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 December 31, 2022

OR

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

For the transition period from ___________ to ____________.

Commission file number 001-39253

Opendoor Technologies Inc.
(Exact name of registrant as specified in its charter)

Delaware	**30-1318214**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
410 N. Scottsdale Road, Suite 1600	
Tempe, AZ	**85281**
(Address of Principal Executive Offices)	(Zip Code)

(480) 618-6760
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value per share	OPEN	The Nasdaq Stock Market LLC

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. (Check one):

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 ☒

The aggregate market value of voting and non-voting stock held by non-affiliates of the registrant as of June 30, 2022 was $2,431,521,293. Shares of common stock beneficially owned by each executive officer, director, and holder of more than 10% of our common stock have been excluded in that such persons may be deemed to be affiliates.

The number of shares of registrant’s common stock outstanding as of February 16, 2023 was 642,560,229.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive Proxy Statement relating to its 2023 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2022 are incorporated by reference into Part III of this Annual Report on Form 10-K.

OPENDOOR TECHNOLOGIES INC.

Annual Report On Form 10-K
For Fiscal Year Ended December 31, 2022

TABLE OF CONTENTS

OPENDOOR TECHNOLOGIES INC.

As used in this Annual Report on Form 10-K, unless the context requires otherwise, references to “Opendoor,” the “Company,” “we,” “us,” and “our,” and similar references refer to Opendoor Technologies Inc. and its wholly owned subsidiaries following the Business Combination (as defined herein) and to Opendoor Labs Inc. prior to the Business Combination.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this Annual Report on Form 10-K, including statements regarding the health of our financial condition; anticipated future results of operations or financial performance; priorities of the Company to achieve future goals; our ability to continue to effectively navigate the markets in which it operates; anticipated future and ongoing impacts of our acquisitions and other business decisions; health of our balance sheet to weather ongoing market transitions; Company’s ability to adopt an effective approach to manage economic and industry risk, as well as inventory health; business strategy and plans, including plans to expand into additional markets; market opportunity and expansion and objectives of management for future operations, including our statements regarding the benefits and timing of the roll out of new markets, products, or technology; and the expected diversification of funding sources, are forward-looking statements. When used in this Annual Report on Form 10-K, words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “future,” “guidance,” “intend,” “may,” “might,” “opportunity,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “strategy,” “strive,” “target,” “vision,” “will,” or “would,” any negative of these words or other similar terms or expressions may identify forward-looking statements. The absence of these words does not mean that a statement is not forward-looking.

These forward-looking statements are based on information available as of the date of this Annual Report on Form 10-K and current expectations, forecasts and assumptions, which involve a number of judgments, risks and uncertainties, including without limitation, risks related to:

- the current and future health and stability of the economy, financial conditions and residential housing market, including any extended downturn or slowdown;
- changes in general economic and financial conditions (including federal monetary policy, interest rates, inflation, actual or anticipated recession, home price fluctuations, and housing inventory) that may reduce demand for our products and services, lower our profitability or reduce our access to future financings;
- our real estate assets and increased competition in the U.S. residential real estate industry;
- ability to operate and grow our 1P and 3P core business products, including the ability to obtain sufficient financing and resell purchased homes;
- investment of resources to pursue strategies and develop new products and services that may not prove effective or that are not attractive to customers and real estate partners or that do not allow us to compete successfully;
- our ability to acquire and resell homes profitably;
- our ability to grow market share in our existing markets or any new markets we may enter;
- our ability to manage our growth effectively;
- our ability to access sources of capital, including debt financing and securitization funding to finance our real estate inventories and other sources of capital to finance operations and growth;
- our ability to maintain and enhance our products and brand, and to attract customers;
- our ability to manage, develop and refine our technology platform, including our automated pricing and valuation technology;
- ability to comply with multiple listing service rules and requirements to access and use listing data, and to maintain or establish relationships with listings and data providers;
- ability to obtain or maintain licenses and permits to support our current and future business operations;
- the duration and impact of the ongoing COVID-19 pandemic (including variants) or other public health crises on our ability to operate, demand for our products or services, or general economic conditions;
- acquisitions, strategic partnerships, joint ventures, capital-raising activities or other corporate transactions or commitments by us or our competitors;
- actual or anticipated changes in technology, products, markets or services by us or our competitors;
- our success in retaining or recruiting, or changes required in, our officers, key employees and/or directors;

- the impact of the regulatory environment within our industry and complexities with compliance related to such environment;
- changes in laws or government regulation affecting our business; and
- the impact of pending or any future litigation or regulatory actions.

Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the effect of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, including, without limitation, those described in Part I. Item 1A " Risk Factors" in this Annual Report on Form 10-K, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements.

SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties that represent challenges that we face in connection with the successful implementation of our strategy and the growth of our business. Below is a summary of material factors that may offset our competitive strengths or have a negative effect on our business strategy or operating results, which could cause a decline in the price of shares of our common stock. Importantly, this summary does not address all of the risks and uncertainties that we face. Additional discussion of the risks and uncertainties summarized in this risk factor summary, as well as other risks and uncertainties that we face, can be found under "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K. The below summary is qualified in its entirety by that more complete discussion of such risks and uncertainties.

- Our business and operating results may be significantly impacted by general economic conditions, the health of the U.S. residential real estate industry and risks associated with our real estate assets;
- We have a history of losses, and we may not achieve or maintain profitability in the future;
- We operate in a competitive and fragmented industry, which could impair our ability to attract users of our products, which could harm our business, results of operations and financial condition;
- While we have experienced rapid growth historically, our business experienced significant contraction in the second half of 2022. If we are unable to correct this contraction, we may be unable to grow in the future;
- Our business is dependent upon our ability to appropriately price and manage our portfolio of inventory. An ineffective pricing or portfolio management strategy may have a material adverse effect on our business, sales, and results of operations;
- Our business is dependent upon our ability to expeditiously sell inventory. Failure to expeditiously sell our inventory could have an adverse effect on our business, sales and results of operations;
- Declining real estate values have resulted in, and could continue to result in, inventory valuation adjustments, which have and may continue to adversely affect our financial condition and operating results;
- The extent to which the pandemic caused by COVID-19 and its variants will impact our future operations is highly uncertain and cannot be predicted at this time;
- Our growth depends in part on the success of our strategic relationships with third parties;
- Our business is dependent upon access to desirable inventory. Obstacles to acquiring attractive inventory, whether because of supply, competition, macroeconomic conditions, or other factors may have a material adverse effect on our business, sales and results of operations;
- We process, store and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and violation of these privacy obligations could result in a claim for damages, regulatory action, loss of business, or unfavorable publicity;

- We operate in a highly regulated industry and are subject to a wide range of federal, state and local laws, rules and regulations. Failure to comply with these laws, rules and regulations or to obtain and maintain required licenses, could adversely affect our business, financial condition and results of operations;
- We are, and may in the future be, subject to securities litigation, which is expensive and could divert management attention; and
- We utilize a significant amount of debt and financing arrangements in the operation of our business, and so our cash flows and operating results could be adversely affected by required payments of debt or related interest and other risks of our debt financing.

OPENDOOR TECHNOLOGIES INC.

PART I

Item 1. Business.

Mission

Our mission is to power life's progress, one move at a time.

Our Company

We are a leading e-commerce platform for residential real estate transactions. In 2014, we founded Opendoor to reinvent one of life's most important transactions and make it possible to buy, sell, and move at the tap of a button. By leveraging software, data science, product design and operations, we are building a managed marketplace for residential real estate that offers buyers and sellers an enhanced experience as compared to traditional real estate transactions.

Residential real estate is the largest undisrupted category in the United States. In 2022 alone, more than five million existing homes were sold, representing over $1.9 trillion in transactions. Additionally, with approximately two-thirds of Americans living in a home they own, housing is the single largest consumer expenditure in the United States, ahead of transportation, food, insurance, and healthcare.

Yet, in a world where purchases are increasingly migrating online, the real estate transaction has largely remained unchanged. The typical process of buying or selling a home is complex, uncertain, time consuming and primarily offline. A traditional home sale requires countless decisions and an average of six intermediaries, often brings unexpected costs, and takes approximately three months from start to finish. Ultimately, the consumer is left dissatisfied with a broken, disjointed experience.

We streamline the process of buying and selling a home into a seamless digital experience that is simple and certain. Since launch, customers have demonstrated their desire for our digital, on-demand real estate solution with over 215,000 homes bought and sold by Opendoor across the United States. In 2022, we sold over 39,000 homes and generated $15.6 billion in revenue, the latter of which represents a compound annual growth rate of 85% since 2017. Importantly, we have achieved this growth while continuing to delight customers, maintaining an annual average Net Promoter Score of nearly 80 from our sellers in 2022.

Since our initial market launch in Phoenix in 2014, we have expanded across the United States and operated in 53 markets as of December 31, 2022: Albuquerque, Asheville, Atlanta, Austin, Birmingham, Boise, Boston, Charleston, Charlotte, Chattanooga, Cincinnati, Cleveland, Colorado Springs, Columbia, Columbus, Corpus Christi, Dallas-Fort Worth, Denver, Detroit, Greensboro-Winston, Greenville, Houston, Indianapolis, Jacksonville, Kansas City, Killeen, Knoxville-Morristown, Las Vegas, Los Angeles, Miami, Minneapolis-St. Paul, Nashville, New York-New Jersey, Northern Colorado, Oklahoma City, Orlando, Phoenix, Portland, Prescott, Raleigh-Durham, Reno, Richmond, Riverside, Sacramento, Saint Louis, Salt Lake City, San Antonio, San Diego, San-Francisco-Bay Area, Southwest Florida, Tampa, Tucson, and Washington, DC.

We believe we are still in the early stages of the digital transformation of real estate. Over the coming years, we are dedicated to building a managed marketplace, where more consumers will be able to transact directly with simplicity, certainty and control over the entire process.

Market Overview

Residential real estate is a massive offline market. Of the $1.9 trillion residential real estate transactions in 2022, iBuyers (companies that use technology to facilitate these transactions) captured only 1%.

The current landscape is highly fragmented. Today, approximately 90% of residential real estate transactions in the United States involve an agent. There are over three million licensed real estate agents in the United States, who on average complete less than four transactions per year and many of whom do not solely work in real estate. This can lead to an inconsistent and frustrating experience for consumers looking for guidance in what is typically the largest financial decision of their lives.

Real estate is migrating online. Consumers are shifting their spend online and demanding digital-first experiences for greater efficiency, certainty and speed. They are increasingly comfortable transacting online across retail, food and transportation, and they now expect similar experiences in real estate. While the majority of home buyers browse for homes online, the transaction itself is still largely offline, requiring real estate agents to access homes and requiring in-person closings. The COVID-19 pandemic catalyzed an increase in demand for digital-first experiences with consumers prioritizing simplicity and certainty.

The Problem

The traditional process of buying or selling a home is a lengthy and stressful experience for both the seller and buyer. For the approximately 90% of United States sellers that list their home on the market using an agent, this is what their experience typically looks like:

- *Find a listing agent.* Before the seller can list, they must find a qualified agent. Over 80% of sellers contact only one real estate agent before listing.
- *Prepare the home for listing.* The seller often needs to get the home "sale ready." This preparation, including cleaning, staging and any necessary upgrades, typically involves a lot of guesswork, time and money.
- *List the home.* A home typically needs to be listed for around 30 days on average before it goes into contract.
- *Host open houses and home visits*. During the process, the seller will typically host dozens of strangers walking through their home, and deal with the hassle of cleaning up and clearing out, often on short notice and during inconvenient times.
- *Receive an offer.* One in four home sellers reduces their asking price at least once, while a similar percentage of sellers offer incentives to attract buyers. Once an offer is received, the seller has to negotiate the offer, negotiate the closing date, and deal with any contingencies the buyer may have.
- *Negotiate repairs or fix issues identified by buyers.* After the offer is accepted, the buyer conducts an inspection, which often forces the seller to renegotiate the offer or fix issues, increasing the homeowner's costs and potentially delaying closing.
- *Wait for closing.* Once the contract is signed, it still takes over 30 days on average to close. The seller is reliant on the home buyer and a disparate set of counterparties — such as their agent, mortgage broker and escrow officer — to coordinate and complete the closing process.
- *Fall-through risk.* Finally, there is an approximately 20% chance the contract falls through between signing and closing (based on average multiple listing services ("MLS") contract fall-through rates in our markets in 2022), forcing the home seller to start the entire process all over again.

Additionally, we estimate over two-thirds of home sellers are also home buyers. These customers face an additional set of challenges to line up their home purchase with their sale:

- *Contingencies.* Many Americans are reluctant to sell or cannot purchase their next home until they know with certainty what they can afford for their next home. Few Americans can qualify for two mortgages and few have enough money for two down payments. These buyers often have to submit offers contingent on selling their current home, putting them at a disadvantage versus other buyers.
- *The "double move"*. Alternatively, homeowners can sell their current home, move into a rental or hotel, and then buy a new home, forcing them to move twice and bear those costs.

Our Solution

We are building a managed marketplace for residential real estate via two core product offerings: our first-party (1P) product and our third-party (3P) product. Together, these two offerings leverage our centralized platform capabilities. We are working towards a future where both 1P and 3P sales take place on our platform, enabling sellers and buyers to experience a simple and certain transaction that dramatically improves the traditional process.

