 million and $677.5 million, respectively, that did not yet have interest rate lock commitments (IRLCs) or closed loans created or assigned. The Company recorded assets of $18.3 million and $1.9 million at September 30, 2026 and 2025, respectively, for the fair value of such MBS position.

### *Loan Commitments and Related Derivatives*

The Company is party to IRLCs, which are extended to borrowers who have applied for loan funding and meet defined credit and underwriting criteria. At September 30, 2026 and 2025, the notional amount of IRLCs, which are accounted for as derivative instruments recorded at fair value, totaled $2.2 billion and $2.1 billion, respectively.

The Company manages interest rate risk related to its IRLCs through the use of best-efforts whole loan delivery commitments and hedging instruments. These instruments are considered derivatives in an economic hedge and are accounted for at fair value with gains and losses recognized in revenues in the consolidated statements of operations. At September 30, 2026 and 2025, the notional amount of best-efforts whole loan delivery commitments totaled $39.4 million and $27.4 million, respectively, and the notional amount of hedging instruments related to the remaining IRLCs totaled $2.1 billion and $1.9 billion, respectively.

***Other Mortgage Loans and Loss Reserves***

Mortgage loans are sold with limited recourse provisions derived from industry-standard representations and warranties in the relevant agreements. These representations and warranties primarily involve the absence of misrepresentations by the borrower or other parties, the appropriate underwriting of the loan and in some cases, a required minimum number of payments to be made by the borrower. The Company generally does not retain any other continuing interest related to mortgage loans sold in the secondary market. The majority of other mortgage loans consist of loans repurchased due to these limited recourse obligations. Typically, these loans are impaired, and some result in real estate owned through the foreclosure process. At September 30, 2026 and 2025, the Company's total other mortgage loans and real estate owned, before the related loss reserves, totaled $29.4 million and $15.7 million, respectively.

The Company has recorded reserves for estimated losses on other mortgage loans, real estate owned and future loan repurchase obligations due to the limited recourse provisions, all of which are recorded as reductions of revenue. The loss reserve for loan repurchase and settlement obligations is estimated based on historical experience, analysis of the volume of mortgages originated, discussions with mortgage purchasers and current housing and credit market conditions, as well as known and projected mortgage loan repurchase requests. The loss reserves for other mortgage loans, real estate owned and estimated future loan repurchase obligations totaled $20.3 million and $16.2 million at September 30, 2026 and 2025, respectively.

Other mortgage loans and real estate owned, net of the related loss reserves, are included in other assets, while loan repurchase obligations are included in accrued expenses and other liabilities in the Company's consolidated balance sheets.

## NOTE H – INCOME TAXES

### *Income Tax Expense*

The components of the Company's income tax expense are as follows:

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| | (In millions) | | |
| Current tax expense: | | | |
| Federal | $ 667.4 | $ 821.4 | $ 1,200.9 |
| State and local | 157.5 | 174.4 | 258.8 |
| | 824.9 | 995.8 | 1,459.7 |
| Deferred tax expense: | | | |
| Federal | 131.3 | 104.8 | 15.5 |
| State and local | 12.6 | 18.4 | 3.5 |
| | 143.9 | 123.2 | 19.0 |
| Total income tax expense: | | | |
| Federal | 798.7 | 926.2 | 1,216.4 |
| State and local | 170.1 | 192.8 | 262.3 |
| Total income tax expense | $ 968.8 | $ 1,119.0 | $ 1,478.7 |

### *Reconciliation of Expected Income Tax Expense*

Differences between income tax expense and tax computed by applying the federal statutory rate of 21% to income before income taxes during each year are due to the following:

| | Year Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2026 | | 2025 | | 2024 | |
| | Amount | Percent | Amount | Percent | Amount | Percent |
| | ($ in millions) | | | | | |
| Federal statutory tax rate | $ 820.3 | 21.0 % | $ 995.4 | 21.0 % | $ 1,319.8 | 21.0 % |
| State and local income taxes, net of federal income tax effects (1) | 137.3 | 3.5 % | 156.5 | 3.3 % | 209.9 | 3.3 % |
| Tax credits: | | | | | | |
| Energy efficient homes tax credit | (16.7) | (0.4)% | (39.5) | (0.8)% | (70.4) | (1.1)% |
| Changes in valuation allowance | — | — % | (0.6) | — % | — | — % |
| Nontaxable and nondeductible items | 11.0 | 0.3 % | (3.1) | (0.1)% | (2.8) | (0.1)% |
| Changes in unrecognized tax benefits | — | — % | — | — % | (1.4) | — % |
| Other adjustments | 16.9 | 0.4 % | 10.3 | 0.2 % | 23.6 | 0.4 % |
| Effective tax rate | $ 968.8 | 24.8 % | $ 1,119.0 | 23.6 % | $ 1,478.7 | 23.5 % |

(1) State taxes in Florida, California, South Carolina, North Carolina and Tennessee made up the majority (greater than 50 percent) of the tax effect in this category for the year ended September 30, 2026. State taxes in Florida, California, South Carolina, Georgia, North Carolina and Tennessee made up the majority of the tax effect in this category for the year ended September 30, 2025. State taxes in Florida, California, South Carolina and Georgia represent the majority of the state tax expense for the year ended September 30, 2024.

***Deferred Income Taxes***

Deferred tax assets and liabilities reflect the tax consequences of temporary differences between the financial statement bases of assets and liabilities and their tax bases, tax losses and credit carryforwards. Components of deferred income taxes are summarized as follows:

| | September 30, | |
|---|---|---|
| | 2026 | 2025 |
| | (In millions) | |
| Deferred tax assets: | | |
| Inventory costs | $ 42.8 | $ 39.6 |
| Inventory impairments | 33.5 | 13.4 |
| Warranty and construction defect costs | 377.4 | 356.2 |
| Net operating loss carryforwards | 34.8 | 36.5 |
| Tax credit carryforwards | 13.0 | 22.1 |
| Incentive compensation plans | 112.0 | 105.0 |
| Other | 25.4 | 21.2 |
| Total deferred tax assets | 638.9 | 594.0 |
| Valuation allowance | (14.7) | (14.6) |
| Total deferred tax assets, net of valuation allowance | 624.2 | 579.4 |
| Deferred tax liabilities: | | |
| Deferral of profit on home closings | 451.7 | 327.6 |
| Depreciation of fixed assets | 103.6 | 76.7 |
| Deferral of income | 52.8 | 31.9 |
| Undistributed earnings of subsidiary | 110.8 | 90.7 |
| Other | 4.5 | 8.0 |
| Total deferred tax liabilities | 723.4 | 534.9 |
| Deferred income taxes, net | $ (99.2) | $ 44.5 |

The Company has $23.4 million of tax benefits for a federal net operating loss (NOL) carryforward. The utilization of the federal NOL is subject to IRC Section 382 limitations; however, it is expected that all of the federal NOL will be utilized within the carryforward period. D.R. Horton has $10.8 million of tax benefits for state NOL carryforwards that expire at various times depending on the tax jurisdiction. Forestar has $0.6 million of tax benefits for state NOL carryforwards that expire at various times depending on the tax jurisdiction. Forestar has $7.3 million of federal corporate alternative minimum tax credit carryforwards that do not expire.

The accounting for deferred taxes is based upon estimates of future results. Differences between the anticipated and actual outcomes of these future results could have a material impact on the Company's consolidated results of operations or financial position. Also, changes in existing federal and state tax laws and tax rates could affect future tax results and the valuation of the Company's deferred tax assets.

***Valuation Allowance***

The Company has a valuation allowance of $14.7 million and $14.6 million at September 30, 2026 and 2025, respectively, related to deferred tax assets for state NOL and tax credit carryforwards that are expected to expire before being realized. The Company will continue to evaluate both the positive and negative evidence in determining the need for a valuation allowance with respect to the remaining state NOL and tax credit carryforwards. Reversal of any portion of the valuation allowance in future periods would impact the Company's effective tax rate.

