

MDC HOLDINGS INC
 Form 424B2
 January 08, 2014

Filed Pursuant to Rule 424(b)(2)

Registration No. 333-190359

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee	
% Senior Notes due 2024	\$250,000,000	\$ 32,200	
Guarantees of Senior Notes	—	—	(2)
Total	\$250,000,000	\$ 32,200	(3)

(1) Equals the aggregate principal amount of notes being registered. Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Pursuant to Rule 457(n), no registration fee is required with respect to the guarantees.

(3) Previously paid.

**PROSPECTUS SUPPLEMENT
 (To Prospectus Dated August 2, 2013)**

\$250,000,000

M.D.C. Holdings, Inc.

5.500% Senior Notes due 2024

We are offering \$250,000,000 aggregate principal amount of our 5.500% Senior Notes due 2024.

We will pay interest on the notes semi-annually in arrears on January 15 and July 15 of each year, beginning July 15, 2014. The notes will mature on January 15, 2024.

We may redeem the notes at any time at the redemption prices set forth in this prospectus supplement under “Description of Notes—Optional Redemption.”

The interest rate on the notes may be adjusted under the circumstances described in this prospectus supplement under “Description of Notes—Interest Rate Adjustment Following a Change of Control.”

The notes will be senior unsecured obligations of our company and will rank equally with all of our existing and future unsecured and senior indebtedness.

The notes will be fully and unconditionally guaranteed jointly and severally by certain of our subsidiaries on a senior unsecured basis.

Before buying any notes, you should read the discussion of material risks of investing in our notes beginning on page S-6.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes, or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public offering price(1)	100.000%	\$ 250,000,000
Underwriting discount	0.650 %	\$ 1,625,000
Proceeds to M.D.C. Holdings, Inc. (before expenses)(1)	99.350 %	\$ 248,375,000

(1) Not including interest on the notes from January 15, 2014 through the closing date payable by the purchasers of the notes.

Interest on the notes will accrue from January 15, 2014, to the date of delivery.

The underwriters expect to deliver the notes to purchasers through the book-entry delivery system of The Depository Trust Company on or about January 15, 2014.

Joint Book-Running Managers

Citigroup	US Bancorp
<i>Joint Lead Managers</i>	
SunTrust Robinson Humphrey PNC Capital Markets LLC	
<i>Co-Manager</i>	
Regions Securities LLC	

January 7, 2014

You should only rely on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein is accurate as of any date other than the date on the front of this prospectus supplement, the date on the front of the accompanying prospectus or the date of the applicable incorporated document, as applicable. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

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The information contained in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein concerning the homebuilding industry, our market share, our size relative to other homebuilders and other matters is derived principally from publicly available information and from industry sources. Although we believe the publicly available information and the information from industry sources are reliable, we have not independently verified any of this information and we cannot assure you of its accuracy.

This prospectus supplement sets forth certain terms of the notes that we are offering. It supplements the section entitled “Description of Debt Securities” in the accompanying prospectus. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information that is different from the information in the accompanying prospectus.

Forward-Looking Statements

Certain statements in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding our business, financial condition, results of operation, cash flows, strategies and prospects. These forward-looking statements may be identified by terminology such as “likely,” “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “potential” or “continue,” or the negative of such terms and other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference are reasonable, we cannot guarantee future results. These statements involve known and unknown risks, uncertainties and other factors, including those discussed under “Risk Factors,” that may cause the actual results, performance or achievements of the Company to be materially different from those expressed or implied by the forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in subsequent reports on Forms 10-K, 10-Q and 8-K should be considered.

Prospectus Supplement Summary

This is only a summary of the offering. To fully understand the investment you are contemplating you must consider this prospectus supplement, the accompanying prospectus, and the detailed information incorporated into them by reference, including our financial statements and their accompanying notes. Unless the context otherwise requires, the terms “M.D.C. Holdings, Inc.,” “MDC,” “we” and “our” refer to M.D.C. Holdings, Inc., a Delaware corporation, and its subsidiaries.

M.D.C. Holdings, Inc.

M.D.C. Holdings, Inc., or MDC, is a Delaware corporation. We have two primary operations, homebuilding and financial services. Our homebuilding operations consist of wholly-owned subsidiary companies that generally purchase finished lots or develop lots to the extent necessary for the construction and sale primarily of single-family detached homes to first-time and first-time move-up homebuyers under the name “Richmond American Homes.” Our homebuilding operations are comprised of various homebuilding divisions that we consider to be our operating segments. For financial reporting, we have aggregated our homebuilding operating segments into reportable segments as follows: (1) West (Arizona, California, Nevada and Washington); (2) Mountain (Colorado and Utah); and (3) East (Virginia, Florida, Illinois and Maryland, which includes Pennsylvania, Delaware, and New Jersey).

Our financial services operations primarily consist of HomeAmerican Mortgage Corporation (“HomeAmerican”), which originates mortgage loans primarily for our homebuyers; Allegiant Insurance Company, Inc., A Risk Retention Group (“Allegiant”), which provides insurance coverage primarily to our homebuilding subsidiaries and certain subcontractors for homes sold by our homebuilding subsidiaries and for work performed in completed subdivisions; StarAmerican Insurance Ltd., which is a re-insurer on Allegiant claims; American Home Insurance Agency, Inc., which offers third-party insurance products to our homebuyers; and American Home Title and Escrow Company, which provides title agency services to our homebuilding subsidiaries and our customers in certain states. For financial reporting, we have aggregated our financial services operating segments into reportable segments as follows: (1) Mortgage operations (represents HomeAmerican only) and (2) Other (all remaining operating segments).