- ***1P Product.*** Launched in 2014, sellers utilize our 1P product offering to sell their home directly to us and we resell the home to a home buyer. By selling to Opendoor, homeowners can avoid the stress of open houses, home repairs, overlapping mortgages and the uncertainty that can come with listing a home on the open market. Using our website, sellers can receive a preliminary offer online. We then conduct a home assessment to verify the home information and finalize the offer, taking into consideration the home's condition. Sellers can then select their preferred closing date and close electronically (where permitted).

For customers who sell directly to us, we charge a service fee. We also charge the seller for expected repairs and home quality improvements that relate to our assessment of home condition and the expectations of buyers in the market. Our service fee is set at 5% across all markets. This compares favorably to the traditional listing process, which can include a broker fee of 5% to 6%, depending on location, and a number of additional costs, such as resale concessions, inspection costs, staging costs, double mortgage payments on two homes, and additional moving and storage costs. Many of these expenses may be unforeseen by the homeowner at the outset. Our final offer, inclusive of purchase price, service fee, and repair charge, provides the homeowner with more certainty and transparency as to their expected sale proceeds, while removing the hassle of doing any repairs to get the home "sale ready."

- ***3P Product.*** Launched in 2022, our 3P product offering connects the home seller with either an institutional or retail buyer, facilitating the transaction without us taking ownership of the home. For home buyers, we are building an e-commerce-like experience that focuses on unique selection and a simple process. For home sellers, we are focused on making the experience of selling seamless, with less time and less hassle than the traditional process. Sellers can request an offer from our network of buyers, while also receiving an Opendoor offer. There is no need for repairs, extensive home prep, or months of open houses or listings. We are also giving home sellers control and flexibility, with no upfront commitment.

  We have launched our 3P offering in a limited number of markets. We have decided to keep our 3P product focused on a small set of markets in 2023 so we can iterate on the product experience quickly. This is consistent with our approach to how we scaled our 1P product across markets over time. When we are ready to scale the 3P product, we believe we are well positioned to expand it across our existing 1P markets given our ability to leverage our existing 1P infrastructure.

Our Business Model

The vast majority of our revenue and margins today are generated by our core 1P product offering, where we acquire homes directly from sellers and resell those homes to buyers. We also offer title and escrow services to customers as well as to buyers touring our homes independently via our app or website, which are accretive to our unit economics. We plan to incrementally scale our 3P product offering to expand into more markets over time, which we believe has the potential to reduce our inventory exposure, capital intensity, and macro risk when at scale. We also believe our 3P product offering has the potential to expand our total addressable market to be able to serve all sellers versus those only within our buybox. We define "buybox" as the types of homes we are able to underwrite and acquire in a given market based on characteristics such as price range, home type, home location, year built and lot size.

Offers

We generate demand for our products and services through organic awareness and word-of-mouth, paid media spend, and partnership channels such as our relationships with homebuilders and online real estate portals. Home sellers can visit our website or mobile app and answer a few questions about their home's condition, features and upgrades. For eligible homes, customers receive a preliminary offer, which can be refreshed at any time through their personalized seller dashboard. All of our preliminary offers are algorithmically generated and require minimal human intervention.

In order to finalize our offer, we conduct a combination of virtual and in-person home assessments to verify the condition of the home and determine what kind of repairs and home quality improvements will need to be performed after we acquire the home. We typically ask for a repair charge that relates to our assessment of home condition and what it will require to get the home "sale ready." We have developed purpose-built software to guide home assessment workflows and collect over 150 unique data points on average regarding a home's condition and quality. In addition to informing the offer price for that particular home, we incorporate the proprietary data that we collect during home assessments as structured data into our underlying pricing models. After all the data has been collected and incorporated, each offer is reviewed and finalized by members of our pricing team, allowing us to marry the best of our algorithmic insights with human judgment.

We closely track the number of potential sellers who accept the Opendoor offer versus listing their home on the MLS. We define this as the "real seller" conversion rate, which is the percentage of unique leads who either accept an Opendoor offer or list their home on the MLS within 60 days of receiving an offer from us. We believe this is an important measure of the strength of our value proposition. In addition, we provide offers to homeowners who are not ready to transact at the time of the offer. We add these individuals to our expanding pool of prospective customers, and we re-engage with them over time for when they are ready to transact. Nearly 30% of sellers who listed or sold their homes have previously entered their home address on

Opendoor.com across our active markets, which suggests that our registered user base is a powerful source of future sellers that we can use to drive our future growth.

Home acquisition and repairs

Once a seller has received and accepted our final purchase offer, we enable the seller to close the transaction on a flexible timeline. This is a particularly important feature as over two-thirds of sellers are also buyers, who are often looking to line up the timing of these two transactions to ensure they have their next home to move to before locking in the sale of their current home or to avoid double moves or mortgages. This feature further differentiates our service from a traditional sale.

Following acquisition, we bear the subsequent risk of conducting repairs and home quality improvements on a timely and on-budget basis. The scope of this work before resale is focused on ensuring the home is in “sale ready” condition. We engage third-party contractors within each market to conduct repairs, and continuously refine and adjust our repair strategies based on our operating experience in markets and reviewing neighborhood-level resale outcomes.

Home resale

After we complete the repairs and list the home for resale, we market our homes across a wide variety of channels to generate buyer awareness and demand. These channels include the Opendoor website and mobile app, local MLS and syndication across real estate portals. We also generate buyer awareness through Opendoor signage for listed properties. The majority of our sales are to individual consumers, with a minority sold to institutional investors. Efficiently turning our inventory, inclusive of repairing, listing, and reselling the home, is important to our financial performance, as we bear holding costs (including utilities, property taxes, maintenance and insurance) and financing costs during our ownership period.

As part of the listing and marketing process, we determine an appropriate resale strategy for each home. As the principal rather than the agent in the transaction, we are in a structurally advantageous position as seller, relying on data-driven decisions against a large, diversified portfolio of homes. Our proprietary pricing engine helps automate many of these steps, including relevant adjustments over time. We manage and measure our inventory performance by acquisition cohort and by market, and our pricing models can incorporate granular, relative demand signals to optimize pricing and sell-through across the portfolio. Our resale models, in conjunction with our pricing team, are designed to enable realized margins within our targets while maintaining appropriate transaction velocity and inventory portfolio health.

When we receive an acceptable offer on a given home, we enter into a resale contract. Buyers will then typically conduct an inspection on the property, finalize their mortgage application process and ultimately take possession of the home upon closing of the transaction.

Industry-Leading Pricing Capabilities

Our ability to price homes competitively is fundamental to our business model. Since our inception, we have prioritized investment in our pricing capabilities across our home acquisition processes and our forecasting and resale systems. Our pricing function focuses on ensuring we are providing competitive offers to customers while managing acquisition volumes and resale policy decisions to meet our underwriting and risk management objectives.

To create our home offers, we algorithmically produce both an estimated offer price and an assessment of our confidence level in that estimate, and we then further validate that estimate with a value and risk assessment, including a combination of virtual and in person assessments of the home, as well as additional review from our in-house pricing analysts, to finalize the offer. We dynamically adjust our offers to account for the level of certainty in pricing each home. This degree of certainty can be impacted by factors such as macro conditions, local market dynamics, the condition or attributes of a home, and the depth of home comparables. We recalibrate our view of pricing and where market values are trending using high-frequency detailed metrics across all segments of our business, including inputs related to the dynamics of market demand and supply across markets, home types, and time periods.

While the real estate industry generates a wealth of publicly sourceable data, much of this data lacks the quality and specificity essential to price individual homes. Since our inception, we have invested in our research and data science teams, modeling capabilities, and systematized tooling to gather, aggregate, and synthesize an expanding catalog of proprietary, hyperlocal data in order to enhance and automate pricing decisions. We have also acquired third party data to improve our pricing models and forecast quality. Our proprietary models are informed by hundreds of data points that have been collected and synthesized in a structured way.

- *Proprietary offline data.* We have conducted approximately 580,000 assessments during which we collect over 150 data points on average for each home and its surroundings. We have invested in building custom inspection and operator tooling to systematically source and translate home features into a robust data library. These proprietary data points have led us to make approximately 1.9 billion annotations and adjustments to MLS and tax assessor data, as well as build out unique geospatial data assets, such as power line and busy road proximity. Once we list a home for resale, we collect additional home-level demand data such as home visits and visitor feedback, which enable us to calibrate our resale strategy and acquisition home pricing.

- *Responsive feedback loop.* Advancements in model sophistication and the integration of systematic modeling and human insights have accelerated our feedback loops, such that our pricing system can dynamically adjust to leading market indicators and human insights, and react to macro- and micro-economic conditions.

- *Pricing competitiveness.* Our unique data works in concert with our pricing algorithms. These algorithms use machine learning to drive pricing decisions through modeling of observed home sale prices, demand forecasting, outlier detection, risk assessment, and inventory management. Over time, we have added new data inputs and refined model logic, the benefits of which compound with experience and scale.

Robust Risk Management Framework

Forecasting and managing our business to seasonal and macro market changes is important for our overall results and balance sheet health. As noted above, since our inception, we have prioritized investment in our pricing capabilities across our home acquisition processes and our forecasting and resale systems, and we expect to continue to do so. These investments pair with a strong risk management focus that is embedded in our pricing, finance and operations teams. We evaluate the quality of our pricing models and processes using high-frequency detailed metrics across all segments of our business, including home acquisition, resale strategy and inventory health. All of our pricing decisions are managed centrally, giving us a high degree of control over our overall growth and margin objectives. While residential real estate markets are subject to fluctuations, as with any market, we believe we are well-positioned to manage our risk exposure due to the following:

- A critical component of our business model is managing inventory exposure and balancing growth, margin and risk. Transaction velocity and hold times are important inputs to how we manage our inventory exposure and overall risk. We have historically concentrated our home purchases on those segments of the residential real estate market with the highest transaction volumes, which helps lower the risk of involuntarily holding a home for longer than anticipated.

- Our pricing models and inventory management systems are designed to recalibrate to market signals on a daily basis. Accordingly, changing market conditions are reflected in our pricing for new acquisitions, largely leaving previously-acquired inventory and homes under contract to be acquired at risk for potential market volatility. In addition, we employ sophisticated resale pricing management systems that is designed to allow us to optimize sell-through and margin using real-time, local market demand information, including down to an individual home level. We believe that the quality and scale of information we utilize in our inventory management decisions and our ability to manage these decisions across a scaled, diversified portfolio provides us with a structural advantage over individual sellers or agents in the traditional home selling process.

- Our operations across 53 markets and a range of price and home types allow us to benefit from significant diversification effects. Individual buyers and sellers are exposed to price and behavioral effects that are associated with specific markets or home segments. Our scale and diverse coverage allow us to mitigate such exposures across a wider range of markets and home segments so that our overall risk per home should decrease as we increase the breadth of markets, price points and home types across which we operate.

- Our listed homes are not occupied and are in sale-ready condition given the repairs and renovations we perform. We believe that this increases the attractiveness and liquidity of our portfolio.

- At any moment in time, a significant portion of our inventory is under resale contract; this means we have already found buyers for those homes and are in the process of closing the resale transactions. This further limits the exposure of our inventory portfolio to macro market changes.

Low Cost Transaction Platform

We continue to invest in having an agile, low cost platform, which allows us to provide more competitive offers to home sellers and adapt to changes in macro conditions. Each component of our real estate business and transaction experience has been purpose-built to delight our customers through a streamlined, flexible and vertically-integrated platform. We have reimagined the traditionally inefficient and labor-intensive processes required to purchase, repair, and resell each home. With this in mind, we have invested in developing technology that enables virtualization, centralization, and automation in order to reduce cost, increase speed and improve quality of execution.

Our proprietary construction management technology enables us to drive efficiencies across all home servicing functions, tying together pre-acquisition assessments, pricing, repair scoping, centralized back-office operations, and renovation project management. Our systems and processes facilitate the centralization of certain processes that previously required local labor, which provides staffing flexibility, cost economies, training and quality enhancements, and faster turnaround times, all of which result in a superior customer experience. One example is our virtual home assessment capability for our lowest risk homes, where home sellers are able to take our operators on a virtual, guided tour of their home. Our centralized teams then assess home conditions, leveraging a combination of industry best practices and big data. This centralization has also enabled us to shift an increasing amount of back-office work to our offshore teams, which we believe will help deliver structural cost improvements over time.

We have also established a network of more than 1,000 trade partners and local service providers that use our proprietary technology to complete home repairs and maintenance. By leveraging our technology platform and directly interfacing with our trade partners, we reduce delays, eliminate waste, and improve quality of repairs while capturing data at every step to continuously improve the system. This increase in third-party capacity also gives us the flexibility to adapt to macro conditions and adjust our operating expenses commensurate with volume expectations. Due to our scale, we have procured volume discounts on the cost of materials used in our home repairs. In addition, we have designed our home inventory management processes and home access technology to ensure our homes are regularly cleaned, well-maintained and safe to enable our on-demand, self-tour experience.