***Unrecognized Tax Benefits***

Unrecognized tax benefits are the differences between tax positions taken or expected to be taken in a tax return and the benefits recognized in the financial statements. The Company had no unrecognized tax benefits and no accrued interest or penalties related to unrecognized tax benefits at September 30, 2026 or 2025. The Company classifies interest expense and penalties on income taxes as income tax expense.

***Regulations and Legislation***

D.R. Horton is subject to federal income tax and state income tax in multiple jurisdictions. The statute of limitations for the majority of D.R. Horton's tax jurisdictions remains open for examination for fiscal years 2023 through 2026. D.R. Horton is not currently under audit for federal income taxes. D.R. Horton is under audit by various states; however, the Company is not aware of any significant findings by the state taxing authorities.

Forestar is subject to federal income tax and state income tax in multiple jurisdictions. The statute of limitations for the majority of Forestar's tax jurisdictions remains open for examination for fiscal years 2023 through 2026. Forestar is not currently under audit for federal income taxes. Forestar is under audit by various states; however, Forestar is not aware of any significant findings by the state taxing authorities.

***Income Taxes Paid***

The following table presents the Company's income taxes paid, net of any refunds by jurisdiction:

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| | (In millions) | | |
| Federal | $ 708.6 | $ 827.8 | $ 1,373.0 |
| State and local | | | |
| Florida (1) | — | — | 107.6 |
| Other | 160.8 | 192.7 | 189.1 |
| Total income taxes paid | $ 869.4 | $ 1,020.5 | $ 1,669.7 |

(1) The amount of income taxes paid during fiscal 2026 and 2025 does not meet the 5% disaggregation threshold.

## NOTE I – EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share.

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| | (In millions, except per share data) | | |
| Numerator: | | | |
| Net income attributable to D.R. Horton, Inc. | $ 2,889.4 | $ 3,585.2 | $ 4,756.4 |
| Denominator: | | | |
| Denominator for basic earnings per share — weighted average shares | 284.8 | 308.5 | 329.5 |
| Effect of dilutive securities: | | | |
| Employee stock awards | 1.0 | 1.4 | 2.1 |
| Denominator for diluted earnings per share — adjusted weighted average shares | 285.8 | 309.9 | 331.6 |
| Basic net income per share attributable to D.R. Horton, Inc. | $ 10.14 | $ 11.62 | $ 14.44 |
| Diluted net income per share attributable to D.R. Horton, Inc. | $ 10.11 | $ 11.57 | $ 14.34 |

## NOTE J – STOCKHOLDERS' EQUITY

D.R. Horton has an automatically effective universal shelf registration statement, filed with the SEC in July 2024, registering debt and equity securities that it may issue from time to time in amounts to be determined. At September 30, 2026, the Company had 404,975,758 shares of common stock issued and 271,435,610 shares outstanding. No shares of preferred stock were issued or outstanding.

In April 2025, the Board of Directors authorized the repurchase of up to $5.0 billion of the Company's common stock. In September 2026, when $52.7 million remained under the authorization, the Board authorized the repurchase of an additional $5.0 billion of common stock, with no expiration date. During fiscal 2026, the Company repurchased 24.0 million shares for a total cost, including commissions and excise taxes, of $3.6 billion. At September 30, 2026, $4.7 billion remained available for future repurchases.

The Board of Directors declared and the Company paid quarterly cash dividends of $0.45 per share in fiscal 2026 and $0.40 per share in fiscal 2025. Cash dividends declared and paid in fiscal 2026 totaled $513.3 million. In October 2026, the Board declared a quarterly cash dividend of $0.50 per share, payable on November 19, 2026 to stockholders of record on November 12, 2026.

Forestar has an effective shelf registration statement, filed with the SEC in September 2024, registering $750 million of equity securities, of which $300 million is reserved for sales under its at-the-market equity offering (ATM) program that was entered into in November 2024. Forestar did not issue any shares under its ATM program during fiscal 2026. At September 30, 2026, the full $750 million remained available for issuance under Forestar's shelf registration statement, with $300 million reserved for sales under the ATM program.

## NOTE K – EMPLOYEE BENEFIT PLANS

The Company offers its employees a comprehensive compensation and benefits package, which includes a broad range of benefits, including medical, dental and vision healthcare insurance and paid parental leave. In addition to base pay, eligible employees may participate in the Company's 401(k) plan, employee stock purchase plan, short-term incentive bonus program and/or its stock compensation plans as described below.

### *Deferred Compensation Plans*

The Company has a 401(k) plan for all employees who have been with the Company for a period of six months or more. The Company matches portions of employees' voluntary contributions. The Company recorded $45.0 million, $44.3 million and $43.8 million of expense for matching contributions in fiscal 2026, 2025 and 2024, respectively.

The Company's Supplemental Executive Retirement Plan (SERP) is a non-qualified deferred compensation program that provides benefits payable to certain management employees upon retirement, death or termination of employment. Under the SERP, the Company accrues an unfunded benefit based on a percentage of the eligible employees' salaries, as well as an interest factor based upon a predetermined formula. The Company's liabilities related to the SERP were $67.4 million and $64.2 million at September 30, 2026 and 2025, respectively. The Company recorded $10.1 million, $9.4 million and $8.9 million of expense for this plan in fiscal 2026, 2025 and 2024, respectively.

The Company has a deferred compensation plan available to a select group of employees which allows participating employees to contribute compensation into the plan on a before tax basis and defer income taxation on the contributions until the funds are withdrawn from the plan. The participating employees designate investments for their contributions; however, the Company is not required to invest the contributions in the designated investments. The Company's net liabilities related to the deferred compensation plan were $222.4 million and $206.9 million at September 30, 2026 and 2025, respectively. The Company records as SG&A expense the amount that the employee contributions would have earned had the funds been invested in the designated investments. The Company recorded $18.8 million, $18.1 million and $36.5 million of expense for this plan in fiscal 2026, 2025 and 2024, respectively.

### *Employee Stock Purchase Plan*

The Company's Employee Stock Purchase Plan provides eligible employees the opportunity to purchase common stock of the Company at a discounted price of 85% of the fair market value of the stock on the designated dates of purchase. The price to eligible employees may be further discounted depending on the average fair market value of the stock during the period and certain other criteria. Under the terms of the plan, the total fair market value of common stock that an eligible employee may purchase each year is limited to the lesser of 15% of the employee's annual compensation or $25,000. Under the plan, employees purchased 142,352 shares for $17.8 million in fiscal 2026, 159,460 shares for $18.1 million in fiscal 2025 and 137,347 shares for $15.3 million in fiscal 2024. At September 30, 2026, the Company had 2.0 million shares of common stock reserved for issuance pursuant to the Employee Stock Purchase Plan.

### *Incentive Bonus Plan*

The Company's Incentive Bonus Plan provides for the Compensation Committee to award short-term performance bonuses to senior management based upon the level of achievement of certain criteria. For fiscal 2026, 2025 and 2024, the Compensation Committee approved awards whereby certain executive officers could earn performance bonuses based upon percentages of the Company's pre-tax income. Compensation expense related to these plans was $18.6 million, $22.5 million and $29.9 million in fiscal 2026, 2025 and 2024, respectively.

***Stock-Based Compensation***

The Company's Stock Incentive Plan provides for the granting of equity awards, such as stock options, performance stock units (PSUs) and restricted stock units (RSUs), to executive officers, other key employees and non-management directors. PSUs are earned by achieving key performance goals, and RSUs are earned through continued employment with the Company over a requisite time period. Each stock unit represents the contingent right to receive one share of the Company's common stock if the performance criteria and/or vesting conditions are satisfied. The stock units have no dividend or voting rights until vested. At September 30, 2026, the Company had 21.2 million shares of common stock reserved for issuance and 19.5 million shares available for future grants under the Stock Incentive Plan.

***Restricted Stock Unit (RSU) Equity Awards***

During fiscal 2026, 2025 and 2024, RSUs were granted to the Company's executive officers, other key employees and non-management directors (collectively, approximately 1,620, 1,600 and 1,470 recipients, respectively). These awards vest annually in equal installments over periods of three to five years.