Our principal executive offices are at 4350 South Monaco Street, Suite 500, Denver, Colorado 80237 (telephone (303) 773-1100). Additional information about us can be obtained on the investor relations section of our website. Our website is www.mdcholdings.com, although the information on our website is not incorporated into this prospectus supplement.

You can obtain additional information about us in the reports and other documents incorporated by reference in this prospectus supplement. See “Where You Can Find More Information” and “Incorporation of Certain Documents by Reference.”

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The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the notes, see the section “Description of Notes.” In this “Prospectus Supplement Summary — The Offering” section, “we” refers to M.D.C. Holdings, Inc. and not to any of its subsidiaries.

Issuer M.D.C. Holdings, Inc.

Securities Offered \$250,000,000 aggregate principal amount of 5.500% Senior Notes due 2024.

Maturity Date January 15, 2024.

Interest Payment Dates Interest will accrue from January 15, 2014, and will be payable semi-annually in arrears on each January 15 and July 15, commencing July 15, 2014.

Optional Redemption We may redeem the notes, in whole or in part. If the notes are redeemed prior to October 15, 2023, the redemption price for the notes to be redeemed will equal the greater of the following amounts: (1) 100% of the aggregate principal amount, and (2) the sum of the present value of the remaining scheduled payments of principal and interest in respect of the notes being redeemed on the redemption date, discounted to the redemption date, on a semi-annual basis, at the Treasury Rate (as defined in “Description of Notes — Optional Redemption”) plus 50 basis points (0.50%), plus, in each case, accrued and unpaid interest to the redemption date. If the notes are redeemed on or after October 15, 2023, the redemption price for the notes to be redeemed will equal 100% of the principal amount of such notes, plus accrued and unpaid interest to the redemption date. See “Description of Notes — Optional Redemption.”

Interest Rate Adjustment The interest rate payable on the notes may be subject to adjustments from time to time upon the occurrence of a change of control and if the debt ratings assigned to the notes by Moody’s Investors Service, Inc., Standard & Poor’s Ratings Services and Fitch Ratings (or any replacement ratings agency selected by us) are all below investment grade, or in the event of certain subsequent upgrades to the debt rating, as described under “Description of Notes—Interest Rate Adjustment Following a Change of Control.”

Ranking The notes will be our general unsecured obligations. Your right to payment under these notes will be:

- effectively junior to the rights of our secured creditors to the extent of the value of their security in our assets;
- structurally junior to the rights of creditors (including trade creditors) of our subsidiaries that are not guarantors of the notes;
- equal with the rights of creditors under our unsecured unsubordinated debt; and
- senior to the rights of creditors under any of our debt that is expressly subordinated in right of payment to these notes.

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At September 30, 2013, after giving effect to this offering, we would have had total consolidated indebtedness of approximately \$1,384 million (including the notes), of which none was expressly subordinated to the notes. At September 30, 2013, MDC and its guarantor subsidiaries had no secured indebtedness outstanding on MDC's consolidated balance sheet. In addition, we had issued and outstanding surety bonds and letters of credit totaling \$83.9 million and \$30.1 million, respectively, as of September 30, 2013. At September 30, 2013, our non-guarantor subsidiaries had approximately \$39.0 million of indebtedness reflected on our consolidated balance sheet to which the notes will be structurally subordinated. We also entered into a \$450 million senior unsecured revolving credit facility on December 13, 2013 (the "Credit Facility"), under which we had no borrowings outstanding as of December 31, 2013 (excluding \$14.9 million of outstanding letters of credit).

Guarantees Certain of our existing subsidiaries and future subsidiaries will fully and unconditionally guarantee our obligations under the notes, jointly and severally, on a senior unsecured basis. Your right to payment under any guarantee will be:

effectively junior to the rights of secured creditors to the extent of their security in the guarantors' assets;
equal with the rights of creditors under the guarantors' other unsecured unsubordinated debt; and
senior to the rights of creditors under the guarantors' debt that is expressly subordinated in right of payment to the guarantees.

Covenants The indenture imposes certain limitations on our ability and the ability of our restricted subsidiaries to:

issue certain additional secured indebtedness; and
engage in sale and lease-back transactions.

These covenants are subject to important exceptions and qualifications, which are described under the heading "Description of Notes — Certain Covenants."

The indenture does not limit the amount of unsecured debt that we may issue or require us to offer to purchase the notes upon a change of control.

Risk Factors You should carefully consider the factors discussed in detail elsewhere in this prospectus supplement under the caption "Risk Factors."

Use of Proceeds We intend to use the net proceeds from this offering for general corporate purposes, which may include repayment of our 5.375% Senior Notes due 2014 and 5.375% Senior Notes due 2015 in whole or in part. See "Use of Proceeds."

Summary Financial and Other Data

The income statement data and balance sheet data set forth below at December 31, 2012, 2011 and 2010 and for the years then ended have been derived from our audited consolidated financial statements. The income statement data and balance sheet data set forth below at September 30, 2013 and 2012, and for the nine months ended September 30, 2013 and 2012, have been derived from our unaudited consolidated financial statements which, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such information. The operating results for the nine months ended September 30, 2013 and 2012 are not necessarily indicative of results for the full fiscal year. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements and the notes thereto incorporated herein by reference and other financial information in our Annual Report on Form 10-K for the year ended December 31, 2012, as amended, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, incorporated herein by reference.