Strategic Growth Priorities

Our growth strategy is to innovate and execute on the following key strategic priorities:

Increase penetration in existing markets. We are focused on continued growth in our existing markets — greater scale improves awareness, trust and adoption, operational cost efficiencies, and pricing competitiveness from more data. Across all of our markets, we estimate that less than 10% of sellers received an offer from Opendoor and either sold their home to us or subsequently listed their home on the MLS within 60 days. This low penetration gives us a significant runway for growth. We will continue to expand our customer base through partnerships and marketing campaigns that increase awareness and engage customers early in their home selling and buying research.

Expand to new markets. At 53 markets as of December 31, 2022, we are making good progress towards our long-term goal of being able to deliver for customers nationwide. We select new markets by looking at drivers of supply, demand and affordability, housing stock, cost structure and expected pricing competitiveness. We have honed our market launch playbook by centralizing many of our core pricing, operations and customer service functions, enabling us to efficiently launch new markets with limited in-market physical presence. Our largely centralized and scalable framework for new market entry enabled us to rapidly grow the number of markets we served in 2021 and 2022. Furthermore, decision making for each home is informed by centralized, robust, data-driven playbooks that allow us to drive consistency across our markets and reach profitability in new markets more quickly.

Expand product and service offerings. Our north star is to build the best end-to-end managed marketplace for every home buyer and seller. We are focused on leveraging both our 1P and 3P product offerings to refine our best-in-class seller experience, expand the options available to sellers in our marketplace, invest in enhancing the buyer experience and continue to integrate the seller and buyer journey. Over time, we plan to launch additional services that are adjacent to the core real estate transaction, bringing us closer to our vision for a digital one-stop-shop that powers all transactions.

Marketing

We utilize a diversified, multichannel approach in marketing, with a focus on efficient growth. In addition to earned media and online real estate partnerships with leading industry brands, we leverage a diverse range of channels and platforms within paid advertising, including paid online channels, direct mail, television, radio, and outdoor advertising. As our market footprint has expanded, we are focused on our investment in broad reach and national channels such as television and sponsorships, to efficiently drive awareness and build trust with consumers in a new category. We also continue to build our prospective customer base by maintaining relationships and re-engaging with homeowners who might not have been ready to sell during their first interaction with Opendoor. With over two-thirds of sellers also being buyers, these homeowners represent a large part of our marketing funnel that we are focused on converting when they are ready to transact. As more consumers start their home journey with Opendoor, we expect this prospective customer base to continue to expand over time.

Competition

The U.S. housing market is highly competitive and fragmented, with over five million residential real estate transactions per year. We view our primary competition as the 99% of transactions that are done offline. As such, we compete directly with traditional, offline real estate brokers and agents. In addition, we also compete with other iBuyers, and our adjacent services compete with industry service providers, including title and escrow companies. We believe our singular focus on an end-to-end digital solution, our best-in-class pricing engine, and our low-cost operational platform differentiate us from our competitors and provide a meaningful and sustainable competitive advantage.

Human Capital Resources

Our Values and People

Our values. Our values reflect how we will deliver on our goal to build a once in a generation company and include a focus on the customer, a culture of frugality, continuous invention, and ruthless execution against results:

- *Start and end with the customer.* We invent, build and execute to improve the lives of our customers. We put in the hard work to delight customers, even when no one is looking.
- *BPs for Breakfast.* We eat “BPs (or basis points) for breakfast” — meaning we are always looking for where we can take costs out of the transaction —so we can put more money in the pockets of our customers. We will win by building the lowest cost platform.
- *Act from ownership.* When we see a problem, we roll up our sleeves and fix it. We hold ourselves accountable because it is our home and it is our responsibility to take care of it.
- *Build openness.* We are open, honest and direct about problems and seek the truth. We assume good intentions and treat feedback as a gift.
- *1% Better Every Day.* We value a growth mindset and operate from a place of humility. We are energized by constantly improving.
- *Startup mentality.* We move fast, operate with urgency, and have a bias towards action without sacrificing quality. We are relentlessly resourceful.
- *One Team, One Dream.* Our superpower is a diverse community that combines technology, operational excellence, talent and respect. We work through teams and care for each other professionally and personally. We honor and respect our diverse workforce and actively work to ensure everyone feels represented.
- *Results matter.* We focus on outputs and outcomes and hold ourselves accountable to hitting ambitious goals. We have a high quality bar and pay attention to the pixels, words, and results.
- *Celebrate moments.* We work tirelessly for our customers and teammates so we take the time to celebrate moments large and small.

Employees

As of December 31, 2022, we employed 2,570 individuals, including 2,444 in the United States. None of our employees are currently represented by a labor organization or a party to any collective bargaining.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing, and integrating our existing and additional employees. The principal purposes of our equity incentive plans are to attract, retain, and motivate selected employees, consultants, and directors through the granting of stock-based compensation awards.

Technology

Our business is driven by data and technology at all stages of the home buying and selling process. We have assembled a team of engineers, data scientists, designers and product managers whose expertise spans a broad range of technical areas to build our proprietary technology for pricing and home assessment, access and management. We use technological innovations where possible to increase efficiency and scale our business.

We currently use third-party cloud computing services to allow us to quickly and efficiently scale up our services without upfront infrastructure costs, allowing us to maintain our focus on building great products. We also use third party services to allow customers to digitally sign contracts, upload videos of their home and manage customer support services.

Intellectual Property

We rely on trademarks, domain names, patents, copyrights, trade secrets, contractual provisions and restrictions on access and use to establish and protect our proprietary rights. As of December 31, 2022, we had 14 trademark registrations and 6 patent registrations.

We are the registered holder of a variety of domestic domain names, including "opendoor.com."

In addition to the protection provided by our intellectual property rights, we enter into confidentiality and proprietary rights agreements with certain of our employees, consultants, contractors and business partners. Certain of our employees and contractors are also subject to invention assignment agreements. We further control the use of our proprietary technology and intellectual property through provisions in both our general and product-specific terms of use on our website.

Government Regulation

We operate in highly regulated businesses through a number of different channels across the United States. As a result, we are currently subject to a variety of, and may in the future become subject to additional, federal, state and local statutes and regulations in various jurisdictions (as well as judicial and administrative decisions and state common law), which are subject to change at any time, including laws regarding the real estate and mortgage industries, settlement services, mobile and internet based businesses and other businesses that rely on advertising, as well as data privacy, consumer protection, and employment laws.

In particular, the advertising and sale of homes is highly regulated by states in which we do business, as well as the U.S. federal government. Regulatory bodies include the Consumer Financial Protection Bureau ("CFPB"), the Federal Trade Commission ("FTC"), the Department of Justice ("DOJ"), the Department of Housing and Urban Development ("HUD"), and various state licensing authorities, consumer protection agencies, financial regulatory agencies and insurance agencies. We are subject to compliance audits of our operations by many of these authorities. For a discussion of the various risks we face from regulation and compliance matters, see *"Item 1A. Risk Factors — Risks Related to Regulatory Compliance and Legal Matters."*

Additionally, laws, regulations, and standards covering marketing and advertising activities conducted by telephone, email, mobile devices, and the internet, may be applicable to our business, such as the Telephone Consumer Protection Act ("TCPA"), the Telemarketing Sales Rule, the CAN-SPAM Act, and similar state consumer protection laws. Through our various subsidiaries, we also buy and sell homes, provide real estate brokerage, title insurance and settlement services, and provide other product offerings, which results in us receiving or facilitating transmission of personally identifiable information. This information is increasingly subject to legislation and regulation in the United States. These laws and regulations are generally intended to protect the privacy and security of personal information, including customer Social Security numbers and credit card information that is collected, processed and transmitted. These laws also can restrict our use of this personal information for other commercial purposes.

In order to provide the broad range of products and services that we offer customers, certain of our subsidiaries maintain real estate brokerage, title insurance and escrow, property and casualty insurance, and general contractor licenses, and we may in the future apply for additional licenses as our business grows and develops. These entities are subject to stringent state and federal laws and regulations, including, but not limited to, the Real Estate Settlement Procedures Act ("RESPA") and those administered by applicable state departments of real estate, banking, insurance and consumer services. These entities are also subject to the scrutiny of state and federal government agencies as licensed businesses as noted above. As of December 31, 2022:

- Opendoor Brokerage LLC, Opendoor Brokerage Inc., and OD Homes Brokerage Inc. (formerly known as Open Listings Co.), collectively, hold real estate brokerage licenses in all our markets and certain other states.
- OS National LLC, and its subsidiaries, OSN Texas LLC and OSN Alabama LLC, are licensed as title agents in 27 states. In addition, OS National LLC, and its subsidiary, OSN Escrow, are licensed as escrow agents in seven states and OS National LLC is authorized to conduct the business of title insurance in five additional states that do not require entity and/or individual licensing.
- Opendoor Home Loans LLC holds mortgage banking/lending licenses in five states.
- Digital Opendoor Insurance Services LLC holds insurance producer licenses for property and casualty lines in nine states.
- Open Exchange Brokerage LLC, holds real estate brokerage licenses in 15 states.
- Tremont Realty LLC (dba Opendoor Connect), holds a real estate brokerage license in Texas.

For certain licenses, we are required to designate individual licensed brokers of record, qualified individuals and control persons.

Seasonality

For information regarding the seasonality of our business, please see “*Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting our Business Performance.*”

Corporate History and Background

Opendoor Technologies Inc. was formed through a business combination with Social Capital Hedosophia Holdings Corp. II (“SCH”), a Cayman Islands exempted company formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (the “Business Combination”). The Business Combination, pursuant to which Opendoor Labs Inc. became a wholly owned subsidiary of SCH and SCH changed its name from “Social Capital Hedosophia Holdings Corp. II” to “Opendoor Technologies Inc.,” was completed on December 18, 2020 (the “Closing”), and was accounted for as a reverse recapitalization, in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Available Information

Our website is www.opendoor.com. At our Investor Relations website, investor.opendoor.com, we make available, free of charge, a variety of information for investors, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, proxy statements and other information, as soon as reasonably practicable after we electronically file that material with, or furnish it to, the Securities and Exchange Commission (“SEC”). We also use the Investor Relations page of our website for purposes of compliance with Regulation FD and as a routine channel for distribution of important information, including blogs, news releases, analyst presentations, financial information and corporate governance practices. The information found on our website is not part of this or any other report we file with, or furnish to, the SEC. Our SEC filings are also available to the public at the SEC's website at http://www.sec.gov.

Item 1A. Risk Factors.

In the course of conducting our business operations, we are exposed to a variety of risks. You should carefully consider the risks described below, as well as the other information in this Annual Report on Form 10-K, including our financial statements and the related notes and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” before deciding whether to invest in our common stock. Any of the risk factors we describe below have affected or could materially and adversely affect our business, financial condition, results of operations and prospects. The market price of shares of our common stock could decline, possibly significantly or permanently, if one or more of these risks and uncertainties occurs. Certain statements in “Risk Factors” are forward-looking statements. See “Forward-Looking Statements.”

Risks Related to Our Business and Industry

Our business and operating results may be significantly impacted by general economic conditions, the health of the U.S. residential real estate industry, and risks associated with our real estate assets.

Our success depends, directly and indirectly, on general economic conditions, the health of the U.S. residential real estate industry, particularly the single family home resale market, and risks generally incidental to the ownership of residential real estate, many of which are beyond our control. A number of factors have impacted and could in the future negatively impact and harm our business, including the following:

- downturns in the U.S. residential real estate market that may be due to one or more factors, whether included in this list or not;
- changes in national, regional, or local economic, demographic or real estate market conditions;
- increased mortgage interest rates, such as the recent significant increases in interest rates in 2022, or down payment requirements and/or restrictions on mortgage financing availability;
- low home inventory levels or lack of affordably priced homes;
- labor or materials supply shortages;
- slow economic growth or inflationary or recessionary conditions;
- increased levels of unemployment or declining wages;
- declines in the value of residential real estate and/or the pace of home appreciation, or the lack thereof;
- illiquidity in residential real estate;
- overall conditions in the housing market, including macroeconomic shifts in demand, and increases in costs for homeowners such as property taxes, homeowners' association fees and insurance costs;
- low levels of consumer confidence in the economy and/or the U.S. residential real estate industry;
- the continuing and future impacts of the pandemic caused by COVID-19 and its variants, or a future pandemic, on buying and selling trends in the residential real estate market;
- changes in household debt levels;
- volatility and general declines in the stock market;
- federal, state, or local legislative or regulatory changes that would negatively impact owners or potential purchasers of single family homes or the residential real estate industry in general, such as the Tax Cuts and Jobs Act of 2017, which limited deductions of certain mortgage interest expenses and property taxes; or
- natural disasters, such as hurricanes, windstorms, tornadoes, earthquakes, wildfires, floods, hailstorms, and other events that disrupt local, regional, or national real estate markets.

We have a history of losses, and we may not achieve or maintain profitability in the future.