The following table provides additional information related to RSU activity during fiscal 2026, 2025 and 2024. The number of RSUs vested includes shares of common stock withheld by the Company on behalf of employees to satisfy the tax withholding requirements.

| | Year Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2026 | | 2025 | | 2024 | |
| | Number of Restricted Stock Units | Weighted Average Grant Date Fair Value | Number of Restricted Stock Units | Weighted Average Grant Date Fair Value | Number of Restricted Stock Units | Weighted Average Grant Date Fair Value |
| Outstanding at beginning of year | 1,902,809 | $ 121.06 | 2,309,737 | $ 95.28 | 2,966,925 | $ 70.85 |
| Granted | 673,915 | 143.05 | 608,835 | 156.12 | 663,860 | 147.79 |
| Vested | (677,227) | 108.12 | (884,883) | 79.17 | (1,233,866) | 65.51 |
| Cancelled | (161,792) | 128.25 | (130,880) | 112.49 | (87,182) | 85.12 |
| Outstanding at end of year | 1,737,705 | $ 133.96 | 1,902,809 | $ 121.06 | 2,309,737 | $ 95.28 |

The total fair value of shares vested on the vesting date during fiscal 2026, 2025 and 2024 was $92.6 million, $114.8 million and $184.7 million, respectively. For fiscal 2026, 2025 and 2024, compensation expense related to RSUs was $82.8 million, $80.6 million and $77.3 million, respectively. At September 30, 2026, there was $163.5 million of unrecognized compensation expense related to unvested RSU awards. This expense is expected to be recognized over a weighted average period of 2.5 years.

***Performance Stock Unit (PSU) Equity Awards***

During fiscal 2026, 2025 and 2024, PSUs that vest at the end of three-year performance periods were granted to the Company's executive officers and other key employees. The number of units that ultimately vest depends on the Company's relative position as compared to its peers in achieving certain performance criteria and can range from 0% to 300% of the number of units granted. Compensation expense related to these grants is based on the Company's performance against a market index or its peer group, the elapsed portion of the performance period and the grant date fair value of the award. The performance criteria for the awards issued in fiscal 2024 were total shareholder return compared to the S&P 500 and return on assets and operating margin compared to homebuilding peers. The performance criteria for the awards issued in fiscal 2025 and 2026 were total shareholder return and return on assets compared to the S&P 500, pre-tax return on assets compared to homebuilding peers and earnings per share growth.

The following table provides additional information related to the PSUs outstanding at September 30, 2026.

| Grant Date | Vesting Date | Target Number of Performance Stock Units | Grant Date Fair Value per Unit | Compensation Expense Year Ended September 30, 2026 | 2025 | 2024 |
|---|---|---|---|---|---|---|
| | | | | (In millions) | | |
| October 2023 (1) | September 2026 | 277,779 | $ 146.72 | $ 13.1 | $ 13.1 | $ 13.1 |
| October 2024 | September 2027 | 327,717 | 176.39 | 12.2 | 19.3 | — |
| October 2025 | September 2028 | 374,025 | 157.79 | 14.7 | — | — |
| | | | | $ 40.0 | $ 32.4 | $ 13.1 |

(1) The PSUs granted in October 2023 were subsequently modified in December 2023 to change the performance criteria to total shareholder return, return on assets and operating margin.

In October 2026, the Compensation Committee approved the issuance of the PSUs that vested in September 2026 in the form of 196,758 shares of common stock to satisfy the awards.

## NOTE L – COMMITMENTS AND CONTINGENCIES

### *Warranty Claims*

The Company typically provides its homebuyers with warranties for defects in structural elements, mechanical systems and other construction components of the home. Warranty liabilities are established by charging cost of sales for each home delivered based on management's estimate of expected warranty-related costs and by accruing for existing warranty claims. The Company's warranty liability is based upon historical warranty cost experience in each market in which it operates. The estimation of these costs is subject to variability due to uncertainties related to these factors. Due to the judgment required in establishing the liability for warranty claims, actual future costs could differ from current estimated amounts, and it is not possible for the Company to make a reasonable estimate of the possible loss or range of loss in excess of its warranty liability.

Changes in the Company's warranty liability during fiscal 2026 and 2025 were as follows:

| | September 30, 2026 | 2025 |
|---|---|---|
| | (In millions) | |
| Warranty liability, beginning of year | $ 566.2 | $ 566.9 |
| Warranties issued | 165.1 | 188.8 |
| Changes in liability for pre-existing warranties | (127.1) | (68.5) |
| Settlements made | (82.7) | (121.0) |
| Warranty liability, end of year | $ 521.5 | $ 566.2 |

***Legal Claims and Insurance***

The Company is named as a defendant in various claims, complaints and other legal actions in the ordinary course of business. At any point in time, the Company is managing hundreds of individual claims related to construction defect matters, personal injury claims, employment matters, land development issues, contract disputes and other matters. The Company has established reserves for these contingencies based on the estimated costs of pending claims and the estimated costs of anticipated future claims related to previously closed homes. The estimated liabilities for these contingencies were $1.2 billion and $1.1 billion at September 30, 2026 and 2025, respectively, and are included in accrued expenses and other liabilities in the consolidated balance sheets. Approximately 99% and 98% of these reserves related to construction defect matters at September 30, 2026 and 2025, respectively. Expenses related to the Company's legal contingencies were $238.5 million, $240.1 million and $164.0 million in fiscal 2026, 2025 and 2024, respectively.

The Company's reserves for construction defect claims include the estimated costs of both known claims and anticipated future claims. As of September 30, 2026, no individual existing claim was material to the Company's financial statements. The Company has closed a significant number of homes during recent years and may be subject to future construction defect claims on these homes. Although regulations vary from state to state, construction defect issues can generally be reported for up to ten years after the home has closed in many states in which the Company operates. Historical data and trends regarding the frequency of claims incurred and the costs to resolve claims relative to the types of products and markets where the Company operates are used to estimate the construction defect liabilities for both existing and anticipated future claims. These estimates are subject to ongoing revision as the circumstances of individual pending claims and historical data and trends change. Adjustments to estimated reserves are recorded in the accounting period in which the change in estimate occurs.

Historical trends in construction defect claims have been inconsistent, and the Company believes they may continue to fluctuate. The Company also believes that fluctuations in housing market conditions can affect the frequency and cost of construction defect claims. If the ultimate resolution of construction defect claims resulting from the Company's home closings in prior years varies from current expectations, it could significantly change the Company's estimates regarding the frequency and timing of claims incurred and the costs to resolve existing and anticipated future claims, which would impact the construction defect reserves in the future. If the frequency of claims incurred or costs of existing and future legal claims significantly exceed the Company's current estimates, they will have a significant negative impact on its future earnings and liquidity.

Changes in the Company's legal claims reserves during fiscal 2026 and 2025 were as follows:

| | September 30, | |
|---|---|---|
| | 2026 | 2025 |
| | (In millions) | |
| Reserves for legal claims, beginning of year | $ 1,143.6 | $ 949.6 |
| Increase in reserves | 174.1 | 262.7 |
| Payments | (122.0) | (68.7) |
| Reserves for legal claims, end of year | $ 1,195.7 | $ 1,143.6 |

Prior to June 1, 2021, in the majority of states in which it operates, the Company has general liability insurance policies to provide risk transfer against a portion of the risk of loss from construction defect and other claims. The Company also contractually requires major subcontractors in most markets to have general liability insurance which includes construction defect coverage. The Company estimates and records receivables under these policies for known claims and anticipated future construction defect claims on previously closed homes and other legal claims and lawsuits incurred in the ordinary course of business when recovery is probable. However, because the self-insured retentions under these policies are significant and the limits of the policies are finite, the Company is largely self-insured. After June 1, 2021, except for contractual risk transfer, the Company is almost exclusively self-insured for construction defect exposures. The Company's estimated insurance receivables from estimated losses for pending legal claims and anticipated future claims related to previously closed homes totaled $87.6 million and $167.0 million at September 30, 2026 and 2025, respectively, and are included in other assets in the consolidated balance sheets.