	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
	(dollars in thousands)				
INCOME STATEMENT DATA					
Home sale revenues	\$1,165,768	\$761,857	\$1,150,998	\$805,164	\$921,022
Total home sale and land sale revenues	1,167,600	765,277	1,156,142	817,023	926,905
Financial services revenues	40,672	31,974	46,881	29,462	33,646
Home cost of sales	956,892	649,941	973,120	686,661	745,085
Inventory impairments	350	–	1,105	12,965	21,195
Homebuilding selling, general and administrative expenses	157,862	118,135	167,295	179,105	219,685
Loss on extinguishment of senior notes	–	–	–	(38,795)	–
Income (loss) before income taxes	95,507	31,264	61,115	(107,472)	(70,601)
Net income (loss) ⁽¹⁾	283,676	33,029	62,699	(98,390)	(64,770)
BALANCE SHEET DATA (at period end)					
Assets					
Cash and cash equivalents	\$197,286	\$263,797	\$160,095	\$343,361	\$572,225
Marketable securities	600,257	536,720	551,938	519,943	968,729
Total inventories	1,334,133	897,186	1,002,521	806,052	787,659
Total assets	2,528,081	1,908,423	1,945,441	1,858,725	2,547,769
Debt					
Senior notes, net	1,095,421	744,654	744,842	744,108	1,242,815
Mortgage repurchase facility	38,912	46,888	76,327	48,702	25,434
Total debt	1,134,333	791,542	821,169	792,810	1,268,249
Stockholders' Equity	1,180,432	906,562	880,897	868,636	983,683

(1) Net income for the nine months ended September 30, 2013 includes the impact of releasing previously recorded valuation allowances against our deferred tax assets of \$187.6 million.

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	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010

(dollars in thousands)

OPERATING DATA

New home deliveries (units)	3,458	2,519	3,740	2,762	3,245
Average selling price	\$337.1	\$302.4	\$307.8	\$291.5	\$283.8
Net new home orders (units)	3,575	3,473	4,342	2,887	3,261
Homes in backlog at period end (units)	1,762	1,997	1,645	1,043	842
Estimated backlog sales value at period end	\$676,761	\$666,959	\$579,000	\$330,000	\$269,000
Estimated average selling price of homes in backlog	\$384.1	\$334.0	\$352.0	\$316.4	\$319.5
Active subdivisions at period end	134	166	148	187	148

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Risk Factors

Before purchasing the notes offered hereby, you should consider all of the information set forth in this prospectus supplement, the accompanying prospectus and the information incorporated herein by reference, and, in particular, you should evaluate the risk factors set forth below and in the accompanying prospectus.

Risks Relating to Our Business

The homebuilding industry is cyclical and affected by changes in general economic, real estate and other business conditions that could adversely affect our business or financial results.

The homebuilding industry is cyclical and is significantly affected by changes in industry conditions, as well as in general and local economic conditions, such as:

- employment levels;

- availability of financing for homebuyers;

- interest rates;

- consumer confidence;

- levels of new and existing homes for sale;

- demographic trends; and

- housing demand.

These conditions may exist on a national level, like the recent downturn, or may affect some of the regions or markets in which we operate more than others. When adverse conditions affect any of our larger markets, they could have a proportionately greater impact on us than on some other homebuilding companies.

An oversupply of alternatives to new homes, including foreclosed homes, homes held for sale by investors and speculators, other existing homes, and rental properties, can also reduce our ability to sell new homes, depress new home prices and reduce our margins on the sale of new homes. High levels of foreclosures and short-sales not only contribute to additional inventory available for sale, but also can reduce appraisal valuations for new homes, potentially resulting in lower sales prices.

Continued military deployments, terrorist attacks, other acts of violence or threats to national security, and any corresponding response by the United States or others, or related domestic or international instability, may adversely affect general economic conditions or cause a slowdown of the economy.

The impact of the Affordable Care Act could adversely affect individuals and businesses, which could negatively impact homebuyer discretionary spending and demand for new homes.

As a result of the foregoing matters, potential customers may be less willing or able to buy our homes. In the future, our pricing strategies may continue to be limited by market conditions. We may be unable to change the mix of our home offerings, reduce the costs of the homes we build or offer more affordable homes to maintain our gross margins or satisfactorily address changing market conditions in other ways. In addition, cancellations of home sales contracts in backlog may increase as homebuyers choose to not honor their contracts.

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 may 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 potential exposure regarding those mortgage loan sales.

A deterioration in homebuilding industry conditions or in the broader economic conditions, including government shutdowns and debt ceiling debates, could have adverse effects on our business and financial results.

The recovery in the housing market has been negatively impacted by the continuing effects of the recent recession, including high unemployment rates, high levels of foreclosures and homeowners in default or with negative equity under their current mortgages, more stringent mortgage loan underwriting standards and difficulty in customers' ability to qualify for mortgage loans.

In the event of another downturn in the homebuilding and mortgage lending industries, or if the national economy weakens as a result of a decline in consumer confidence, government shutdowns, debt ceiling debates or other causes, we could experience declines in the market value of our inventory and demand for our homes, which could have a significant negative impact on our gross margin from home sales and financial and operating results.

Monetary policy tightening and tapering of bond purchases by the Federal Reserve could have an adverse effect on interest rates, including mortgage interest rates, equity markets and consumer confidence, which could have a material adverse effect on the homebuilding industry and our results of operations.

Additionally, as a result of recent economic circumstances, we may be subject to increased counterparty risks, which may include, among others, banks under our credit facilities and mortgage purchasers who may not be willing or able to perform on obligations to us. To the extent a third-party is unable to meet its obligations to us, our financial position, results of operations and/or cash flows could be negatively impacted.

These challenging conditions are complex and interrelated. We cannot predict their occurrence or severity, nor can we provide assurance that our responses would be successful.

Increased competition levels in the homebuilding and mortgage lending industries could result in lower net home orders, deliveries and decreases in the average selling prices of sold and delivered homes, which would have a negative impact on our home sale revenues and results of operations.