We have incurred net losses on an annual basis since we were founded. We incurred net losses of $1.4 billion, $662 million, and $253 million for the years ended December 31, 2022, 2021, and 2020, respectively. We had an accumulated deficit of $3.1 billion and $1.7 billion as of December 31, 2022 and 2021, respectively. We expect to continue to make future investments in developing and expanding our business, including technology, recruitment and training, marketing and pursuing strategic opportunities. These investments may not result in increased revenue or growth in our business. Additionally, we may incur significant losses in the future for a number of reasons, including the following:

- our failure to appropriately price and manage the home inventory we acquire;
- changes in our fee structure or rates;
- the availability of debt financing and securitization funding to finance our real estate inventories;
- our inability to grow market share in our existing markets or any new markets we may enter;
- our expansion into new markets, for which we typically incur more significant losses immediately following entry;
- increased competition in the U.S. residential real estate industry;

- our failure to realize anticipated efficiencies through our technology and business model;
- costs associated with enhancements of our products and introducing new product offerings;
- our failure to execute our growth strategies;
- declines in U.S. residential real estate transaction volumes;
- increased marketing costs;
- lack of access to housing market data that is used in our pricing models at reasonable cost, if at all;
- hiring additional personnel to support our overall growth;
- loss in value of real estate due to changes in market conditions in the area in which real estate or assets are located;
- increases in costs associated with holding our real estate inventories, including financing costs; and
- unforeseen expenses, difficulties, complications and delays, and other unknown factors.

Accordingly, we may not be able to achieve or maintain profitability and we may continue to incur significant losses in the future. Moreover, as we continue to invest in our business, we expect expenses to continue to increase in the near term. These investments may not result in increased revenue or growth in our business. If we fail to manage our losses or to grow our revenue sufficiently to keep pace with our investments and other expenses, our business will be harmed. In addition, we incur significant legal, accounting and other expenses related to being a public company.

Because we incur substantial costs and expenses from our growth efforts before we receive any incremental revenues with respect thereto, we may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in an increase in revenues to offset these expenses, which would further increase our losses.

Our limited operating history makes it difficult to evaluate our current business and future prospects.

Our business model and technology is still nascent compared to the business models of the incumbents in the U.S. residential real estate industry. We launched our first market in 2014 and do not have a long operating history. Our operating results are not predictable and our historical results may not be indicative of our future results. Few peer companies exist and none have yet established long-term track records that might assist us in predicting whether our business model and strategy can be implemented and sustained over an extended period of time. It may be difficult for you to evaluate our potential future performance without the benefit of established long-term track records from companies implementing a similar business model. We may encounter unanticipated problems as we continue to refine our business model and may be forced to make significant changes to our anticipated sales and revenue models to compete with our competitors' offerings, which may adversely affect our results of operations and profitability.

We operate in a competitive and fragmented industry, which could impair our ability to attract users of our products, which could harm our business, results of operations and financial condition.

We operate in a competitive and fragmented industry, and we expect competition to continue to increase. We believe that our ability to compete depends upon many factors both within and beyond our control, including the following:

- the financial competitiveness of our products for consumers;
- the number of potential customers;
- the timing and market acceptance of our products, including new products offered by us or our competitors;
- our selling and marketing efforts;
- our customer service and support efforts;
- our continued ability to develop and improve our technology to support our business model;
- customer adoption of our platform as an alternative to traditional methods of buying and selling residential real estate; and
- our brand strength relative to our competitors.

Our business model depends on our ability to continue to attract customers to our e-commerce platform and the products we offer and to enhance customers' engagement with our products in a cost-effective manner. New entrants continue to join our market categories at a rapid pace. Our existing and potential competitors include companies that operate, or could develop, national and/or local real estate businesses offering services to home buyers or sellers, including real estate brokerage services, title insurance, and escrow services.

Some of our competitors have well-established national reputations and may market similar products and services. These companies may be larger than us and have significant competitive advantages, including better name recognition, greater resources, lower cost of funds and additional access to capital, and a broader set of offerings than we currently do. These companies may also have higher risk tolerances or different risk assessments than we do. In addition, these competitors could devote greater financial, technical and other resources than we have available to develop, grow or improve their businesses. If we are not able to continue to attract customers to our platform and products, our business, results of operations and financial condition could be harmed.

Failures by our perceived competitors or companies with an iBusiness model in other markets may adversely impact Opendoor.

Because of the novelty of our business model and our limited track record as a public company, high profile failures of companies operating in similar or adjacent spaces, including companies in our market or companies operating in different markets but utilizing an "iBuyer" business model, may impact investor perceptions of the digital home buying industry as a whole. Such events may negatively impact our stock price and ability to raise capital regardless of whether those events have any actual relationship with our business and financial or operational performance.

While we have experienced rapid growth historically, our business experienced significant contraction in the second half of 2022. If we are unable to correct this contraction, we may be unable to grow in the future.

While we have experienced historic rapid growth, our business contracted in the second half of 2022. We may not be able to reverse such contraction and grow our business in the future if we do not, among other things:

- continue to increase the number of customers using our platform;
- avoid future inventory valuation adjustments;
- acquire sufficient inventory based on our underwriting standards to meet demand for our homes;
- increase our market share within existing markets and expand into new markets;
- manage operating expenses;
- increase our brand awareness;
- retain adequate availability of financing sources;
- obtain necessary capital to meet our business objectives;
- expand our third-party vendor networks; and
- scale our internal operations and customer support teams.

Furthermore, in order to grow our business, we may need to expand into new markets. Expanding into new markets may prove to be challenging as some markets may have very different characteristics than the markets we currently operate in, some of which may be unanticipated or unknown to us. These differences may result in greater pricing uncertainty, as well as higher capital requirements, hold times, repair costs and transaction costs that may result in those markets being less profitable for us than those that we currently operate in.

Our business is dependent upon our ability to appropriately price and manage our portfolio of inventory. An ineffective pricing or portfolio management strategy may have a material adverse effect on our business, sales, and results of operations.

We appraise and price the homes we buy and sell using data science, proprietary algorithms, and analysis from specially trained employees, incorporating a number of factors, including our knowledge of the real estate markets in which we operate. This assessment includes estimates on time of possession, seasonality, macroeconomic and hyper-local market conditions, renovation costs and holding costs, transaction costs, and anticipated resale proceeds. Our ability to acquire and resell homes profitably may be negatively impacted if our models lack robust historical data on home sales, material home features, or other market nuances, especially those outside of features and nuances we have previously encountered and modeled in our existing

53 markets. This, in turn, could negatively impact our revenue growth if resulting valuations are too low and/or fees are too high, or our profitability, if valuations are too high and/or fees are too low.

Once we have acquired a home, we may decrease our anticipated resale price for reasons such as unknown defects related to home condition requiring remediation, lower/higher than forecasted demand/supply, or other detractors that were unknown or missed at the time of acquisition. This in turn could negatively impact our revenue, gross margins and results of operations, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is dependent upon our ability to expeditiously sell inventory. Failure to expeditiously sell our inventory could have an adverse effect on our business, sales and results of operations.

A critical component of our business model is managing inventory exposure and balancing growth, margin, and risk. Our purchases of homes are based in large part on our estimates of projected demand. If actual sales are materially less than our forecasts, we would experience an over-supply of inventory. An over-supply of home inventory will generally cause downward pressure on our sales prices and margins and increase our average days to sale. Our inventory of homes purchased has typically represented a significant portion of total assets. Having such a large portion of our total assets in the form of non-income producing home inventory for an extended period of time subjects us to significant holding costs, including financing expenses, maintenance and upkeep, insurance, property taxes, homeowners’ association fees, and other expenses that accompany the ownership of residential real property and increased risk of depreciation of value. Disruptions in the supply chain for the materials, such as paint and carpet, and constraints in the market for labor necessary to restore and resell home inventory could lengthen the period of time during which we must hold home inventory.

In addition, the value of homes in inventory may decline significantly and we could experience losses, which in the aggregate could be detrimental to our business and results of operations. For example, due in part to macroeconomic factors such as increased interest rates and lower consumer confidence stemming from a potential recession, home values decreased beginning in the second quarter of 2022. If we have excess inventory or our average days to sale increases, as was the case in the second half of 2022 alongside home price value decreases, the results of our operations may be adversely affected because we may be unable to liquidate such inventory at prices that allow us to meet margin targets or to recover our costs.

Declining real estate values have resulted in, and could continue to result in, inventory valuation adjustments, which have and may continue to adversely affect our financial condition and operating results.

There are risks inherent in owning properties and inventory risks are substantial for our business. Home prices have been and can be volatile, and the values of our inventory have and may continue to fluctuate significantly. As a result of such fluctuations, we have in the past and may in the future incur inventory valuation adjustments. We periodically review the value of our properties to determine whether their value, based on market factors and generally accepted accounting principles, has decreased such that it is necessary or appropriate to record an inventory valuation adjustment in the relevant accounting period. As a result of such review, we recorded an inventory valuation adjustment of $737 million in 2022, of which $458 million related to homes remaining in inventory at December 31, 2022. These adjustments, based upon anticipated, but not realized losses, caused an immediate reduction of net income and a corresponding decrease in real estate inventory in the accounting period identified. Even if we do not determine that it is necessary or appropriate to record an inventory valuation adjustment in the current financial period, a reduction in the estimated net realizable value of a property could subsequently manifest and would therefore affect our earnings and financial condition at that time.

Launches of new product or service offerings, like our 3P product, and expansions of existing product and servicing offerings, may consume significant financial and other resources and may not achieve the desired results.

We regularly evaluate launching new product or service offerings to our customers, as well as expanding existing offerings. Such offerings may require significant expenses, new sources of capital and financing, and time of our key personnel. New or expanded product and service offerings may also subject us to new regulatory environments, which could increase our costs as we evaluate compliance with the new regulatory regime. Despite the expenses and time devoted to launching new or expanded product or service offerings, we may fail to achieve the financial and market share goals anticipated, which may adversely affect our business and results of operations.

One such offering is our 3P product that we launched in a limited number of markets in 2022. Setting up an offering such as our 3P product comes with substantial upfront costs and we may not achieve profitability in time, if at all, to make up for those costs. Further, there is no guarantee that buyers and sellers will want to transact in a manner contemplated by this offering, or that we will be able to attract a sufficient number of sellers to attract buyers, or a sufficient number of buyers to attract sellers. In addition, we may encounter difficulties in building and marketing this new offering, such as obtaining the necessary licensing and staffing, building a marketing apparatus for the offering, or standing up other business operations, These difficulties could make expanding to new markets too slow to cover the fixed and upfront costs of setting up the marketplace. Incumbents in the industry may also organize efforts to oppose our innovations and find ways to use existing regulations, or convince authorities to make new regulations, that would make our business model unviable. Even if we are successful, it may attract competitors who reduce the size of our market or its economic viability. Those competitors may have strategic advantages that make them better able to provide marketplace services or expand those services to new markets faster than we can, and we may be unable to compete in a sustainable way. As we expand our marketplace to new markets, we may find that local preferences, conditions, or regulations differ from our other markets such that the benefits of scale do not materialize. In addition, developing and marketing our 3P product could have higher costs than anticipated and could adversely impact our results or dilute our brand.

Our business model and growth strategy depend on our marketing efforts and ability to attract buyers and sellers to our website and mobile application in a cost-effective manner.

Our long-term success depends in part on our ability to continue to attract more buyers and sellers to our platform in each of our markets. We believe that an important component of our growth will be the attraction of potential customers to our website and mobile application. Our marketing efforts may not succeed for a variety of reasons, including changes to search engine and social network algorithms, ineffective campaigns across marketing channels, and limited experience in certain marketing channels. We may also be unable to deliver a sufficiently rewarding experience on mobile devices whether through our mobile website or mobile application, which may make us unable to attract and retain customers. External factors beyond our control may also affect the success of our marketing initiatives, such as filtering of our targeted communications by email servers, buyers and sellers failing to respond to our marketing initiatives, and competition from third parties. Any of these factors could reduce the number of customers coming to our platform.

Our business model relies on our ability to scale rapidly and to decrease incremental customer acquisition costs as we grow. If we are unable to recover our marketing costs through increases in customer traffic and in the number of transactions by users of our platform, or if our broad marketing campaigns are not successful or are terminated, it could have a material adverse effect on our growth, results of operations, and financial condition.

The extent to which the pandemic caused by COVID-19 and its variants will impact our future operations is highly uncertain and cannot be predicted at this time.

The COVID-19 pandemic significantly and adversely affected our business in 2020 when governmental authorities put in place limitations on in-person activities related to the sale of residential real estate. As a result of these restrictions and safety concerns for our customers and employees, we temporarily suspended home acquisitions and sold down most home inventory before resuming home acquisitions later in the year.

We believe we have successfully adapted our operations to effectively execute on our business model during the COVID-19 pandemic. However, given the impact of COVID-19 variants, there remains uncertainty as to COVID-19's overall impact on the U.S. economy and our business. Future limitations may be imposed by governmental authorities on processes and procedures attendant to residential real estate transactions as a result of COVID-19 or another pandemic, and trends in consumer spending on real estate transactions may be impacted. Transaction volumes are important to our business. They affect all of the ways that we generate revenue, including our ability to acquire new homes and generate associated service fees, our ability to sell homes that we own, the generation of commissions from our brokerage business, and the number of transactions our title and settlement business closes. We cannot predict the extent to which our transaction volumes and financial results may be adversely affected by the COVID-19 pandemic and its variants or by any other future pandemic.

A significant portion of our costs and expenses are fixed, and we may not be able to adapt our cost structure to offset declines in our revenue.