In some jurisdictions where the Company believes it is not practical or economical for its subcontractors to obtain sufficient general liability insurance, the Company waives its normal subcontractor general liability insurance requirements to procure services and reduce costs from subcontractors. In these jurisdictions, the Company purchases insurance policies from either third-party carriers or its wholly owned captive insurance subsidiary and names certain subcontractors as additional insureds. The policies issued by the captive insurance subsidiary and the policies issued on or after July 1, 2021 by third-party carriers essentially represent self-insurance of these risks by the Company.

The Company is self-insured for the deductible amounts under its workers' compensation insurance policies. The deductibles vary by policy year, but in no years exceed $1.0 million per occurrence. The deductible for the 2026-2027 policy year is $1.0 million per occurrence.

The estimation of losses related to these reserves and the related estimates of recoveries from insurance policies are subject to a high degree of variability due to uncertainties such as trends in construction defect claims relative to the Company's markets and the types of products built, claim frequency, claim settlement costs and patterns, insurance industry practices and legal interpretations, among others. Due to the high degree of judgment required in establishing reserves for these contingencies, actual future costs and recoveries from insurance could differ significantly from current estimated amounts, and it is not possible for the Company to make a reasonable estimate of the possible loss or range of loss in excess of its reserves.

***Land and Lot Purchase Contracts***

The Company enters into land and lot purchase contracts to acquire land or lots for the construction of homes. At September 30, 2026, the Company had total deposits of $2.6 billion, consisting of cash deposits of $2.4 billion and promissory notes and surety bonds of $231.4 million, related to contracts to purchase land and lots with a total remaining purchase price of approximately $28.7 billion. The majority of land and lots under contract are currently expected to be purchased within three years. Of these amounts, $198.9 million of the deposits related to contracts with Forestar to purchase land and lots with a remaining purchase price of $2.0 billion. A limited number of the homebuilding land and lot purchase contracts at September 30, 2026, representing $78.5 million of remaining purchase price, were subject to specific performance provisions that may require the Company to purchase the land or lots upon the land sellers meeting their respective contractual obligations. Of the $78.5 million remaining purchase price subject to specific performance provisions, $12.3 million related to contracts between the homebuilding segment and Forestar.

During fiscal 2026 and 2025, Forestar reimbursed the homebuilding segment $5.7 million and $20.6 million, respectively, for previously paid earnest money and $32.7 million and $26.5 million, respectively, for pre-acquisition and other due diligence costs related to land purchase contracts whereby the homebuilding segment assigned its rights under contract to Forestar.

***Other Commitments***

At September 30, 2026, the Company had outstanding surety bonds of $3.5 billion and letters of credit of $301.1 million to secure performance under various contracts. Of the total letters of credit, $243.9 million were issued under the homebuilding revolving credit facility and $57.2 million were issued under Forestar's revolving credit facility.

The Company leases office space and equipment under non-cancelable operating leases. At September 30, 2026, the future minimum annual lease payments under these agreements are as follows (in millions):

| | |
|---|---|
| Fiscal 2027 | $ 31.9 |
| Fiscal 2028 | 20.3 |
| Fiscal 2029 | 10.2 |
| Fiscal 2030 | 6.7 |
| Fiscal 2031 | 3.2 |
| Thereafter | 2.5 |
| | $ 74.8 |

Rent expense was $46.6 million, $45.1 million and $44.3 million for fiscal 2026, 2025 and 2024, respectively.

## NOTE M – OTHER ASSETS, ACCRUED EXPENSES AND OTHER LIABILITIES

The Company's other assets at September 30, 2026 and 2025 were as follows:

| | September 30, | |
|---|---|---|
| | 2026 | 2025 |
| | (In millions) | |
| Earnest money and refundable deposits | $ 2,642.1 | $ 2,362.9 |
| Water rights and other water-related assets | 331.4 | 333.0 |
| Pledged reimbursements asset | 226.8 | 251.4 |
| Other receivables | 201.7 | 164.0 |
| Mortgage hedging instruments and commitments | 181.8 | 0.6 |
| Prepaid assets | 162.5 | 134.5 |
| Contract assets - insurance agency commissions | 137.9 | 127.9 |
| Insurance receivables | 87.6 | 167.0 |
| Mortgage servicing rights | 75.0 | 27.1 |
| Lease right of use assets | 64.2 | 63.0 |
| Federal and state income tax receivable | 21.3 | — |
| Interest rate lock commitments | 1.5 | 42.7 |
| Margin deposits related to hedging instruments | — | 47.9 |
| Other | 136.3 | 75.2 |
| | $ 4,270.1 | $ 3,797.2 |

The Company's accrued expenses and other liabilities at September 30, 2026 and 2025 were as follows:

| | September 30, | |
|---|---|---|
| | 2026 | 2025 |
| | (In millions) | |
| Reserves for legal claims | $ 1,195.7 | $ 1,143.6 |
| Employee compensation and related liabilities | 617.2 | 598.7 |
| Inventory related accruals | 543.5 | 497.3 |
| Warranty liability | 521.5 | 566.2 |
| Pledged reimbursements liability | 226.8 | 251.4 |
| Broker deposits related to hedging instruments | 171.5 | — |
| Customer deposits | 121.1 | 81.5 |
| Accrued property taxes | 91.9 | 82.7 |
| Lease liabilities | 68.1 | 65.6 |
| Interest rate lock commitments | 57.3 | 0.3 |
| Accrued interest | 55.9 | 60.5 |
| Federal and state income tax liabilities | — | 19.0 |
| Mortgage hedging instruments | — | 34.1 |
| Other | 165.9 | 140.7 |
| | $ 3,836.4 | $ 3,541.6 |

## NOTE N – FAIR VALUE MEASUREMENTS

Fair value measurements are used for the Company's mortgage loans held for sale, mortgage servicing rights, builder forward contracts, IRLCs and other derivative instruments on a recurring basis and are used for inventories, other mortgage loans and real estate owned on a nonrecurring basis, when events and circumstances indicate that the carrying value is not recoverable. The fair value hierarchy and its application to these Company assets and liabilities is as follows:

- Level 1 – Valuation is based on quoted prices in active markets for identical assets and liabilities. The Company does not currently have any assets or liabilities measured at fair value using Level 1 inputs.
- Level 2 – Valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active, or by model-based techniques in which all significant inputs are observable in the market. The Company's assets and liabilities measured at fair value using Level 2 inputs on a recurring basis are as follows:
  - *Mortgage loans held for sale* - The fair value of these loans is generally calculated by reference to quoted prices in secondary markets for commitments to sell mortgage loans with similar characteristics. Closed mortgage loans are typically sold shortly after origination, which limits exposure to nonperformance by loan buyer counterparties to a short time period. In addition, the Company actively monitors the financial strength of its counterparties.
  - *Loan sale commitments and hedging instruments* - The fair values of best-efforts and mandatory loan sale commitments and derivative instruments such as forward sales of MBS that are utilized as hedging instruments are calculated by reference to quoted prices for similar assets. The Company mitigates exposure to nonperformance risk associated with derivative instruments by limiting the number of counterparties and actively monitoring their financial strength and creditworthiness. Further, the Company's derivative contracts typically have short-term durations with maturities from one to four months. Accordingly, the Company's risk of nonperformance relative to its derivative positions is not significant.

  The Company's assets measured at fair value using Level 2 inputs on a nonrecurring basis are a limited number of mortgage loans held for sale with some degree of impairment affecting their marketability and are reported at the lower of carrying value or fair value. When available, fair value is determined by reference to quoted prices in the secondary markets for such assets. After consideration of nonperformance risk, no additional adjustments were made to the fair value measurements of mortgage loans held for sale or hedging instruments.
- Level 3 – Valuation is typically derived from model-based techniques in which at least one significant input is unobservable and based on the Company's own estimates about the assumptions that market participants would use to value the asset or liability.