The homebuilding industry is fragmented and highly competitive. Our homebuilding subsidiaries compete with numerous public and private homebuilders, including a number that are substantially larger than us and may have greater financial resources than we do. Our homebuilding subsidiaries also compete with subdivision developers and land development companies, some of which are themselves homebuilders or affiliates of homebuilders. Homebuilders compete for customers, land, building materials, subcontractor labor and desirable financing.

Competition for home orders primarily is based upon home sales price, location of property, home style, financing available to prospective homebuyers, quality of homes built, customer service and general reputation in the community, and may vary market-by-market and/or submarket-by-submarket. Additionally, competition within the homebuilding industry can be impacted by an excess supply of new and existing homes available for sale resulting from a number of factors, including, among other things, increases in the number of new home communities, increases in unsold started homes available for sale and increases in home foreclosures. Increased competition can result in a decrease in our new home orders, a decrease in our home sales prices and/or an increase in our home sales incentives in an effort to generate new home sales and maintain homes in backlog until they close. These competitive pressures may negatively impact our future financial and operating results.

Through our mortgage lending subsidiary, HomeAmerican, we also compete with numerous banks and other mortgage bankers and brokers, many of which are larger than us and may have greater financial resources than we do. Competitive factors include pricing, mortgage loan terms, underwriting criteria and customer service. To the extent that we are unable to adequately compete with other companies that originate mortgage loans, total revenue and the results of operations from our mortgage operations may be negatively impacted.

If land is not available at reasonable prices or terms, our homes sales revenue and results of operations could be negatively impacted and/or we could be required to scale back our operations in a given market.

Our operations depend on our homebuilding subsidiaries' ability to obtain land for the development of our residential communities at reasonable prices and with terms that meet our underwriting criteria. Our ability to obtain land for new residential communities may be adversely affected by changes in the general availability of land, the willingness of land sellers to sell land at reasonable prices, competition for available land, availability of financing to acquire land, zoning, regulations that limit housing density, and other market conditions. If the supply of land, and especially finished lots, appropriate for development of residential communities continues to be limited because of these factors, or for any other reason, the number of homes that our homebuilding subsidiaries build and sell may decline. To the extent that we are unable to timely purchase land or enter into new contracts for the purchase of land at reasonable prices, due to the lag time between the time we acquire land and the time we begin selling homes, our home sale revenues and results of operations could be negatively impacted and/or we could be required to scale back our operations in a given market.

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

The residential construction industry experiences labor and material shortages from time to time, including: work stoppages; labor disputes; shortages in qualified trades people; lack of availability of adequate utility infrastructure and services; our need to rely on local subcontractors who may not be adequately capitalized or insured; and delays in availability, or fluctuations in prices, of building materials. These labor and material shortages can be more severe during periods of strong demand for housing or during periods in which the markets where we operate experience natural disasters that have a significant impact on existing residential and commercial structures. Additionally, we could experience labor shortages as a result of subcontractors going out of business or leaving the residential construction market due to low levels of housing production and volumes. Any of these circumstances could give rise to delays in the start or completion of our residential communities, increase the cost of developing one or more of our residential communities and/or increase the construction cost of our homes. To the extent that market conditions prevent the recovery of increased costs, including, among other things, subcontracted labor, finished lots, building materials, and other resources, through higher selling prices, our gross margin from home sales and results of operations could be adversely affected.

Increased costs of lumber, framing, concrete, steel and other building materials could cause increases in construction costs. We generally are unable to pass on increases in construction costs to customers who have already entered into sales contracts, as those sales contracts fix the price of the homes at the time the contracts are signed, which may be in advance of the construction of the home. Sustained increases in construction costs may, over time, erode our gross margin from home sales, particularly if pricing competition restricts our ability to pass on any additional costs of materials or labor, thereby decreasing our gross margin from home sales.

If mortgage interest rates rise, if down payment requirements are increased, if loan limits are decreased, or if mortgage financing otherwise becomes less available, it could adversely affect our business, and the duration and ultimate severity of the effects are uncertain.

The mortgage lending industry continues to experience significant instability. Beginning in 2014, new regulations will take effect that may, among other things, cap the fees and place additional restrictions on what our mortgage company and its affiliates may collect, limit the types of loans our mortgage company may originate and place additional restrictions on loans that are sold to entities such as Fannie Mae and Freddie Mac, insured by the FHA or guaranteed by VA. The ultimate impact of these changes is uncertain and may have a negative impact on our financial position, results of operations and/or cash flows.

We believe that the liquidity provided by Fannie Mae and Freddie Mac to the mortgage industry has been very important to the housing market. The future of these entities is in question. Any reduction in the availability of the liquidity provided by these institutions could adversely affect interest rates, mortgage availability and our sales of new

homes and mortgage loans.

Mortgage liquidity provided by government sponsored enterprises (GSEs) like the FHA, VA, Fannie Mae and Freddie continues to be an important factor in marketing our homes. Financial losses or other factors may limit, restrict or otherwise curtail their ability or willingness to insure mortgage loans, offer insurance at rates and on terms that are not prohibitive, or purchase mortgage loans. Should this occur, it may negatively impact the availability of mortgage financing and our sales of new homes.

Loans sold to or insured by the GSEs are subject to various loan limits. Decreases in these loan limits may require homebuyers to make larger down payments or obtain more restrictive non-conforming or “jumbo” mortgages, which could adversely impact on our financial position, results of operations and/or cash flows.

Even if potential customers do not need financing, changes in the availability of mortgage products may make it harder for them to sell their current homes to potential buyers who need financing.

If interest rates increase, the costs of owning a home may be affected and could result in further reductions in the demand for our homes. Similarly, potential changes to the tax code with respect to deduction of home mortgage interest payments or other changes may decrease affordability of and demand for homeownership.

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Expirations, amendments or changes to tax laws, incentives or credits currently available to our customers may negatively impact our business.