A significant portion of our expenses are fixed and do not vary proportionately with fluctuations in revenues. We need to maintain and continue to increase our transaction volumes to benefit from operating efficiencies. When we operate at less than expected capacity, fixed costs are inflated and represent a larger percentage of overall cost basis and percentage of revenue. Due to our fixed cost base, our operating results can vary significantly based on transaction volumes in any given period. For example, in 2022 our fixed costs increased as compared to 2021. This contributed to increased losses in 2022 when transaction volumes declined.

Our growth depends in part on the success of our strategic relationships with third parties.

In order to grow our business, we anticipate that we will continue to depend on relationships with third parties, such as settlement service providers, lenders, real estate agents, valuation companies, vendors we use to service and repair our homes, third party partners we rely on for referrals, such as homebuilders and online real estate websites, and institutional buyers of our inventory, such as single family rental REITs. Identifying partners, and negotiating and documenting agreements with them, and establishing and maintaining good relationships requires significant time and resources.

In addition, we rely on our relationships with MLS providers in all our markets both as key data sources for our pricing and for listing our inventory for resale. Many of our competitors and other real estate websites have similar access to MLSs and listing data and may be able to source real estate information faster or more efficiently than we can. If we lose existing relationships with MLSs and other listing providers, whether due to termination of agreements or otherwise, changes to our rights to use or timely access listing data, an inability to continue to add new listing providers or changes to the way real estate information is shared, our ability to price or list our inventory for resale could be impaired and our operating results may suffer.

If we are unsuccessful in establishing or maintaining successful relationships with third parties, our ability to compete in the marketplace or to grow our revenues could be impaired and our operating results may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased customer usage of our product or increased revenues.

The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business.

Our success depends upon the continued service of our senior management team and successful transitions when management team members pursue other opportunities. In addition, our business depends on our ability to continue to attract, motivate, and retain a large number of skilled employees across all of our product lines. Furthermore, much of our key technology and processes are custom-made for our business by our personnel. The loss of key personnel, including key members of management, could materially and adversely affect our ability to build on the efforts they have undertaken and to execute our business plan, and we may not be able to find adequate replacements. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees in a cost-effective manner, our business could be harmed.

Our business is concentrated in certain geographic markets. Exposure to local economies, regional economic downturns, severe weather, or catastrophic occurrences, or other disruptions or events may materially adversely affect our financial condition and results of operations.

As of December 31, 2022, we were in 53 markets across the United States. For the year ended December 31, 2022, a majority of our revenue was generated from our top-seven markets by revenue. As a result, local and regional conditions in these markets, including those arising from COVID-19's impacts, may differ significantly from prevailing conditions in the United States or other parts of the country. Any unforeseen events or circumstances that negatively affect these areas could materially adversely affect our revenues and profitability. These risks include, without limitation: possible declines in the value of real estate; risks related to general and local economic conditions; demographic and population shifts and migration; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties; increases in competition, property taxes and operating expenses; changes in zoning laws; increased labor costs; unemployment; costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems; casualty or condemnation losses; and uninsured damages from floods, hurricanes, earthquakes or other natural disasters.

In addition, our top markets are primarily larger metropolitan areas, where home prices and transaction volumes are generally higher than other markets in the United States. To the extent people migrate outside of these markets due to lower home prices or other factors, and this migration continues to take place over the long-term, then the relative percentage of residential housing transactions may shift away from our historical top markets where we have generated most of our revenue. If we are unable to effectively adapt to any shift, including failing to increase revenue from other markets, then our financial performance may be harmed.

Our business is dependent upon access to desirable inventory. Obstacles to acquiring attractive inventory, whether because of supply, competition, macroeconomic conditions, or other factors, may have a material adverse effect on our business, sales, and results of operations.

We primarily acquire homes directly from consumers and there can be no assurance of an adequate supply of such homes on terms that are attractive to us. A reduction in the availability of or access to inventory, including due to macroeconomic conditions, could have a material adverse effect on our business, sales, and results of operations. Additionally, we evaluate thousands of potential homes daily using our proprietary pricing model. If we fail to adjust our pricing to stay in line with broader market trends, or fail to recognize those trends, it could adversely affect our ability to acquire inventory.

Our ongoing ability to acquire homes is critical to our business model. A lack of available homes that meet our purchase criteria may have adverse effects on our ability to reach our desired inventory levels, our desired portfolio diversification, and our results of operations.

Increases in transaction costs to acquire properties, including costs of evaluating homes and making offers, title insurance and escrow service costs, changes in transfer taxes, and any other new or increased acquisition costs, would have an adverse impact on our home acquisitions and our business.

Reductions in the availability of mortgage financing provided by government agencies, changes in government financing programs, and increases in mortgage interest rates could decrease our buyers' ability or desire to obtain financing, which would adversely affect our business and financial results.

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 viability of Fannie Mae and Freddie Mac 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.

Since March 2022, the Federal Reserve Board has raised its benchmark rate multiple times from 0.25% to 4.50% as of December 31, 2022. As a result of these significant interest rate increases, the cost of financing a home purchase has increased significantly for the typical home buyer, which has reduced the affordability of mortgage financing and resulted in a decline in the demand for our homes. Future increases in mortgage rates could further decrease our buyers' ability or desire to obtain financing, which would adversely affect our business and financial results.

We rely on third parties to renovate and repair homes before we resell the homes, and the cost or availability of third-party labor could adversely affect our holding period and investment return for homes.

We frequently need to renovate or repair homes prior to listing for resale. We rely on third-party contractors and sub-contractors to undertake these renovations and repairs. These third-party providers may not be able to complete the required renovations or repairs within our expected timeline or proposed budget. Labor and supply shortages, as well as increased demand for home construction, may exacerbate these delays and increase our costs. In addition, the inflation we experienced in the last year has increased the cost of goods and services that we consume, such as labor and materials costs for home repairs.

Difficulty sourcing third-party contractors and subcontractors and a longer than expected period for completing renovations or repairs could both negatively impact our ability to sell a home within our anticipated timeline. This prolonged timing exposes us to factors that adversely affect the home's resale value and may result in selling the home for a lower price than anticipated or not being able to sell the home at all. Meanwhile, incurring more than budgeted costs would adversely affect our investment return on purchased homes. Additionally, any undetected issues with a third-party provider's work may adversely affect our reputation as a home seller.

We may acquire other businesses, which could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our operating results.

As part of our business strategy, we may make investments in or acquire complementary companies, products or technologies. We may not realize benefits from acquisitions that we may make in the future. If we fail to integrate successfully such acquisitions, or the businesses and technologies associated with such acquisitions, into our Company, the revenue and operating results of our Company could be adversely affected. Any integration process will require significant time and resources, and we may not be able to manage the process successfully. We may not successfully evaluate or utilize the acquired business or technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, each of which could affect our financial condition or the value of our capital stock. The sale of equity or issuance to finance any such acquisitions could result in dilution to our stockholders. The incurrence of indebtedness in connection with an acquisition would result in increased fixed obligations and could also include covenants or other restrictions that may impede our ability to manage our operations.

A health and safety incident relating to our operations, misconduct by our employees or third parties operating on our behalf or regulatory sanctions could be costly in terms of potential liability and reputational damage.

Customers will visit homes on a regular basis through our mobile application or with a real estate agent. Due to the number of homes we own, the safety of our homes is critical to the success of our business. A failure to keep our homes safe that results in a major or significant health and safety incident could expose us to liability that could be costly. We are also subject to risks of errors and misconduct by our employees that could adversely affect our business. The precautions that we take to detect and deter employee misconduct might not be effective. If any of our employees engage in illegal, improper, or suspicious activity or other misconduct, we could suffer serious harm to our reputation, financial condition, customer relationships, and our ability to attract new customers. We also could become subject to regulatory sanctions and significant legal liability, which could cause serious harm to our financial condition, reputation, customer relationships and prospects of attracting additional customers.

The occurrence of any of the above or other incidents 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.

There are risks related to our ownership of vacant homes and the listing of those homes for resale that are not possible to fully eliminate.

The homes in our inventory generally are not occupied during the time we own them prior to resale. As a result, certain of our homes have incurred damage such as water and plumbing damage that was not promptly addressed as a result of the home being vacant. Further, when a home is listed for resale, prospective buyers or their agents typically can access our homes instantly through our technology without the need for an appointment or one of our representatives being present. In certain circumstances, we also allow sellers to continue to occupy a home after we have purchased the home for a short period of time. Having visitors or short-term occupants in our homes entails risks of damage to the homes, personal injury, unauthorized activities on the properties, theft, rental scams, squatters and trespassers, and other situations that may have adverse impacts on us or the homes, including potential adverse reputational impacts. Additionally, all of these circumstances may involve significant costs to resolve that may not be fully covered by insurance, including legal costs associated with making repairs to the homes or removing unauthorized visitors and occupants. If these increased costs are significant across our homes inventory, both in terms of costs per home and numbers of homes impacted, this could have an adverse impact on our results of operations that is material.

Environmentally hazardous conditions may adversely affect us.

Under various federal, state and local environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Even if more than one person may have been responsible for the contamination, each person covered by applicable environmental laws may be held responsible for all of the clean-up costs incurred. A property owner who violates environmental laws may be subject to sanctions which may be enforced by governmental agencies or, in certain circumstances, private parties. In connection with the acquisition and ownership of our properties, we may be exposed to such costs. The cost of defending against environmental claims, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially and adversely affect us.

Compliance with new or more stringent environmental laws or regulations or stricter interpretation of existing laws may require material expenditures by us. We may be subject to environmental laws or regulations relating to our properties, such as those concerning lead-based paint, mold, asbestos, radon, pesticides, proximity to power lines or other issues. Failure to comply with such applicable laws and regulations could result in fines and/or damages, suspension of personnel, civil liability or other sanctions.

Estimates of market opportunity may prove to be inaccurate.

Market opportunity estimates are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that our market opportunity estimates will reflect actual revenue that we will generate from our platform in the future. Any expansion in our markets depends on a number of factors, including the cost, performance, and perceived value associated with our platform and the products and services of our competitors.

Some of our potential losses may not be covered by insurance. We may not be able to obtain or maintain adequate insurance coverage.

We maintain insurance to cover costs and losses from certain risk exposures in the ordinary course of our operations, including in connection with the issuance of title insurance policies, but our insurance may not cover 100% of the costs and losses from all events. We are responsible for certain retentions and deductibles that vary by policy, and we may suffer losses that exceed our insurance coverage limits by a material amount. We may also incur costs or suffer losses arising from events against which we have no insurance coverage. In addition, large-scale market trends or the occurrence of adverse events in our business may raise our cost of procuring insurance or limit the amount or type of insurance we are able to secure. We may not be able to maintain our current coverage, or obtain new coverage in the future; on commercially reasonable terms or at all. Incurring uninsured or underinsured costs or losses could harm our business.

Risks Related to Our Intellectual Property and Technology

Any significant disruption in service in our computer systems and third-party networks and mobile infrastructure that we depend on could result in a loss of customers and we may be unable to maintain and scale the technology underlying our offerings.

Customers and potential customers access our products primarily through our website and mobile applications. Our ability to attract, retain and serve customers depends on the reliable performance and availability of our website, mobile application, and technology infrastructure. Furthermore, we depend on the reliable performance of third-party networks and mobile infrastructure to provide our technology offerings to our customers and potential customers. The proper operation of these third-party networks and mobile infrastructure is beyond our control, and service interruptions or website unavailability could impact our ability to service our customers in a timely manner, and may have an adverse effect on existing and potential customer relationships.

Our information systems and technology may not be able to continue to accommodate our growth and may be subject to security risks. The cost of maintaining such systems may increase. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on our business and results of operations and could result in a loss of customers.

We process, store, and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and violation of these privacy obligations could result in a claim for damages, regulatory action, loss of business, or unfavorable publicity.

We receive, store, and process personal information and other customer information (“personal information”). There are numerous federal and state laws, as well as regulations and industry guidelines, regarding privacy and the storing, use, processing, and disclosure and protection of personal information, the scope of which are changing, subject to differing interpretations, and may be inconsistent among countries or conflict with other rules. Additionally, laws, regulations, and standards covering marketing and advertising activities conducted by telephone, email, mobile devices, and the internet, may be applicable to our business, such as the Telephone Consumer Protection Act, or the TCPA, (as implemented by the Telemarketing Sales Rule), the CAN-SPAM Act, and similar state consumer protection laws. We generally seek to comply with industry standards and are subject to the terms of our own privacy policies and privacy-related obligations to third parties. We strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection to the extent possible. However, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or regulations, making enforcement, and thus compliance requirements, ambiguous, uncertain, and potentially inconsistent. Any failure or perceived failure by us to comply with our privacy policies, privacy-related obligations to customers or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized access to or unintended release of personally identifiable information or other customer data, may result in governmental enforcement actions, litigation, or public statements against us by consumer advocacy groups or others. Any of these events could cause us to incur significant costs in investigating and defending such claims and, if found liable, pay significant damages. Further, these proceedings and any subsequent adverse outcomes may cause our customers to lose trust in us, which could have an adverse effect on our reputation and business.