  The Company's assets and liabilities measured at fair value using Level 3 inputs on a recurring basis are as follows:
  - *Mortgage loans held for sale* - For a limited number of mortgage loans held for sale with some degree of impairment affecting their marketability and for which reference to quoted prices in the secondary markets is not available, the fair value is calculated using an income approach whereby the net present value of the discounted cash flows is modeled using both a prepayment and a liquidation disposition. The cash flow is then adjusted based on the probability of each disposition.
  - *Mortgage servicing rights* - The fair value of mortgage servicing rights is derived utilizing a third-party model which calculates the present value of estimated future cash flows associated with the servicing asset. Key assumptions to the model include prepayment rate, discount rate and delinquency rate.
  - *Builder forward contracts* - The notional value of a builder forward contract is the upfront fee collected when the agreement is executed. The fair value of the upfront fee is calculated in reference to quoted prices in the secondary market for commitments to sell mortgage loans with similar characteristics. Because not all forward contracts will be fully exercised, the Company further adjusts its fair value measurements to reflect the estimated extent to which the contracts will be exercised.
  - *IRLCs* - The fair value of IRLCs is calculated by reference to quoted prices in secondary markets for commitments to sell mortgage loans with similar characteristics. These valuations do not contain adjustments for expirations as any expired commitments are excluded from the fair value measurement. The Company generally only issues IRLCs for products that meet specific purchaser guidelines. Should any purchaser become insolvent, the Company would not be required to close the transaction based on the terms of the commitment. Because not all IRLCs will become closed loans, the Company further adjusts its fair value measurements for the estimated amount of IRLCs that will not close.

The Company's assets measured at fair value using Level 3 inputs that are typically reported at the lower of carrying value or fair value on a nonrecurring basis are as follows:

- *Inventory held and used* - In assessing impairment indicators of its inventory held and used, the Company performs an analysis of the undiscounted cash flows estimated to be generated by those assets. The most significant factors used to estimate undiscounted future cash flows include pricing and incentive levels realized by the community or rental property, the rate at which the homes are sold and the costs incurred to develop the lots and construct the homes. Inventory held and used measured at fair value represents those communities or rental properties for which the estimated undiscounted cash flows are less than their carrying amounts and therefore, the Company recorded impairments during the period to record the inventory at fair value calculated based on its discounted estimated future cash flows.

- *Inventory available for sale* - The factors considered in determining fair values of the Company's land held for sale primarily include actual sale contracts and recent offers received from outside third parties and may also include prices for land in recent comparable sales transactions and other market analysis. If the estimated fair value less the costs to sell an asset is less than the asset's current carrying value, the asset is written down to its estimated fair value less costs to sell.

- *Certain mortgage loans held for sale* - A limited number of mortgage loans held for sale have some degree of impairment affecting their marketability. For some of these loans, quoted prices in the secondary market are not available and therefore, a cash flow valuation model is used to determine fair value.

- *Certain other mortgage loans and real estate owned* - Other mortgage loans include performing and nonperforming mortgage loans, which often become real estate owned through the foreclosure process. The fair values of other mortgage loans and real estate owned are determined based on the Company's assessment of the value of the underlying collateral or the value of the property, as applicable. The Company uses different methods to assess the value of the properties, which may include broker price opinions, appraisals or cash flow valuation models.

The following tables summarize the Company's assets and liabilities measured at fair value on a recurring basis at September 30, 2026 and 2025, and the changes in the fair value of the Level 3 assets during fiscal 2026 and 2025.

| | | Fair Value at September 30, 2026 | | | |
|---|---|---|---|---|---|
| | Balance Sheet Location | Level 1 | Level 2 | Level 3 | Total |
| | | | (In millions) | | |
| Mortgage loans held for sale (1) | Mortgage loans held for sale | $ — | $ 2,546.7 | $ 5.9 | $ 2,552.6 |
| Mortgage servicing rights (2) | Other assets | — | — | 75.0 | 75.0 |
| Builder forward contracts (3) | Other liabilities | — | — | (18.5) | (18.5) |
| Derivatives not designated as hedging instruments (4): | | | | | |
| Interest rate lock commitments (5) | Other assets and other liabilities | — | — | (55.8) | (55.8) |
| Mortgage hedging instruments (6) | Other assets | — | 181.8 | — | 181.8 |

| | | Fair Value at September 30, 2025 | | | |
|---|---|---|---|---|---|
| | Balance Sheet Location | Level 1 | Level 2 | Level 3 | Total |
| | | | (In millions) | | |
| Mortgage loans held for sale (1) | Mortgage loans held for sale | $ — | $ 2,504.7 | $ 8.6 | $ 2,513.3 |
| Mortgage servicing rights (2) | Other assets | — | — | 27.1 | 27.1 |
| Derivatives not designated as hedging instruments (4): | | | | | |
| Interest rate lock commitments (5) | Other assets and other liabilities | — | — | 42.4 | 42.4 |
| Mortgage hedging instruments (6) | Other assets and other liabilities | — | (33.5) | — | (33.5) |

*See footnotes on following page.*

| | Level 3 Assets and Liabilities at Fair Value for the Year Ended September 30, 2026 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Balance at September 30, 2025 | Net realized and unrealized gains (losses) | Purchases / Originations | Sales and Settlements | Principal Reductions | Net transfers to (out of) Level 3 | Balance at September 30, 2026 |
| | (In millions) | | | | | | |
| Mortgage loans held for sale (1) | $ 8.6 | $ 0.9 | $ — | $ (9.5) | $ — | $ 5.9 | $ 5.9 |
| Mortgage servicing rights (2) | 27.1 | 5.4 | 120.4 | (77.9) | — | — | 75.0 |
| Builder forward contracts (3) | — | (18.5) | — | — | — | — | (18.5) |
| Interest rate lock commitments (5) | 42.4 | (98.2) | — | — | — | — | (55.8) |

| | Level 3 Assets and Liabilities at Fair Value for the Year Ended September 30, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Balance at September 30, 2024 | Net realized and unrealized gains (losses) | Purchases / Originations | Sales and Settlements | Principal Reductions | Net transfers to (out of) Level 3 | Balance at September 30, 2025 |
| | (In millions) | | | | | | |
| Mortgage loans held for sale (1) | $ 10.6 | $ 3.0 | $ — | $ (22.6) | $ — | $ 17.6 | $ 8.6 |
| Mortgage servicing rights (2) | 5.9 | 0.8 | 50.8 | (30.4) | — | — | 27.1 |
| Interest rate lock commitments (5) | 44.5 | (2.1) | — | — | — | — | 42.4 |

(1) The Company typically elects the fair value option upon origination for mortgage loans held for sale. Interest income earned on mortgage loans held for sale is based on contractual interest rates and included in other income. Mortgage loans held for sale valued using Level 3 inputs at September 30, 2026 and 2025 include $5.9 million and $8.6 million, respectively, of loans for which the Company elected the fair value option upon origination and did not sell into the secondary market. Mortgage loans held for sale totaling $5.9 million and $17.6 million were transferred to Level 3 during fiscal 2026 and 2025, respectively, due to significant unobservable inputs used in determining the fair value of these loans. The fair value of these mortgage loans held for sale is generally calculated considering pricing in the secondary market and adjusted for the value of the underlying collateral, including interest rate risk, liquidity risk and prepayment risk. The Company plans to sell these loans as market conditions permit.

(2) Although the majority of the Company's mortgage loans are sold on a servicing-released basis, when the servicing rights are retained, the Company records them at fair value using third-party valuations. The valuation at the time the servicing asset is retained is reflected in the purchases/originations column with subsequent changes in value classified as realized and unrealized gains (losses). The key assumptions used in the valuation, which are generally unobservable inputs, are mortgage prepayment rates, discount rates and delinquency rates, which were 6%, 10% and 4%, respectively, at September 30, 2026 and 6%, 11% and 5% at September 30, 2025.