Many homeowners receive substantial tax benefits in the form of tax deductions against their personal taxable income for mortgage interest and property tax payments and the loss or reduction of these deductions could affect homeowners' net cost of owning a home. Also, federal or state governments have in the past provided for substantial benefits in the form of tax credits for buyers of new or used homes. Significant changes to existing tax laws that currently benefit homebuyers, such as the ability to deduct mortgage interest and real property taxes, may result in an increase in the total cost of home ownership and may make the purchase of a home less attractive to buyers. This could adversely impact demand for and/or sales prices of new homes, which would have a negative impact on our business.

Increases in our cancellations could have a negative impact on our gross margin from home sales and home sale revenues.

Home order cancellations can result from a number of factors, including declines in the market value of homes, increases in the supply of homes available to be purchased, increased competition, higher mortgage interest rates, homebuyers' inability to sell their existing homes, homebuyers' inability to obtain suitable financing, including providing sufficient down payments, and adverse changes in economic conditions.

Increased levels of home order cancellations could have a negative impact on our home sale revenues and financial and operating results in future reporting periods.

A decline in the market value of our homes or carrying value of our land would have a negative impact on our results of operations and financial position.

Our homebuilding subsidiaries acquire land for the replacement of land inventory and/or expansion within our current markets and may, from time to time, purchase land for expansion into new markets. The fair value of our land and land under development and housing completed or under construction inventory depends on market conditions. Factors that can impact our determination of the fair value of our inventory primarily include home sales prices, levels of home sales incentives and home construction and land costs. Our home sales prices and/or levels of home sales incentives can be impacted by, among other things, uncertainty in the homebuilding and mortgage industries or the United States economy overall, decreased demand for new homes, decreased home prices offered by our competitors, home foreclosure and short-sale levels, decreased ability of our homebuyers to obtain suitable mortgage loan financing and high levels of home order cancellations. Under such circumstances, we may be required to record additional impairments of our inventory. Any such additional inventory impairments would have a negative impact on

our financial position and results of operations in the future reporting period in which they were recorded.

Natural disasters could cause an increase in home construction costs, as well as delays, and could negatively impact our results of operations.

The climates and geology of many of the markets in which we operate present increased risks of natural disasters. To the extent that hurricanes, severe storms, earthquakes, droughts, floods, heavy or prolonged precipitation, wildfires or other natural disasters or similar events occur, the financial and operating results of our business may be negatively impacted.

We have financial needs that we meet through the capital markets, including the debt and secondary mortgage markets, and disruptions in these markets could have an adverse impact on our results of operations, financial position and/or cash flows.

We have financial needs that we meet through the capital markets, including the debt and secondary mortgage markets. Our requirements for additional capital, whether to finance operations or to service or refinance our existing indebtedness, fluctuate as market conditions and our financial performance and operations change. We cannot provide assurance that we will maintain cash reserves and generate sufficient cash flow from operations in an amount to enable us to service our debt or to fund other liquidity needs.

The availability of additional capital, whether from private capital sources or the public capital markets, fluctuates as our financial condition and market conditions in general change. There may be times when the private capital markets and the public debt or equity markets lack sufficient liquidity or when our securities cannot be sold at attractive prices, in which case we would not be able to access capital from these sources. In addition, a weakening of our financial condition or deterioration in our credit ratings could adversely affect our ability to obtain necessary funds. Even if financing is available, it could be costly or have other adverse consequences.

In addition, the sources and terms and conditions of warehouse financing and mortgage repurchase arrangements and other lending arrangements for the mortgage lending industry are changing. These changes can impact, among other things, availability of capital, terms and structures for debt and line of credit agreements, collateral requirements and collateral advance rates.

Our business is subject to numerous federal, local and state laws and regulations concerning land development, construction of homes, sales, mortgage lending, environmental and other aspects of our business. These laws and regulations could give rise to additional liabilities or expenditures, or restrictions on our business.

Our operations are subject to continuing compliance requirements mandated by applicable federal, state and local statutes, ordinances, rules and regulations, including zoning and land use ordinances, building, plumbing and electrical codes, contractors' licensing laws, state insurance laws, federal and state human resources laws and regulations and health and safety laws and regulations. Various localities in which we operate have imposed (or may impose in the future) fees on developers to fund schools, road improvements and low and moderate-income housing.

From time to time, various municipalities in which our homebuilding subsidiaries operate restrict or place moratoria on the availability of utilities, including water and sewer taps. Additionally, certain jurisdictions in which our homebuilding subsidiaries operate have proposed or enacted "slow growth" or "no growth" initiatives and other measures that may restrict the number of building permits available in any given year. These initiatives or other slow or no growth measures could reduce our ability to open new subdivisions and build and sell homes in the affected markets and may create additional costs and administration requirements, which in turn could negatively impact our future home sales and results of operations.

Our homebuilding operations also are affected by environmental laws and regulations pertaining to availability of water, municipal sewage treatment capacity, stormwater discharges, land use, hazardous waste disposal, dust controls, building materials, population density and preservation of endangered species, natural terrain and vegetation.

The particular environmental laws and regulations that apply to any given homebuilding project vary greatly according to a particular site's location, the site's environmental conditions and the present and former uses. These environmental laws may result in project delays, cause us to incur substantial compliance and other costs and/or prohibit or severely restrict homebuilding activity in certain environmentally sensitive locations.