Any significant change to applicable laws, regulations or industry practices regarding the use or disclosure of personal information, or regarding the manner in which the express or implied consent of customers for the use and disclosure of personal information is obtained, could require us to modify our products and features, possibly in a material manner and subject to increased compliance costs, which may limit our ability to develop new products and features that make use of the personal information that our customers voluntarily share. For example, the California Consumer Privacy Act (the “CCPA”), which took effect on January 1, 2020, imposes obligations and restrictions on companies regarding their collection, use, and sharing of personal information and provides new and enhanced data privacy rights to California residents. The CCPA imposes a severe statutory damages framework. Additionally, we are subject to the California Privacy Rights Act, or the CPRA, which expands upon the CCPA. The CCPA requires (and the CPRA will require) covered companies to, among other things, provide new disclosures to California consumers, and affords such consumers new privacy rights such as the ability to opt-out of certain sales of personal information and expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is collected, used and shared. The CCPA provides for civil penalties for violations, as well as a private right of action for certain security breaches that may increase security breach litigation. Further, Virginia enacted the Virginia Consumer Data Protection Act, or the CDPA, another comprehensive state privacy law, that became effective January 1, 2023. Also in 2021, Colorado enacted the Colorado Privacy Act, or the CPA, which goes into effect July 1, 2023. The CCPA, CPRA, CDPA and CPA may increase our compliance costs and potential liability, particularly in the event of a data breach, and could have a material adverse effect on our business, including how we use personal information, our financial condition, the results of our operations or prospects. A number of other proposals exist for new federal and state privacy legislation that, if passed, could increase our potential liability, increase our compliance costs and adversely affect our business.

Any of the foregoing could materially adversely affect our brand, reputation, business, results of operations, and financial condition.

Failure to protect our trade secrets, know-how, proprietary applications, business processes and other proprietary information, could adversely affect the value of our technology and products.

Our success and ability to compete depends in part on our intellectual property and our other proprietary business information. We seek to control access to our proprietary information by entering into a combination of confidentiality and proprietary rights agreements, invention assignment agreements and nondisclosure agreements with our employees, consultants and third parties with whom we have relationships. While these agreements will give us contractual remedies upon any unauthorized use or disclosure of our proprietary information, we cannot guarantee that we will be able to detect such unauthorized activity, or if detected, that our rights under these agreements will be effective in controlling access to, or use and distribution of, our proprietary information, intellectual property or technology. We also have numerous trademarks and patents to protect certain aspects of our intellectual property. However, we may be unable to secure intellectual property protection for all of our technology and methodologies, or the steps we take to enforce our intellectual property rights may be inadequate. Furthermore, third parties may knowingly or unknowingly infringe our proprietary rights, third parties may challenge proprietary rights held by us, and we may not be able to prevent infringement or misappropriation of our proprietary rights without incurring substantial expense. If our intellectual property rights are used or misappropriated by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our products and methods of operations. Any of these events would have a material adverse effect on our business, results of operations, and financial condition.

In the future we may be party to intellectual property rights claims and other litigation which are expensive to support, and if resolved adversely, could have a significant impact on us.

Our success depends in part on us not infringing upon the intellectual property of others. Our competitors and other third parties may own or claim to own intellectual property relating to the real estate industry. In the future, third parties may claim that we are infringing on their intellectual property rights, and we may be found to be infringing such rights. Any claims or litigation could cause us to incur significant expenses. If such claims are successfully asserted against us, it would require additional damages or ongoing licensing payments, prevent us from offering our services or require us to comply with unfavorable terms. Even if we were to prevail, the time and resources necessary to resolve such disputes could be costly, time-consuming, and divert the attention of management and key personnel from our business operations. We have been previously subject to trademark infringement claims. These claims allege, among other things, that aspects of our trademarks infringe upon the plaintiffs’ trademarks. While these prior claims have not been material and have all been resolved, there may be additional claims in the future where, if we are not successful in defending ourselves against these claims, we may be required to pay damages and may be subject to injunctions, each of which could harm our business, results of operations, financial condition and reputation.

Our services utilize third-party open source software components, which may pose particular risks to our proprietary software, technologies, products and services in a manner that could negatively affect our business.

We use open source software in our services and will continue to use open source software in the future. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. To the extent that our services depend upon the successful operation of open source software, any undetected errors or defects in this open source software could prevent the deployment or impair the functionality of our platform, delay new solutions introductions, result in a failure of our platform, and injure our reputation.

Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use, or grant other licenses to our intellectual property. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release or license the source code of our proprietary software to the public. Although we monitor our use of open-source software to avoid subjecting our platform to conditions we do not intend, we cannot assure you that our processes for controlling our use of open-source software in our platform will be effective. From time to time, we may be subject to claims claiming ownership of, or demanding release of, the source code, the open source software and/or derivative works that were developed using such software, requiring us to provide attributions of any open source software incorporated into our distributed software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to re-engineer our software or change our products or services, any of which would have a negative effect on our business and results of operations.

We rely on licenses to use the intellectual property rights of third parties which are incorporated into our products and services. Failure to renew or expand existing licenses may require us to modify, limit or discontinue certain offerings, which could materially affect our business, financial condition and results of operations.

We rely on products, technologies and intellectual property that we license from third parties for use in our services. We cannot assure that these third-party licenses, or support for such licensed products and technologies, will continue to be available to us on commercially reasonable terms, if at all. In the event that we cannot renew and/or expand existing licenses, we may be required to discontinue or limit our use of the products that include or incorporate the licensed intellectual property.

We cannot be certain that our licensors are not infringing the intellectual property rights of others or that our suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate. Some of our license agreements may be terminated by our licensors for convenience. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our ability to develop our services containing that technology could be severely limited and our business could be harmed. Additionally, if we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards. This would limit and delay our ability to provide new or competitive offerings and increase our costs. If alternate technology cannot be obtained or developed, we may not be able to offer certain functionality as part of our offerings, which could adversely affect our business, financial condition and results of operations.

Our software is highly complex and may contain undetected errors.

The software and code underlying our platform is highly interconnected and complex and may contain undetected errors, malicious code or vulnerabilities, some of which may only be discovered after the code has been released. We release or update software code regularly and this practice may result in the more frequent introduction of errors or vulnerabilities into the software underlying our platform, which can impact the customer experience on our platform. Additionally, due to the interconnected nature of the software underlying our platform, updates to certain parts of our code, including changes to our mobile app or website or third party application programming interfaces on which our mobile app or website rely, could have an unintended impact on other sections of our code, which may result in errors or vulnerabilities to our platform. Any errors or vulnerabilities discovered in our code after release could result in damage to our reputation, loss of our customers, loss of revenue or liability for damages, any of which could adversely affect our growth prospects and our business.

Furthermore, our development and testing processes may not detect errors and vulnerabilities in our technology offerings prior to their implementation. Any inefficiencies, errors, technical problems or vulnerabilities arising in our technology offerings after their release could reduce the quality of our products or interfere with our customers’ access to and use of our technology and offerings.

Risks Related to Regulatory Compliance and Legal Matters

We operate in a highly regulated industry and are subject to a wide range of federal, state, and local laws, rules, and regulations. Failure to comply with these laws, rules, and regulations or to obtain and maintain required licenses, could adversely affect our business, results of operations, and financial condition.

We operate in highly regulated businesses through a number of different channels across the United States. As a result, we are currently subject to a variety of, and may in the future become subject to additional, federal, state and local statutes and regulations in various jurisdictions (as well as judicial and administrative decisions and state common law), which are subject to change at any time, including laws regarding the real estate, settlement services, insurance, construction, mobile and internet based businesses and other businesses that rely on advertising, as well as data privacy and consumer protection laws, and employment laws. These laws are complex and sometimes ambiguous, and can be costly to comply with, require significant management time and effort, require a substantial investment in technology, and subject us to supervisory audits, claims, government enforcement actions, civil and criminal liability or other remedies, including suspension of business operations.

We buy and sell homes, provide real estate brokerage services, provide title insurance and settlement services, provide other product offerings, and have historically provided mortgage lending and brokerage services, which results in us receiving or facilitating transmission of personally identifiable information. This information is increasingly subject to legislation and regulation in the United States. These laws and regulations are generally intended to protect the privacy and security of personal information, including borrower Social Security numbers and credit card information that is collected, processed and transmitted. These laws also can restrict our use of this personal information for other commercial purposes. We could be adversely affected if government regulations require us to significantly change our business practices with respect to this type of information, if penetration of network security or misuse of personal information occurs, or if the third parties that we engage with to provide processing and screening services violate applicable laws and regulations, misuse information, or experience network security breaches.

In order to provide the broad range of products and services that we offer customers, certain of our subsidiaries maintain title insurance and escrow, property and casualty insurance, construction, and licenses in certain states in which we operate. These entities are subject to stringent state and federal laws and regulations and to the scrutiny of state and federal government agencies as licensed businesses.

Mortgage products are regulated at the state level by licensing authorities and administrative agencies, with additional oversight from the Consumer Financial Protection Bureau and other federal agencies. These laws generally regulate the manner in which lending and lending-related activities, including mortgage brokering, are marketed or made available to consumers, including, but not limited to, advertising, finding and qualifying applicants, the provision of consumer disclosures, payments for services, and record keeping requirements; these laws include, at the federal level, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act (as amended by the Fair and Accurate Credit Transactions Act), the Truth in Lending Act (including the Home Ownership and Equity Protection Act of 1994), the Equal Credit Opportunity Act, the Fair Housing Act, the Gramm-Leach-Bliley Act, the Electronic Fund Transfer Act, the Servicemembers Civil Relief Act, the Military Lending Act, the Homeowners Protection Act, the Home Mortgage Disclosure Act, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, the Federal Trade Commission Act, the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010, the Bank Secrecy Act (including the Office of Foreign Assets Control and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act), the Telephone Consumer Protection Act, the Mortgage Acts and Practices Advertising Rule (Regulation N), the CARES Act, all implementing regulations, and various other federal laws. The Consumer Financial Protection Bureau also has broad authority to enforce prohibitions on practices that it deems to be unfair, deceptive or abusive. Additionally, state and local laws may restrict the amount and nature of interest and fees that may be charged by a lender or mortgage broker, impose more stringent privacy requirements and protections for service members, and/or otherwise regulate the manner in which lenders or mortgage brokers operate or advertise.

As a buyer and seller of residential real estate through our business, we hold real estate brokerage licenses in multiple states and may apply for additional real estate brokerage licenses as our business grows. To maintain these licenses, we must comply with the requirements governing the licensing and conduct of real estate brokerage services and brokerage-related businesses in the markets where we operate. We may be subject to additional local, state and federal laws and regulations governing residential real estate transactions, including those administered by the U.S. Department of Housing and Urban Development, and the states and municipalities in which we transact. Further, due to the geographic scope of our operations and the nature of the products and services we provide, certain of our other subsidiaries maintain real estate brokerage, property and casualty, and title insurance and escrow, and construction licenses in certain states in which we operate. Each of these licenses subjects our subsidiaries to different federal, state, and local laws and the scrutiny of different licensing authorities, including state insurance departments. Each subsidiary must comply with different licensing statutes and regulations, as well as varied laws that govern the offering of compliant products and services.

For certain licenses, we are required to designate individual licensed brokers of record, qualified individuals and control persons. Certain licensed entities also are subject to routine examination and monitoring by the federal Consumer Financial Protection Bureau (for mortgage) and/or state licensing authorities. We cannot assure you that we, or our licensed personnel, are and will remain at all times, in full compliance with local, state and federal real estate, title insurance and escrow, property and casualty insurance, construction, and mortgage licensing and consumer protection laws and regulations, and we may be subject to litigation, government investigations and enforcement actions, fines or other penalties in the event of any non-compliance. As a result of findings from examinations, we also may be required to take a number of corrective actions, including modifying business practices and making refunds of fees or money earned. In addition, adverse findings in one state may be relied on by another state to conduct investigations and impose remedies. If we apply for new licenses, we will become subject to additional licensing requirements, which we may not be in compliance with at all times. If in the future a state agency were to determine that we are required to obtain additional licenses in that state in order to operate our business, or if we lose or do not renew an existing license or are otherwise found to be in violation of a law or regulation, we may be subject to fines or legal penalties, lawsuits, enforcement actions, void contracts, or our business operations in that state may be suspended or prohibited. Our business reputation with consumers and third parties also could be damaged. Compliance with, and monitoring of, these laws and regulations is complicated and costly and may inhibit our ability to innovate or grow.

If we are unable to comply with these laws or regulations in a cost-effective manner, it may require us to modify certain products and services, which could require a substantial investment and result in a loss of revenue, or cease providing the impacted product or service altogether. Furthermore, laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our products and business.

Our business is subject to the risks of international operations.

Some of our employees are located in Canada and India. Compliance with applicable U.S. and foreign laws and regulations, such as labor laws, anti-corruption laws, anti-bribery laws, anti-money laundering laws, tax laws, foreign exchange controls and data privacy and data localization requirements, increases our cost of doing business. Although we have implemented policies and procedures to comply with these laws and regulations, a violation by us or our employees, contractors or agents could nevertheless occur. In some cases, compliance with the laws and regulations of one country could violate the laws and regulations of another country. Violations of these laws and regulations could materially adversely affect our brand, international growth efforts and business.