(3) The Company engages in builder forward contracts with its mortgage subsidiary. Beginning in fiscal 2026, all open commitments under these contracts managed by the mortgage subsidiary have the fair value option elected using Level 3 inputs. The fair value is generally calculated considering interest rate risk and pull-through probability. As of September 30, 2026, there was an $18.5 million change in fair value in other liabilities.

(4) Fair value measurements of these derivatives represent changes in fair value, as calculated by reference to quoted prices for similar assets and are reflected in the balance sheet as other assets or accrued expenses and other liabilities. Changes in the fair value of these derivatives are included in revenues in the consolidated statements of operations. The net fair value change in fiscal 2026 and 2025 recognized in revenues in the consolidated statements of operations was not significant.

(5) The fair value of interest rate lock commitments at September 30, 2026 reflects a $1.5 million change in fair value in other assets and a $57.3 million change in fair value in other liabilities. The fair value of interest rate lock commitments at September 30, 2025 reflects a $42.7 million change in fair value in other assets and a $0.3 million change in fair value in other liabilities.

(6) The fair value of mortgage hedging instruments at September 30, 2026 reflects a $181.8 million change in fair value in other assets. The fair value of mortgage hedging instruments at September 30, 2025 reflects a $0.6 million change in fair value in other assets and a $34.1 million change in fair value in other liabilities.

The following table summarizes the Company's assets measured at fair value on a nonrecurring basis at September 30, 2026 and 2025.

| | | Fair Value at September 30, | | | |
|---|---|---|---|---|---|
| | | 2026 | | 2025 | |
| | Balance Sheet Location | Level 2 | Level 3 | Level 2 | Level 3 |
| | | (In millions) | | | |
| Inventory held and used (1) (2) | Inventories | $ — | $ 491.7 | $ — | $ 66.3 |
| Mortgage loans held for sale (1) (3) | Mortgage loans held for sale | — | 16.4 | 8.5 | 19.3 |
| Other mortgage loans (1) (4) | Other assets | — | 20.9 | — | — |
| Real estate owned (1) (4) | Other assets | — | 0.6 | — | — |

(1) The fair values included in the table above represent only those assets whose carrying values were adjusted to fair value as a result of impairment at September 30, 2026 and 2025, respectively.

(2) In performing its impairment analysis of communities and rental properties, discount rates ranging from 9% to 25% were used in the periods of impairment. Additionally, for income-producing rental properties, capitalization rates of 5.5% to 6.0% were used.

(3) These mortgage loans have some degree of impairment affecting their marketability and are valued at the lower of carrying value or fair value. When available, quoted prices in the secondary market are used to determine fair value (Level 2); otherwise, a cash flow valuation model is used to determine fair value (Level 3).

(4) The fair values of other mortgage loans and real estate owned were determined based on the value of the underlying collateral.

For the financial assets and liabilities that the Company does not reflect at fair value, the following tables present both their respective carrying value and fair value at September 30, 2026 and 2025.

| | Carrying Value | Fair Value at September 30, 2026 | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| | | (In millions) | | | |
| Cash and cash equivalents (1) | $ 2,060.4 | $ 2,060.4 | $ — | $ — | $ 2,060.4 |
| Restricted cash (1) | 55.0 | 55.0 | — | — | 55.0 |
| Notes payable (2) (3) | 6,053.9 | — | 3,660.7 | 2,281.4 | 5,942.1 |

| | Carrying Value | Fair Value at September 30, 2025 | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| | | (In millions) | | | |
| Cash and cash equivalents (1) | $ 2,985.4 | $ 2,985.4 | $ — | $ — | $ 2,985.4 |
| Restricted cash (1) | 47.9 | 47.9 | — | — | 47.9 |
| Notes payable (2) (3) | 5,965.5 | — | 3,811.1 | 2,198.8 | 6,009.9 |

(1) The fair values of cash, cash equivalents and restricted cash approximate their carrying values due to their short-term nature and are classified as Level 1 within the fair value hierarchy.

(2) The fair value of the senior notes is determined based on quoted prices, which is classified as Level 2 within the fair value hierarchy.

(3) The fair values of other notes and borrowings on the revolving credit facilities and the mortgage repurchase facilities approximate carrying value due to their short-term nature or floating interest rate terms, as applicable, and are classified as Level 3 within the fair value hierarchy.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

***Evaluation of Disclosure Controls and Procedures***

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company's disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures as of September 30, 2026 were effective in providing reasonable assurance that information required to be disclosed in the reports the Company files, furnishes, submits or otherwise provides the Securities and Exchange Commission (SEC) under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that information required to be disclosed in reports filed by the Company under the Exchange Act is accumulated and communicated to the Company's management, including the CEO and CFO, in such a manner as to allow timely decisions regarding the required disclosure.

There have been no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of September 30, 2026.

Ernst & Young LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of September 30, 2026, as stated in their report included herein.

## ITEM 9B. OTHER INFORMATION

During the three months ended September 30, 2026, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

## ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

# PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is set forth under the captions *"Proposal One — Election of Directors," "Corporate Governance and Board Matters"* and *"Delinquent Section 16(a) Reports"* in the registrant's definitive Proxy Statement for the 2027 Annual Meeting of Stockholders and incorporated herein by reference.

## ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is set forth under the captions *"Executive Compensation"* and *"CEO Pay Ratio"* in the registrant's definitive Proxy Statement for the 2027 Annual Meeting of Stockholders and incorporated herein by reference.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

***Securities Authorized for Issuance under Equity Compensation Plans***

The following table summarizes our equity compensation plans as of September 30, 2026.

| Plan Category | (a) Number of Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | (b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | (c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
|---|---|---|---|
| Equity compensation plans approved by stockholders | 2,717,226 (1) | $ — (2) | 21,452,082 (3) |
| Equity compensation plans not approved by stockholders | — | n/a | — |
| Total | 2,717,226 | $ — | 21,452,082 |

(1) Amount represents the total number of restricted stock units (RSUs) and performance stock units (PSUs) outstanding. The number of PSUs outstanding is based on the number of performance shares issuable at target.

(2) RSUs and PSUs have no exercise price.

(3) Amount includes 1,967,424 shares reserved for issuance under the Company's Employee Stock Purchase Plan. Under the Employee Stock Purchase Plan, employees purchased 142,352 shares of common stock in fiscal 2026.

The remaining information required by this item is set forth under the caption *"Beneficial Ownership of Common Stock"* in the registrant's definitive Proxy Statement for the 2027 Annual Meeting of Stockholders and incorporated herein by reference.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is set forth under the captions *"Certain Relationships and Related Person Transactions"* and *"Corporate Governance and Board Matters"* in the registrant's definitive Proxy Statement for the 2027 Annual Meeting of Stockholders and incorporated herein by reference.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is set forth under the caption *"Independent Registered Public Accountants"* in the registrant's definitive Proxy Statement for the 2027 Annual Meeting of Stockholders and incorporated herein by reference.

## PART IV

## ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report.

(1) *Financial Statements*

Our consolidated financial statements are included in Part II, Item 8 of this Annual Report on Form 10-K.

(2) *Financial Statement Schedules*

All financial statement schedules are omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

(3) *Exhibits*

The exhibits listed in (b) are filed or incorporated by reference as part of this Annual Report on Form 10-K.