We also are subject to rules and regulations with respect to originating, processing, selling and servicing mortgage loans, which, among other things: prohibit discrimination and establish underwriting guidelines; provide for audits and inspections; require appraisals and/or credit reports on prospective borrowers and disclosure of certain information concerning credit and settlement costs; establish maximum loan amounts; prohibit predatory lending

practices; and regulate the referral of business to affiliated entities. The turmoil caused by the increased number of defaults in subprime and other mortgages during the last industry downturn has encouraged ongoing consumer lawsuits and the investigation of financial services industry practices by governmental authorities. These investigations have included the examination of consumer lending practices, sales of mortgages to financial institutions and other investors and the practices in the financial services segments of homebuilding companies. New rules and regulations or revised interpretations of existing rules and regulations applicable to our mortgage lending operations could result in more stringent compliance standards, which may substantially increase costs of compliance.

In the ordinary course of business, we are required to obtain surety bonds, the unavailability of which could adversely affect our results of operations and/or cash flows.

As is customary in the homebuilding industry, we often are required to provide surety bonds to secure our performance under construction contracts, development agreements and other arrangements. Our ability to obtain surety bonds primarily depends upon our credit rating, capitalization, working capital, past performance, management expertise and certain external factors, including the overall 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 surety bonds. If we were unable to obtain surety bonds when required, our results of operations and/or cash flows could be adversely impacted.

Decreases in the market value of our investments in marketable securities could have an adverse impact on our results of operations.

We have a material amount of investments in marketable securities, the market value of which is subject to changes from period to period. Decreases in the market value of our marketable securities could have an adverse impact on our statements of financial position, results of operations and cash flow.

Product liability litigation and warranty claims that arise in the ordinary course of business may be costly.

As a homebuilder, we are subject to construction defect and home warranty claims, as well as claims associated with the sale and financing of our homes arising in the ordinary course of business. These types of claims can be costly. The costs of insuring against construction defect and product liability claims can be high and the amount of coverage offered by insurance companies may be limited. If we are not able to obtain adequate insurance against these claims, we may incur additional expenses that would have a negative impact on our results of operations in future reporting periods. Additionally, changes in the facts and circumstances of our pending litigation matters could have a material impact on our results of operations and cash flows in future reporting periods.

Further uncertainty in the mortgage lending industry, including repurchase requirements associated with HomeAmerican's sale of mortgage loans, could negatively impact our results of operations.

We are subject to risks associated with mortgage loans, including conventional mortgage loans, FHA and VA mortgage loans, previously originated and sold Alt-A and sub-prime mortgage loans, second mortgage loans, high loan-to-value mortgage loans and jumbo mortgage loans (mortgage loans with principal balances that exceed various thresholds in our markets). These risks may include, among other things, compliance with mortgage loan underwriting criteria and the associated homebuyers' performance, which could require HomeAmerican to repurchase certain of those mortgage loans or provide indemnification. Repurchased mortgage loans and/or the settlement of claims associated with such loans could have in the future a substantial impact on HomeAmerican's results of operations, liquidity and cash flow.

Because of the seasonal nature of our business, our quarterly operating results can fluctuate.

We may experience noticeable seasonality and quarter-to-quarter variability in homebuilding activity levels. In general, the number of homes delivered and the associated home sale revenues increase during the third and fourth quarters, compared with the first and second quarters. We believe that this type of seasonality reflects the historical

tendency of homebuyers to purchase new homes in the spring and summer with deliveries scheduled in the fall or winter, as well as the scheduling of construction to accommodate seasonal weather conditions in certain markets.

We are dependent on the services of key employees, and the loss of their services could hurt our business.

Although we believe that we have made provision for adequately staffing current operations, because of our efforts to “right-size” our organization at times during the past seven years, retaining our skilled people has become a critical area of focus. Our future success depends, in part, on our ability to attract, train and retain skilled personnel. If we are unable to retain our key employees or attract, train and retain other skilled personnel in the future, it could have an adverse impact on our financial and operating results.

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

We and our financial services operations use information technology and other computer resources to carry out important operational activities and to maintain our business records. These information technology systems are dependent upon electronic systems and other aspects of the internet infrastructure. A material breach in the security of our information technology systems or other data security controls could result in third parties obtaining customer, employee or company data. Such occurrences could have a material and adverse effect on our consolidated results of operations or financial position.

Risks Relating to the Notes

Our substantial level of indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations on the notes.

We have, and after consummation of this offering will continue to have, significant debt service obligations. At September 30, 2013, we had total consolidated indebtedness of approximately \$1,134 million, including approximately \$39.0 million of obligations of our subsidiaries that are not guarantors to which the notes offered hereby would be structurally subordinated. We also entered into the Credit Facility on December 13, 2013, under which we had no borrowings outstanding as of December 31, 2013 (excluding \$14.9 million of outstanding letters of credit). See “Description of Certain Other Indebtedness – Unsecured Revolving Credit Facility.”

Possible Consequences: The degree to which we are leveraged could have important consequences to you, including:

our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or other purposes may be limited;

a substantial portion of our cash flows from operations must be used to pay principal and interest on the notes and other indebtedness, which will reduce the funds available to us for other purposes;

our level of indebtedness could limit our flexibility in planning for, or reacting to, changes in our business; and

our indebtedness could make us more vulnerable in the event the downturn in our business or in general economic conditions continues.

Dependence on Future Performance: Our ability to meet our debt service and other obligations will depend upon our future performance and we may not be able to meet such obligations. We are engaged in businesses that are substantially affected by changes in economic cycles, and our revenues and earnings vary with the level of general economic activity in the markets in which we build homes, many of which are beyond our control.

Indenture Restrictions: Our indentures governing our outstanding notes impose certain restrictions on secured debt and other transactions. Our senior notes are not secured and, while the senior note indentures contain some restrictions on secured debt and other transactions, they do not contain financial covenants. If we fail to comply with any of these restrictions, the trustees or the noteholders, as applicable, could cause our debt to become due and payable prior to

maturity.