We entered into a consent order with the FTC that imposes ongoing obligations. Any alleged or actual noncompliance with the consent order could have a material adverse effect on our business.

The FTC began conducting an investigation into Opendoor in August 2019. The inquiry related primarily to statements in our advertising and website comparing selling homes to us with selling homes in a traditional manner using an agent and relating to statements that our offers reflect or are based on market prices. We began discussing resolution of this matter with the FTC in December 2020. After extensive negotiations, we agreed to enter into a consent order resolving all aspects of the inquiry, which became final on October 21, 2022. Pursuant to the consent order, we did not admit any wrongdoing and are required to possess competent and reliable supporting data prior to making statements regarding the costs, savings, repair costs, or financial benefits of our services related to assisting consumers selling homes. The consent order also required that we pay $62 million (an amount previously accrued) and that we retain certain records and submit a compliance report to the FTC.

If we fail to comply, or are alleged to be in noncompliance with the consent order, we could be subject to additional regulatory or governmental investigations or civil actions, which may result in significant monetary fines, judgments or other penalties that could have a material adverse effect on our business.

We are, and may in the future be, subject to securities litigation, which is expensive and could divert management attention.

The market price of our common stock has been, and may continue to be, volatile. In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We are currently, and may in the future be, the target of this type of litigation. For example, securities litigation claims were filed against us and certain of our current and former officers and directors in October 2022 and November 2022 related to our pricing algorithm.

Litigation is inherently uncertain and adverse rulings could occur, including monetary damages. An unfavorable outcome or settlement may result in a material adverse impact on our business, results of operations, and financial condition. In addition, regardless of the outcome, litigation could result in substantial costs and divert management's attention from other business concerns, which could seriously harm our business.

Risks Related to Our Financial Reporting

We rely on assumptions, estimates, and business data to calculate our key performance indicators and other business metrics, and real or perceived inaccuracies in these metrics may harm our reputation and negatively affect our business.

Certain of our performance metrics are calculated using third party applications or internal company data that have not been independently verified. While these numbers are based on what we believe to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring such information. For example, our measurement of visits and unique users may be affected by applications that automatically contact our servers to access our mobile applications and websites with no user action involved, and this activity can cause our system to count the user associated with such a device as a unique user or as a visit on the day such contact occurs. In addition, our measure of certain metrics may differ from estimates published by third parties or from similarly-titled metrics of our competitors due to differences in methodology and as a result our results may not be comparable to our competitors.

Our results of operations and financial condition are subject to management's accounting judgments and estimates, as well as changes in accounting policies.

The preparation of our financial statements requires us to make estimates and assumptions affecting the reported amounts of our assets, liabilities, revenues and expenses. If these estimates or assumptions are incorrect, it could have a material adverse effect on our results of operations and financial condition. Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change.

Our management is required to evaluate the effectiveness of our internal control over financial reporting. If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our financial reports.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting. Additionally, our auditor is required to deliver an attestation report on the effectiveness of our disclosure controls and internal control over financial reporting. An adverse report may be issued in the event our auditor is not satisfied with the level at which our controls are documented, designed or operating.

When evaluating our internal control over financial reporting, we have identified in the past, and may identify in the future, material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. If we identify any material weaknesses in our internal control over financial reporting, are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is ineffective, or if our auditor is unable to express an opinion as to the effectiveness of our internal control over financial reporting, we could fail to meet our reporting obligations.

In addition, our internal control over financial reporting will not prevent or detect all errors and fraud. Because of the inherent limitations in all control systems, no evaluation can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If there are material weaknesses or failures in our ability to meet any of the requirements related to the maintenance and reporting of our internal control, investors may lose confidence in the accuracy and completeness of our financial reports and that could cause the price of our common stock to decline. In addition, we could become subject to investigations by the applicable stock exchange, the SEC or other regulatory authorities, which could require additional management attention and which could adversely affect our business.

The obligations associated with being a public company require significant resources and management attention, and we have and will continue to incur increased costs as a result of being a public company.

We incur costs as a result of operating as a public company, and our management devotes substantial time to our compliance initiatives. As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform, and Consumer Protection Act, as well as rules adopted, and to be adopted, by the SEC and the applicable stock exchange. These rules and regulations result in legal and financial compliance costs that are costly and our management and other personnel will continue to need to devote a substantial amount of time to these compliance initiatives. The increased costs will increase our net loss. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, its board committees or as executive officers.

We could be subject to additional tax liabilities and our ability to use net operating loss carryforwards and other tax attributes may be limited in connection with the Business Combination or other ownership changes.

We are subject to federal and state income and non-income taxes in the United States, and foreign income and non-income taxes in Canada and India. Tax laws, regulations, and administrative practices in various jurisdictions may be subject to significant change, with or without notice, due to economic, political, and other conditions, and significant judgment is required in evaluating and estimating these taxes. Our effective tax rates could be affected by numerous factors, such as entry into new businesses and geographies, changes to our existing business and operations, acquisitions and investments and how they are financed, changes in our stock price, changes in our deferred tax assets and liabilities and their valuation, and changes in the relevant tax, accounting, and other laws, regulations, administrative practices, principles and interpretations. We are required to take positions regarding the interpretation of complex statutory and regulatory tax rules and on valuation matters that are subject to uncertainty, and the U.S. Internal Revenue Service ("IRS") or other tax authorities may challenge the positions that we take.

We have incurred losses during our history and do not expect to become profitable in the near future, and may never achieve profitability. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire, if at all. As of December 31, 2022, the Company had federal and state net operating loss ("NOL") carryforwards of $1.7 billion and $1.2 billion, respectively. Under the Tax Act, as modified by the CARES Act, U.S. federal net operating loss carryforwards generated in taxable periods beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such net operating loss carryforwards in taxable years beginning after December 31, 2020, is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to the Tax Act or the CARES Act.

In addition, our net operating loss carryforwards are subject to review and possible adjustment by the IRS, and state tax authorities. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), our federal net operating loss carryforwards and other tax attributes may become subject to an annual limitation in the event of certain cumulative changes in our ownership. An "ownership change" pursuant to Section 382 of the Code generally occurs if one or more stockholders or groups of stockholders who own at least 5% of a company's stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Our ability to utilize our net operating loss carryforwards and other tax attributes to offset future taxable income or tax liabilities may be limited as a result of ownership changes, including potential changes in connection with the Business Combination (as defined herein) or other transactions. Similar rules may apply under state tax laws.

Changes in tax laws or tax rulings could materially affect our business, results of operations, and financial condition.

The tax regimes we are subject to or operate under, including income and non-income (including indirect) taxes, are unsettled and may be subject to significant change. Changes in tax laws or tax rulings, or changes in interpretations of existing laws, could materially adversely affect our results of operations and financial condition. The United States government may enact further significant changes to the taxation of business entities including, among others, an increase in the corporate income tax rate, the imposition of minimum taxes or surtaxes on certain types of income or significant changes to the taxation of income derived from international operations.

We are subject to taxes in the United States under federal, state and local jurisdictions in which we operate. The governing tax laws and applicable tax rates vary by jurisdiction and are subject to interpretation and macroeconomic, political or other factors. For example, the results of U.S Presidential and Congressional elections may lead to tax law changes. We may be subject to examination in the future by federal, state and local authorities on income, employment, sales and other tax matters. While we regularly assess the likelihood of adverse outcomes from such examinations and the adequacy of our provision for taxes, there can be no assurance that such provision is sufficient and that a determination by a tax authority would not have an adverse effect on our business, financial condition and results of operations. Various tax authorities may disagree with tax positions we take and if any such tax authorities were to successfully challenge one or more of our tax positions, the results could adversely affect our financial condition. Further, the ultimate amount of tax payable in a given financial statement period may be impacted by sudden or unforeseen changes in tax laws, changes in the mix and level of earnings by taxing jurisdictions, or changes to existing accounting rules or regulations. For example, the Inflation Reduction Act of 2022, enacted on August 16, 2022, imposes a one-percent non-deductible excise tax on repurchases of stock that are made by U.S. publicly traded corporations on or after January 1, 2023, which may affect any future share repurchases. In addition, as of January 1, 2022, the Tax Act requires research and experimental expenditures attributable to research conducted within the United States to be capitalized and amortized ratably over a five-year period. Any such expenditures attributable to research conducted outside the United States must be capitalized and amortized over a 15-year period. Accordingly, the determination of our overall provision for income and other taxes is inherently uncertain as it requires significant judgment around complex transactions and calculations. As a result, fluctuations in our ultimate tax obligations may differ materially from amounts recorded in our financial statements and could adversely affect our business, financial condition and results of operations in the periods for which such determination is made.

Risks Related to Our Liquidity and Capital Resources

We will require additional capital to pursue our business objectives and respond to business opportunities, challenges, or unforeseen circumstances, and we cannot be sure that additional financing will be available.

We will require additional capital and debt financing to pursue our business objectives and respond to business opportunities, challenges, or unforeseen circumstances, including to increase our marketing expenditures to build and maintain our inventory of homes, develop new products or services or further improve existing products and services, improve our brand awareness, enhance our operating infrastructure and acquire complementary businesses and technologies. During past economic and housing downturns and more recently at the onset of the COVID-19 pandemic, credit markets constricted and reduced sources of liquidity. In addition, recent significant increases in interest rates, supply chain issues, and higher inflation have increased concerns that the economy may enter into a recession. Such a recessionary environment may also result in reduced sources of financing and liquidity, among other adverse impacts for our business, results of operations, and financial condition.

If cash on hand and cash generated from operations is not sufficient to meet our cash and liquidity needs, we may need to seek additional capital and engage in equity or debt financings to secure funds. However, additional funds may not be available when we need them on terms that are acceptable to us, or at all. In addition, any financing that we secure in the future could involve restrictive covenants which may make it more difficult for us to obtain additional capital and to pursue business opportunities and could reduce our operational flexibility.

Our ability to obtain financing will depend, among other things, on our product development efforts, business plans, operating performance, action or performance of competitors, and condition of the capital markets and housing markets at the time we seek financing. Volatility in the credit markets may also have an adverse effect on our ability to obtain debt financing. If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences, or privileges senior to the rights of our common stock, or may require us to agree to unfavorable terms, and our existing stockholders may experience significant dilution.

If new financing sources are required, but are insufficient or unavailable, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges, or unforeseen circumstances could be significantly limited, and our business, results of operations, financial condition, and prospects could be adversely affected.

We utilize a significant amount of debt and financing arrangements in the operation of our business, and so our cash flows and operating results could be adversely affected by required payments of debt or related interest and other risks of our debt financing.

As of December 31, 2022 we had approximately $4.4 billion of non-recourse asset-backed loans. Our leverage could have meaningful consequences to us, including increasing our vulnerability to economic downturns, limiting our ability to withstand competitive pressures, or reducing our flexibility to respond to changing business and economic conditions. We are also subject to general risks associated with debt financing, including (1) our cash flow may not be sufficient to satisfy required payments of principal and interest; (2) we may not be able to refinance our existing indebtedness or refinancing terms may be less favorable to us than the terms of our existing debt; (3) debt service obligations or facility prepayments could reduce funds available for capital investment and general corporate purposes; and (4) any default on our indebtedness could result in acceleration of the indebtedness and foreclosure on the homes collateralizing that indebtedness, with our attendant loss of any prospective income and equity value from such property. Any of these risks could place strains on our cash flows, reduce our ability to grow, and adversely affect our results of operations.

If the holders of the 2026 Notes become entitled to convert the 2026 Notes pursuant to the related indenture and one or more holders elect to convert their 2026 Notes, we would be required to elect to settle either all or a portion of our conversion obligation in cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their 2026 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2026 Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

We may not have the ability to raise the funds necessary for cash settlement upon conversion of the 2026 Notes or to repurchase the 2026 Notes for cash following a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion of the 2026 Notes or to repurchase the 2026 Notes.

Subject to limited exceptions, holders of the 2026 Notes have the right to require us to repurchase their 2026 Notes upon the occurrence of a fundamental change at a cash repurchase price generally equal to 100% of the principal amount of the 2026 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. In addition, upon conversion of the 2026 Notes, we will be required to make cash payments in respect of the 2026 Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of 2026 Notes surrendered therefor or pay the cash amounts due upon conversion. In addition, our ability to repurchase the 2026 Notes or to pay cash upon conversions of the 2026 Notes may be limited by applicable law, by regulatory authorities or by agreements governing our future indebtedness. Our failure to repurchase the 2026 Notes at a time when such repurchase is required by the indenture governing the 2026 Notes or to pay the cash amounts due upon future conversions of the 2026 Notes as required by such indenture would constitute a default under such indenture. A default under the indenture governing the 2026 Notes or the fundamental change itself may also lead to a default under agreements governing our existing or future indebtedness, which may result in such existing or future indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under such existing or future indebtedness and repurchase the 2026 Notes or make cash payments upon conversions thereof.

The accounting method for reflecting the convertible notes on our balance sheet, accruing interest expense for the convertible notes and reflecting the underlying shares of our common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition.

In August 2020, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2020-06, Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity (“ASU 2020-06”), which, among other things, simplifies the accounting for certain convertible instruments. We early adopted the provisions of ASU 2020-06 effective January 1, 2021.