(b) Exhibits

| Exhibit Number | Exhibit |
|---|---|
| 2.1 | Agreement and Plan of Merger dated June 29, 2017 by and among the Company, Force Merger Sub, Inc. and Forestar Group Inc. (incorporated by reference from Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on June 29, 2017). |
| 3.1 | Certificate of Amendment of the Amended and Restated Certificate of Incorporation, as amended, of the Company, dated January 31, 2006, and the Amended and Restated Certificate of Incorporation, as amended, of the Company dated March 18, 1992 (incorporated by reference from Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2005, filed with the SEC on February 2, 2006). |
| 3.2 | Amended and Restated Bylaws of the Company, effective as of August 23, 2024 (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on August 28, 2024). |
| 4.1 | See Exhibit 3.1. |
| 4.2 | Senior Debt Securities Indenture, dated as of October 10, 2019, among the Company and Branch Banking and Trust Company, as trustee (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on October 10, 2019). |
| 4.3 | Third Supplemental Indenture, dated as of October 2, 2020, among the Company, the guarantors named therein and Truist Bank (formerly known as Branch Banking and Trust Company), as trustee, relating to the 1.400% Senior Notes due 2027 issued by the Company (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on October 2, 2020). |
| 4.4 | Fourth Supplemental Indenture, dated as of August 5, 2021, among the Company, the guarantors named therein and Truist Bank (formerly known as Branch Banking and Trust Company), as trustee, relating to the 1.300% Senior Notes due 2026 issued by the Company (incorporated by reference from Exhibit 4.1 of the Company's Current Report on Form 8-K filed with the SEC on August 5, 2021). |
| 4.5 | Fifth Supplemental Indenture, dated as of August 5, 2021, among the Company, the guarantors named therein and Truist Bank (formerly known as Branch Banking and Trust Company), as trustee (incorporated by reference from Exhibit 4.3 of the Company's Current Report on Form 8-K filed with the SEC on August 5, 2021). |
| 4.6 | Sixth Supplemental Indenture, dated as of August 14, 2024, among the Company, the guarantors named therein and Truist Bank (formerly known as Branch Banking and Trust Company), as trustee, relating to the 5.000% Senior Notes due 2034 issued by the Company (incorporated by reference from Exhibit 4.1 of the Company's Current Report on Form 8-K filed with the SEC on August 14, 2024). |
| 4.7 | Seventh Supplemental Indenture, dated as of February 26, 2025, among the Company, the guarantors named therein and Truist Bank (formerly known as Branch Banking and Trust Company), as trustee, relating to the 5.500% Senior Notes due 2035 issued by the Company (incorporated by reference from Exhibit 4.1 of the Company's Current Report on Form 8-K filed with the SEC on February 26, 2025). |

| Exhibit Number | Exhibit |
|---|---|
| 4.8 | Eighth Supplemental Indenture, dated as of May 5, 2025, among the Company, the guarantors named therein and Truist Bank (formerly known as Branch Banking and Trust Company), as trustee, relating to the 4.850% Senior Notes due 2030 issued by the Company (incorporated by reference from Exhibit 4.1 of the Company's Current Report on Form 8-K filed with the SEC on May 5, 2025). |
| 4.9 | Indenture, dated as of February 25, 2020, by and among Forestar Group Inc., the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.1 of Forestar's Current Report on Form 8-K filed with the SEC on February 25, 2020). |
| 4.10 | Indenture, dated as of March 14, 2025, by and among Forestar Group Inc., the subsidiary guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference from Exhibit 4.1 of Forestar's Current Report on Form 8-K filed with the SEC on March 14, 2025). |
| 4.11 | Description of Securities (incorporated by reference from Exhibit 4.10 of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2024, filed with the SEC on November 19, 2024). |
| 10.1 | Form of Indemnification Agreement between the Company and each of its directors and executive officers and schedules of substantially identical documents (incorporated by reference from Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995, filed with the SEC on November 22, 1995 (file number 1-14122); Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998, filed with the SEC on August 6, 1998; and Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001, filed with the SEC on May 15, 2001). |
| 10.2 † | D.R. Horton, Inc. 2006 Stock Incentive Plan, as amended and restated, effective as of December 11, 2014 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 26, 2015). |
| 10.3 † | Form of Restricted Stock Unit Agreement (Outside Director) pursuant to the Company's 2006 Stock Incentive Plan, as amended and restated (incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, filed with the SEC on January 29, 2013). |
| 10.4 † | Form of Time-Based Restricted Stock Unit Agreement (Employees) pursuant to the Company's 2006 Stock Incentive Plan, as amended and restated (incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed with the SEC on April 24, 2015). |
| 10.5 † | D.R. Horton, Inc. 2024 Stock Incentive Plan, effective as of January 17, 2024 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 18, 2024). |
| 10.6 † | Form of Performance Stock Units Award Agreement pursuant to the Company's 2024 Stock Incentive Plan (incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, filed with the SEC on April 23, 2025). |
| 10.7 *† | Form of Restricted Stock Unit Agreement (Director) pursuant to the Company's 2024 Stock Incentive Plan. |
| 10.8 *† | Form of Restricted Stock Unit Agreement (Employees) pursuant to the Company's 2024 Stock Incentive Plan. |
| 10.9 † | D.R. Horton, Inc. Amended and Restated Supplemental Executive Retirement Plan No. 2 (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on December 16, 2008). |
| 10.10 *† | D.R. Horton, Inc. Amended and Restated Deferred Compensation Plan, effective November 1, 2026. |
| 10.11 † | D.R. Horton, Inc. 2018 Incentive Bonus Plan, dated November 6, 2018 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 9, 2018). |
| 10.12 † | Summary of Executive Compensation Notification - Executive Chairman, CEO, COO and CFO (fiscal 2026) (incorporated by reference from Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended September 30, 2025, filed with the SEC on November 19, 2025). |
| 10.13 † | Summary of Director Compensation (fiscal 2026) (incorporated by reference from Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended September 30, 2025, filed with the SEC on November 19, 2025). |

| Exhibit Number | Exhibit |
|---|---|
| 10.14 *† | Summary of Executive Compensation Notification - Executive Chairman, CEO, COO and CFO (fiscal 2027). |
| 10.15 *† | Summary of Director Compensation (fiscal 2027). |
| 10.16 | Grantor Trust Agreement, dated June 21, 2002, by and between the Company and Wachovia Bank, National Association, as Trustee (incorporated by reference from Exhibit 10.34 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2002, filed with the SEC on December 13, 2002). |
| 10.17 | Credit Agreement, dated September 7, 2012, among the Company, the Lenders named therein and The Royal Bank of Scotland PLC, as Administrative Agent (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 10, 2012). |
| 10.18 | Amendment No. 1 to Credit Agreement, dated November 1, 2012, among the Company, The Royal Bank of Scotland PLC, as Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 5, 2012). |
| 10.19 | Amendment No. 2 to Credit Agreement, dated August 8, 2013, by and among the Company, The Royal Bank of Scotland PLC, as Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 13, 2013). |
| 10.20 | Amendment No. 3 to Credit Agreement, dated August 22, 2014, by and among the Company, The Royal Bank of Scotland PLC, as Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 25, 2014). |
| 10.21 | Amendment No. 5 to Credit Agreement, dated August 26, 2015, by and among the Company, Mizuho Bank, Ltd., as successor Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 27, 2015). |
| 10.22 | Amendment No. 6 to Credit Agreement, dated September 25, 2017, by and among the Company, Mizuho Bank, Ltd., as successor Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 28, 2017). |
| 10.23 | Amendment No. 7 to Credit Agreement, dated September 25, 2018, by and among the Company, Mizuho Bank, Ltd., as successor Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 26, 2018). |
| 10.24 | Amendment No. 8 to Credit Agreement, dated February 15, 2019, by and among the Company, Mizuho Bank, Ltd., as successor Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, filed with the SEC on April 30, 2019). |
| 10.25 | Amendment No. 9 to Credit Agreement, dated October 2, 2019, by and among the Company, Mizuho Bank, Ltd., as successor Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 4, 2019). |
| 10.26 | Amendment No. 10 to Credit Agreement, dated April 20, 2021, by and among the Company, Mizuho Bank, Ltd., as successor Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 22, 2021). |
| 10.27 | Amendment No. 11 to Credit Agreement, dated October 28, 2022, by and among the Company, Mizuho Bank, Ltd., as successor Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 1, 2022). |
| 10.28 | Amendment No. 12 to Credit Agreement, dated December 18, 2024, by and among the Company, Mizuho Bank, Ltd., as successor Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 23, 2024). |
| 10.29 | Amendment No. 13 to Credit Agreement, dated March 27, 2026, by and among the Company, Mizuho Bank, Ltd., as successor Administrative Agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 31, 2026). |