Unavailability of Additional Funds: In the event that internally generated funds are not sufficient to fund our capital expenditures and our debt service obligations, including the notes, we would be required to raise additional funds through the sale of equity securities, the refinancing of all or part of our indebtedness or the sale of assets. These alternatives are dependent upon financial, business and other general economic factors affecting us, many of which are beyond our control, and any or all of the alternatives may not be available to us. A significant drop in operating cash flows resulting from economic conditions, competition or other uncertainties beyond our control could increase the need for refinancing, new capital or both.

The notes will be unsecured and effectively subordinated to our secured indebtedness and structurally subordinated to all of the liabilities of our subsidiaries that do not guarantee the notes.

The notes will be our general senior unsecured obligations, ranking equal in right of payment with our existing and any future unsubordinated indebtedness. However, because they are unsecured, the notes will be effectively junior to any of our secured indebtedness as to claims against the assets securing such indebtedness. In addition, the notes will be effectively subordinated to all of the liabilities of our subsidiaries that do not guarantee the notes, including HomeAmerican. If the guarantors are released under their guarantees of the Specified Indebtedness (as defined by the indenture governing the terms of the notes to include our other senior notes outstanding on the date hereof) the guarantors will also be released under their guarantees of the notes. See “Description of Notes – Guarantees.” In the event of bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment on their claims from assets of those subsidiaries before any assets are made available for distribution to us. At September 30, 2013, our non-guarantor subsidiaries had approximately \$39.0 million of indebtedness reflected on our consolidated balance sheet to which the notes would be structurally subordinated. The indenture governing the notes does not restrict the ability of us and our subsidiaries (including our non-guarantor subsidiaries) to incur additional unsecured indebtedness, and will permit us and our subsidiaries to incur significant amounts of additional secured indebtedness.

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Our company structure may affect our ability to service our indebtedness under the notes.

Substantially all of our operations are conducted through our homebuilding subsidiaries and HomeAmerican. As a result, we are dependent upon our subsidiaries' results of operations and rely on dividends, advances and transfers of funds from our subsidiaries to generate the funds necessary to meet our ongoing payment obligations under the notes. Our subsidiaries' ability to pay such dividends or make such advances and transfers will be subject to, among other things, applicable state law and contractual restrictions imposed by existing and future agreements and debt instruments that we or our subsidiaries have or may enter into.

The indenture for the notes may not provide protection against events or developments that may affect our ability to repay the notes or the trading prices for the notes.

The indenture governing the notes contains a covenant limiting the ability of us and our restricted subsidiaries to incur liens on our assets to secure indebtedness without equally and ratably securing the notes. This limitation is subject to a number of important exceptions.

With respect to the notes, the indenture governing the notes does not:

require us to offer to purchase the notes upon a change of control of the company;

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity and, accordingly, does not protect holders of the notes in the event that we experience material adverse changes in our financial condition or results of operations;

limit the ability of us and our subsidiaries to incur indebtedness;

restrict our ability to pay dividends, prepay indebtedness ranking junior to the notes or make investments; or

restrict our ability to engage in any acquisition or other transaction, other than our ability to merge or consolidate with, or sell all or substantially all of our assets to, another person without the surviving or transferring person (if other than MDC Holdings) assuming the obligations under the notes.

You should be aware that under the indenture governing our 5.625% senior notes due 2020, we will be required to offer to purchase such notes at 101% of the principal amount thereof upon a change of control triggering event, as

defined in such indenture, even though we will not be required to offer to purchase the notes offered hereby upon a change of control triggering event.

In addition, we are subject to periodic review by independent credit rating agencies. An increase in the level of our outstanding indebtedness, or other events that could have an adverse impact on our business, properties, financial condition, results of operations or prospects, may cause the rating agencies to downgrade our credit ratings generally, and the ratings on the notes, which could adversely impact the trading prices for, or the liquidity of, the notes. Any such downgrade could also adversely affect our cost of borrowing, limit our access to the capital markets or result in more restrictive covenants in future debt agreements. Further, the credit ratings on the notes may not reflect the potential impact of all risks related to structure and other factors on the value of the notes.

The interest rate payable on the notes may be subject to adjustments from time to time upon the occurrence of a change of control and if the debt ratings assigned to the notes by Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings (or any replacement ratings agency selected by us) are below investment grade, or in the event of certain subsequent upgrades to the debt rating, as described under "Description of Notes—Interest Rate Adjustment Following a Change of Control."

The interests of certain controlling shareholders may be adverse to the holders of the notes.

Larry A. Mizel, David D. Mandarich and other of our affiliates beneficially own, directly or indirectly, in the aggregate, approximately 26% of our common stock as of December 31, 2013. To the extent they and their affiliates vote their shares in the same manner, their combined stock ownership may effectively give them the power to influence the election of members of our board of directors and other matters reserved for our shareholders. Circumstances may occur in which the interest of these shareholders could be in conflict with your interests. In addition, such persons may have an interest in pursuing transactions that, in their judgment, enhance the value of their equity investment in us, even though such transactions may involve risks to you.

Federal and state laws allow courts, under specific circumstances, to void guarantees and to require you to return payments received from guarantors of the notes.