| Exhibit Number | Exhibit |
|---|---|
| 10.30 | Second Amended and Restated Master Repurchase Agreement, dated February 27, 2015, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 4, 2015). |
| 10.31 | First Amendment to Second Amended and Restated Master Repurchase Agreement, dated February 26, 2016, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 2, 2016). |
| 10.32 | Third Amendment to Second Amended and Restated Master Repurchase Agreement, dated September 23, 2016, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 27, 2016). |
| 10.33 | Fourth Amendment to Second Amended and Restated Master Repurchase Agreement, dated February 24, 2017, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 28, 2017). |
| 10.34 | Fifth Amendment to Second Amended and Restated Master Repurchase Agreement, dated February 23, 2018, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 28, 2018). |
| 10.35 | Sixth Amendment to Second Amended and Restated Master Repurchase Agreement, dated February 22, 2019, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 22, 2019). |
| 10.36 | Seventh Amendment to Second Amended and Restated Master Repurchase Agreement, dated March 26, 2019, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.44 to the Company's Annual Report on Form 10-K for the year ended September 30, 2019, filed with the SEC on November 25, 2019). |
| 10.37 | Eighth Amendment to Second Amended and Restated Master Repurchase Agreement, dated June 21, 2019, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 26, 2019). |
| 10.38 | Ninth Amendment to Second Amended and Restated Master Repurchase Agreement, dated February 21, 2020, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2020). |
| 10.39 | Tenth Amendment to Second Amended and Restated Master Repurchase Agreement, dated May 15, 2020, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 21, 2020). |
| 10.40 | Third Amended and Restated Master Repurchase Agreement, dated February 19, 2021, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 23, 2021). |
| 10.41 | Fourth Amended and Restated Master Repurchase Agreement, dated February 18, 2022, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 18, 2022). |

| Exhibit Number | Exhibit |
|---|---|
| 10.42 | First Amendment to Fourth Amended and Restated Master Repurchase Agreement, dated February 17, 2023, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 21, 2023). |
| 10.43 | Second Amendment to Fourth Amended and Restated Master Repurchase Agreement, dated February 16, 2024, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 21, 2024). |
| 10.44 | Third Amendment to Fourth Amended and Restated Master Repurchase Agreement, dated August 29, 2024, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 3, 2024). |
| 10.45 | Fourth Amendment to Fourth Amended and Restated Master Repurchase Agreement, dated May 8, 2025, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Sole Book Runner, Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 9, 2025). |
| 10.46 | Fifth Amendment to Fourth Amended and Restated Master Repurchase Agreement, dated May 6, 2026, among DHI Mortgage Company, Ltd., U.S. Bank National Association, as Administrative Agent, Joint Book Runner, Joint Lead Arranger, and a Buyer, and all other Buyers (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 12, 2026). |
| 10.47 | Amended and Restated Custody Agreement, dated March 1, 2013, by and between DHI Mortgage Company, Ltd. and U.S. Bank National Association, as Administrative Agent and representative of certain buyers (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 4, 2015). |
| 10.48 | Master Repurchase Agreement, dated April 4, 2023, between DHI Mortgage Company, Ltd. and Royal Bank of Canada (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 10, 2023). |
| 10.49 | Credit Agreement, dated March 4, 2022, among DRH Rental, Inc., Mizuho Bank, Ltd., as Administrative Agent and the Lenders party thereto (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 7, 2022). |
| 10.50 | Amendment No. 1 to Credit Agreement, dated October 10, 2023, among DRH Rental, Inc., Mizuho Bank, Ltd., as Administrative Agent and the Lenders party thereto (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 12, 2023). |
| 10.51 | Amendment No. 2 to Credit Agreement, dated March 27, 2026, among DRH Rental, Inc., Mizuho Bank, Ltd., as Administrative Agent and the Lenders party thereto (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 31, 2026). |
| 10.52 | Amended and Restated Stockholder's Agreement, dated October 28, 2024, by and between the Company and Forestar Group Inc. (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 1, 2024). |
| 10.53 | Master Supply Agreement, dated June 29, 2017, by and between the Company and Forestar Group Inc. (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on June 29, 2017). |
| 10.54 | Credit Agreement, dated August 16, 2018, among Forestar Group Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of Forestar's Current Report on Form 8-K filed with the SEC on August 17, 2018). |
| 10.55 | Amendment No. 1 to Credit Agreement, dated October 2, 2019 by and among Forestar Group Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to Forestar's Current Report on Form 8-K filed with the SEC on October 3, 2019). |

| Exhibit Number | | Exhibit |
|---|---|---|
| 10.56 | | Amendment No. 2 to Credit Agreement, dated April 16, 2021 by and among Forestar Group Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to Forestar's Current Report on Form 8-K filed with the SEC on April 20, 2021). |
| 10.57 | | Amendment No. 3 to Credit Agreement, dated October 28, 2022 by and among Forestar Group Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to Forestar's Current Report on Form 8-K filed with the SEC on November 1, 2022). |
| 10.58 | | Amendment No. 4 to Credit Agreement, dated December 18, 2024 by and among Forestar Group Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the Lenders named therein (incorporated by reference from Exhibit 10.1 to Forestar's Current Report on Form 8-K filed with the SEC on December 23, 2024). |
| 19.1 | | Insider Trading Policy (incorporated by reference from Exhibit 19.1 to the Company's Annual Report on Form 10-K for the year ended September 30, 2025, filed with the SEC on November 19, 2025). |
| 21.1 | * | Subsidiaries of D.R. Horton, Inc. |
| 22.1 | * | List of Guarantor Subsidiaries. |
| 23.1 | * | Consent of Ernst & Young LLP, Fort Worth, Texas. |
| 31.1 | * | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | * | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | * | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | * | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 97.1 | † | D.R. Horton, Inc. Clawback Policy (effective October 2, 2023) (incorporated by reference from Exhibit 97.1 to the Company's Annual Report on Form 10-K for the year ended September 30, 2023, filed with the SEC on November 17, 2023). |
| 101.INS | ** | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | ** | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL | ** | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF | ** | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | ** | Inline XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE | ** | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104 | ** | Cover Page Interactive Data File (embedded within the Inline XBRL document contained in Exhibit 101). |

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* Filed or furnished herewith.

** Submitted electronically herewith.

† Management contract or compensatory plan or arrangement.

## ITEM 16. 10-K SUMMARY

None.

## SIGNATURES

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

D.R. Horton, Inc.

Date: November 18, 2026

By: /s/ Bill W. Wheat
Bill W. Wheat
*Executive Vice President and Chief Financial Officer*

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

| Signature | Title | Date |
|---|---|---|
| /s/ David V. Auld<br>David V. Auld | Executive Chairman and Director | November 18, 2026 |
| /s/ Paul J. Romanowski<br>Paul J. Romanowski | President and Chief Executive Officer and Director<br>(Principal Executive Officer) | November 18, 2026 |
| /s/ Bill W. Wheat<br>Bill W. Wheat | Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) | November 18, 2026 |
| /s/ Aron M. Odom<br>Aron M. Odom | Senior Vice President and Controller<br>(Principal Accounting Officer) | November 18, 2026 |
| /s/ Brad S. Anderson<br>Brad S. Anderson | Director | November 18, 2026 |
| /s/ Benjamin S. Carson, Sr.<br>Benjamin S. Carson, Sr. | Director | November 18, 2026 |
| /s/ M. Chad Crow<br>M. Chad Crow | Director | November 18, 2026 |
| /s/ Elaine D. Crowley<br>Elaine D. Crowley | Director | November 18, 2026 |
| /s/ Maribess L. Miller<br>Maribess L. Miller | Director | November 18, 2026 |
| /s/ Carl E. Reichardt, Jr.<br>Carl E. Reichardt, Jr. | Director | November 18, 2026 |
| /s/ Barbara R. Smith<br>Barbara R. Smith | Director | November 18, 2026 |