The notes will be guaranteed by certain of our existing and future subsidiaries. The guarantees of the notes may be subject to review under U.S. federal bankruptcy law and comparable provisions of state fraudulent conveyance laws if a bankruptcy or reorganization case or lawsuit is commenced by or on behalf of our or one of a guarantor's unpaid creditors. Under these laws, if a court were to find in a bankruptcy or reorganization case or lawsuit that, at the time any guarantor issued its guarantee of the notes:

it issued the guarantee to delay, hinder or defraud present or future creditors; or

it received less than reasonably equivalent value or fair consideration for issuing the guarantee at the time it issued the guarantee and

it was insolvent or rendered insolvent by reason of issuing the guarantee, and the application of the proceeds of the notes of the guarantee; or

it was engaged, or about to engage, in a business or transaction for which its remaining unencumbered assets constituted unreasonably small capital to carry on its business; or

~~it~~ intended to incur, or believed that it would incur, debts beyond its ability to pay as they mature; or

it was a defendant in an action for money damages, or had a judgment for money damages docketed against it if, in either case, after final judgment, the judgment is unsatisfied;

then the court could void the obligations under such guarantee, subordinate the guarantee to that of the guarantor's other debt or take other action detrimental to you and the guarantees of the notes.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon the law of the jurisdiction that is being applied in any proceeding to determine whether a fraudulent transfer had occurred. Generally, however, a person would be considered insolvent if, at the time it incurred the debt:

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

We cannot be sure as to the standard that a court would use to determine whether or not the guarantors were solvent at the relevant time, or, regardless of the standard that the court uses, that the issuance of the guarantees would not be voided or the guarantees would not be subordinated to the guarantors' other debt. If such case were to occur, the guarantee could also be subject to the claim that, because the guarantee was incurred for the benefit of M.D.C. Holdings, Inc., and only indirectly for the benefit of the guarantor, the obligations of the applicable guarantor were incurred for less than fair consideration.

The indenture will contain a "savings clause" intended to limit each subsidiary guarantor's liability under its guarantee to the maximum amount that it could incur without causing the guarantee to be a fraudulent transfer under applicable law. This provision may not be upheld as intended. In one case, the U.S. Bankruptcy Court in the Southern District of Florida found this kind of provision to be ineffective, and held the subsidiary guarantees to be fraudulent transfers and voided them in their entirety.

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The IRS could determine that the notes are subject to contingent payment debt instrument rules, which would result in adverse tax consequences for holders of the notes.

As discussed under “Certain United States Federal Income Tax Considerations – Certain Contingent Payments or Additional Interest,” there is uncertainty about the U.S. federal income tax treatment of our possible obligation to pay amounts in excess of the stated principal and interest upon an optional redemption of the notes, or to pay additional interest following a change of control, and specifically about whether these obligations could cause the notes to be subject to rules governing contingent payment debt instruments. Although we intend to take the position that these rules do not apply, if the IRS were to successfully take the contrary position, holders subject to U.S. federal income taxation could be required to accrue interest income prior to the time payments are made (possibly at a rate in excess of stated interest rate on the notes), and to report gain realized on a taxable disposition of the notes as ordinary interest income (rather than as capital gain).

An active trading market for the notes may not develop or be maintained; many factors affect the trading market and value of the notes.

The notes are a new issue of securities. There is no active public trading market for the notes, and the notes will not be listed on any stock exchange. An active trading market may not develop or be maintained for your notes, you may not be able to sell your notes and, even if you can sell your notes, you may not be able to sell them at an acceptable price.

We may invest or spend the net proceeds of this offering in ways with which you may not agree and in ways that may not earn a profit.

We intend to use the net proceeds from this offering for general corporate purposes, which may include repayment of our 5.375% Senior Notes due 2014 and 5.375% Senior Notes due 2015 in whole or in part. However, we will retain broad discretion over the use of the net proceeds from this offering. You may not agree with the ways we decide to use these proceeds, and our use of the proceeds may not yield any profits.

Use of Proceeds

The net proceeds, after deducting the underwriting discount and other estimated offering expenses payable by us, from the sale of the notes offered hereby will be approximately \$248.1 million. We intend to use the net proceeds from this offering for general corporate purposes, which may include repayment of our 5.375% Senior Notes due 2014 and 5.375% Senior Notes due 2015 in whole or in part. Our management will determine the allocation and timing of the application of such net proceeds in light of market conditions and other relevant factors. Pending application of the net proceeds from this offering, we will invest these funds in cash or cash equivalents and marketable securities.

Ratio of Earnings to Fixed Charges

The following table sets forth our consolidated ratio of earnings to fixed charges for the periods shown.

	Nine Months Ended September 30, 2013	Year Ended December 31,				
		2012	2011	2010	2009	2008
Ratio of earnings to fixed charges (unaudited)	2.98	2.12	—	—	—	—

In computing the ratio of earnings to fixed charges, fixed charges consist of homebuilding and corporate interest expense which includes the amortization and expensing of debt expenses that were not capitalized during period, mortgage lending interest expense, interest component of rent expense, and capitalized interest. Earnings are computed by adding fixed charges (except capitalized interest) and amortization of previously capitalized interest during the period to (loss) earnings before income taxes. For the years ended December 31, 2011, 2010, 2009 and 2008, the Company generated losses which exceeded fixed charges of \$127.8 million, \$80.7 million, \$96.4 million and \$367.9 million, respectively.

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Capitalization

The following table sets forth our unaudited cash and cash equivalents, marketable securities and capitalization at September 30, 2013, on a historical basis, and on an as adjusted basis to give effect to the issuance and sale of the notes offered hereby.

	September 30, 2013	
	Actual	As Adjusted⁽¹⁾
	(unaudited)	
	(dollars in thousands)	
Cash and cash equivalents	\$ 197,286	\$ 445,421
Marketable securities	\$ 600,257	\$ 600,257
 Debt:		
Senior Notes:		
5.375% Senior Notes due 2014 ⁽²⁾	\$ 249,765	\$ 249,765
5.375% Senior Notes due 2015 ⁽²⁾	249,925	249,925
5.625% Senior Notes due 2020 ⁽²⁾	245,731	245,731
6.000% Senior Notes due 2043 ⁽²⁾	350,000	350,000
Senior Notes offered hereby	–	