In accordance with ASU 2020-06, the 2026 notes are reflected as a liability on our consolidated balance sheets, with the initial carrying amount equal to the principal amount of the notes, net of issuance costs. The issuance costs were treated as a debt discount for accounting purposes, which will be amortized into interest expense over the term of the notes. As a result of this amortization, the interest expense that we expect to recognize for the notes for accounting purposes will be greater than the cash interest payments we will pay on the notes, which will result in lower reported earnings.

In addition, the shares underlying the notes will be reflected in our diluted earnings per share using the “if-converted” method. Under that method, if the conversion value of the notes exceeds their principal amount for a reporting period, then we will calculate our diluted earnings per share assuming that all of the notes were converted at the beginning of the reporting period and that we issued shares of our common stock to settle the excess. However, if reflecting the notes in diluted earnings per share in this manner is anti-dilutive, or if the conversion value of the notes does not exceed their principal amount for a reporting period, then the shares underlying the notes will not be reflected in our diluted earnings per share. The application of the if-converted method may reduce our reported diluted earnings per share, and accounting standards may change in the future in a manner that may adversely affect our diluted earnings per share.

The Capped Calls may affect the value of the 2026 Notes and our common stock.

In connection with the pricing of the 2026 Notes, we entered into privately negotiated Capped Calls with certain financial institutions (the “option counterparties”). The Capped Calls are expected generally to reduce the potential dilution to our common stock (or, in the event of a conversion of the 2026 Notes settled in cash, to reduce our cash payment obligation) in the event that at the time of conversion of the 2026 Notes our common stock price exceeds the conversion price.

We have been advised that, in connection with establishing their initial hedges of the Capped Calls, the option counterparties or their respective affiliates entered into various derivative transactions with respect to our common stock concurrently with or shortly after the pricing of the 2026 Notes.

In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions from time to time prior to the maturity of the 2026 Notes (and are likely to do so during any observation period related to a conversion of 2026 Notes or any redemption or repurchase of the 2026 Notes). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the 2026 Notes, which could affect holders’ ability to convert the 2026 Notes and, to the extent the activity occurs during any observation period related to a conversion of 2026 Notes, it could affect the number of shares and value of the consideration that holders will receive upon conversion of such 2026 Notes.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the 2026 Notes or our common stock. In addition, we do not make any representation that the option counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We are subject to counterparty risk with respect to the Capped Calls.

The option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Capped Calls. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transactions with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

Inventory homes held for longer periods may not be eligible for financing or may receive less financing under our debt facilities than homes held for shorter periods.

Under our asset-backed financing facilities, the amount we are permitted to borrow against a given property generally begins to step down after we have owned that property for approximately six months, and ultimately steps down to zero after 12 months. These holding time-based reductions in permitted borrowing amount may result in a requirement to pledge additional properties or cash as collateral or, in some cases, to repay outstanding debt financing with respect to a given property prior to our sale of that property. If we were to hold a significant portion of our homes in inventory for more than six months, this could result in a material reduction in the amount of debt financing available for those homes and a corresponding reduction in our unrestricted cash balances. These considerations could also incentivize us to sell inventory homes for prices that do not allow us to meet our margin targets or to fully cover our costs to repay our borrowings with respect to those properties.

We rely on agreements with third parties to finance our business.

We have entered into debt agreements with various counterparties to provide capital for the growth and operation of our businesses, including to finance our purchase and renovation of homes. If we fail to maintain adequate relationships with potential financial sources or we elect to prepay or we are unable to renew, refinance or extend our existing debt arrangements on favorable terms or at all, we may be unable to maintain sufficient inventory, which would adversely affect our business and results of operations. Obtaining new or replacement funding arrangements may be at higher interest rates or other less favorable terms.

Some of our financing facilities are not fully committed, meaning the applicable lender is not obligated to advance new loan funds if they choose not to do so. In addition, the availability of committed financing is typically subject to us meeting certain conditions, which may include financial or collateral performance tests or metrics. As of December 31, 2022, we satisfied the financial and collateral performance-based conditions to borrowing under our debt facilities. If we are unable to access funds from either our committed or not fully committed facilities, we may not be able to sufficiently fund our business.

Our financing sources are not required to extend the maturities of our financing arrangements and if a financing source is unable or unwilling to extend financing, and other financing sources are unable or unwilling to make or increase their financing commitments, then we will be required to repay the outstanding balance of the financing on the related maturity date. If we are unable to pay the outstanding balance of our debt obligations at maturity, the financing sources generally have the right to foreclose on the homes and other collateral securing that debt and to charge higher “default rates” of interest until the outstanding obligations are paid in full.

In addition, each of our mezzanine term debt facilities is associated with and subordinated to one or more of our senior credit facilities. Our mezzanine term debt facilities have initial terms that may be significantly longer than the related senior facilities and often contain terms that make it financially unattractive to prepay borrowings under those term debt facilities, including certain “make-whole” payments and other prepayment penalties. If we are unable to renew or extend the terms of our existing senior facilities, we may not be able to terminate or prepay the related mezzanine term debt facilities without incurring significant financial costs. Our senior term debt facilities also generally include “make-whole” payments or other prepayment penalties that make it financially unattractive to prepay borrowings under those term debt facilities.

If realized, any of these financing risks could negatively impact our results of operations and financial condition.

We intend to rely on proceeds from the sale of financed homes to repay amounts owed under our property financing facilities, but such proceeds may not be available or may be insufficient to repay the amounts when they become due.

For our senior revolving credit facilities, we typically are required to repay amounts owed with respect to a financed home upon the sale of that home. There is no assurance such sale proceeds will fully cover the amounts owed. Our senior revolving credit facilities commonly have initial terms of two years or less. It may be the case that not all homes securing these arrangements will be sold on or before the maturity dates of such financing arrangements, which would mean that sale proceeds would not be available to pay the amounts due at maturity. We may also be required to repay amounts owed with respect to a financed home prior to the sale of that home and prior to maturity of the related financing facility, typically due to the home having been held in our inventory for an extended period of time or, less commonly, if other unforeseen issues with the home arise during our holding period. In these situations, we may use cash on hand to repay the amounts owed or contribute other homes as additional collateral. To the extent we do not have sufficient cash or substitute collateral or are unable to draw on other financing facilities to make the required repayments, which could occur if a significant amount of our debt were to become due suddenly and unexpectedly, we would be in default under the related facility.

Covenants in our debt agreements may restrict our borrowing capacity and/or operating activities and adversely affect our financial condition.

Our existing debt agreements contain, and future debt agreements may contain, various financial and collateral performance covenants. These covenants may limit our operational flexibility or restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our shareholders. If we breach these covenants, the amounts we are able to borrow against our inventory homes may be reduced and/or our lenders may be entitled to apply any excess cash proceeds from the sale of our homes that would normally be available to us in the absence of the covenant breach to the repayment of principal and other amounts due. In certain cases, we could be required to repay all or a portion of the relevant debt immediately, even in the absence of a payment default. The occurrence of these events would have an adverse impact on our financial condition and results of operations and such impact could be material.

The borrowers under the debt facilities we use to finance the purchase and renovation of homes are special purpose entity (“SPE”) subsidiaries of Opendoor. While our SPEs’ lenders’ recourse in most situations following an event of default is only to the applicable SPE or its assets, we have provided limited guarantees for certain of the SPEs’ obligations in situations involving "bad acts" by an Opendoor entity and certain other limited circumstances. To the extent a guaranty obligation is triggered, we may become obligated to pay all or a portion of the amounts owed by our SPEs to their lenders.

Our debt facilities contain cross defaults and similar provisions that could cause us to be in default under multiple debt facilities or otherwise lose access to financing for new homes and excess proceeds from sales of homes in the event we default under a single facility.

If certain events of default or related enforcement or foreclosure events occur under one or more of our asset-backed senior debt facilities, this may trigger an event of default under any related mezzanine term debt facility and/or result in us losing access to financing through the mezzanine term debt facility or to excess proceeds from sales of homes that would otherwise be available to us. Similarly, foreclosure by the lenders under a mezzanine term debt facility would trigger an event of default under the related senior facilities and result in us losing access to financing through those senior facilities and to excess proceeds from sales of homes that would otherwise be available to us. In addition, our asset-backed senior debt facilities and mezzanine term debt facilities generally contain cross defaults to indebtedness and similar obligations of Opendoor Labs Inc., subject to varying minimum dollar thresholds. It is possible our debt facilities could include similar cross defaults to indebtedness of Opendoor Technologies in the future. The foregoing considerations significantly increase the likelihood that a default or related enforcement or foreclosure event under one or more of our debt facilities would result in adverse consequences for our other debt facilities.

Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

Borrowings under our senior revolving credit facilities bear interest at variable rates and expose us to interest rate risk. As a result of recent interest rate increases, our debt service obligations on our variable rate indebtedness increased in 2022. This increase, and any future interest rate increases, would result in a decrease in our earnings and cash flows as a result of our increased debt service obligations. Increased interest costs could also reduce the amount of debt financing that our homes inventory can support. See "*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 7. Credit Facilities and Long-Term Debt*" for additional information regarding our debt and financing arrangements.

In connection with our floating rate debt, we may seek to obtain interest rate protection in the form of swap agreements, interest rate cap contracts or other derivatives or instruments to hedge against the possible negative effects of interest rate increases. There is no assurance that we will be able to obtain any such interest rate hedging arrangements on attractive terms or at all. Even if we are successful in obtaining interest rate hedges, we cannot assure you that any hedging will adequately relieve the adverse effects of interest rate increases or that counterparties under these agreements will honor their obligations thereunder.

We may use derivatives and other instruments to reduce our exposure to interest fluctuations and those derivatives and other instruments may not prove to be effective.

We may use derivatives or other instruments to reduce our exposure to adverse changes in interest rates. Hedging interest rate risk is a complex process, requiring sophisticated models and constant monitoring. Due to interest rate fluctuations, hedged assets and liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation will generally be offset by income or loss on the derivative instruments that are linked to the hedged assets and liabilities. If we engage in derivative transactions, we will be exposed to credit and market risk. If the counterparty fails to perform, credit risk exists to the extent of the fair value gain in the derivative. Market risk exists to the extent that interest rates change in ways that are significantly different from what we expected when we entered into the derivative transaction. Our hedging activity, if any, may fail to provide adequate coverage for interest rate exposure due to market volatility, hedging instruments that do not directly correlate with the interest rate risk exposure being hedged or counterparty defaults on obligations.

The transition under our senior revolving credit facilities to interest rates based on a Secured Overnight Financing Rate ("SOFR") or another future replacement benchmark may involve unforeseen costs or other impacts on our business.

As of December 31, 2022, all of our senior revolving credit facilities were indexed to interest rate benchmarks based on SOFR, which is a new index calculated by short-term repurchase agreements and backed by U.S. Treasury securities. The market transition toward SOFR is expected to be complicated, and there is no guarantee that SOFR will become a widely accepted benchmark. There remains uncertainty regarding financial markets' future utilization of SOFR and the nature, acceptance, and equivalence of SOFR or any other replacement rate, and we cannot fully predict what impact the transition to SOFR may have on our business, financial results, and operations.

Failures at financial institutions at which we deposit funds could adversely affect us.

We deposit substantial funds in various financial institutions in excess of insured deposit limits. In the event that one or more of these financial institutions fail, there is no guarantee that we could recover the deposited funds in excess of federal deposit insurance. Under these circumstances, our losses could have a material adverse effect on our results of operations or financial condition.

Additional Risks Related to Ownership of Our Common Stock

The price of our common stock may be volatile.

The price of our common stock may fluctuate due to a variety of factors, including:

- changes in the industries in which we and our customers operate;
- developments involving our competitors;
- changes in laws and regulations affecting our business;
- variations in our operating performance and the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- changes in financial estimates and recommendations by securities analysts;
- short sellers manipulating our stock, resulting in a price decrease;
- our business being subject to seasonality with greater demand and home price appreciation from home buyers in the spring and summer, and typically weaker demand and lower home price appreciation in late fall and winter;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- actions by stockholders, including the sale of their shares of our common stock;
- additions and departures of key personnel;
- commencement of, or involvement in, litigation involving our Company;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our common stock available for public sale; and
- general economic and political conditions, such interest rate increases, including the recent significant increases in 2022, higher inflation and decreased consumer confidence, recessions, the ongoing effects of the pandemic related to COVID-19 and its variants, local and national elections, fuel prices, international currency fluctuations, corruption, inflation, political instability, and acts of war or terrorism.

These market and industry factors may materially reduce the market price of our common stock and warrants regardless of our operating performance.

We do not intend to pay cash dividends for the foreseeable future.

We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in future agreements and financing instruments, business prospects and such other factors as our board of directors deems relevant.

General Risk Factors

Catastrophic events may disrupt our business.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, real estate commerce, and the global economy, and thus could harm our business. In particular, the pandemic related to COVID-19 and its variants, including the reactions of governments, markets, and the general public to the pandemic related to COVID-19 and its variants, may result in a number of adverse consequences for our business and results of operations, the details of which would be difficult to predict. We have a large employee presence in San Francisco, California, a region that contains active earthquake zones. In addition, properties located in the markets in which we operate in Florida, portions of North Carolina or Texas are more susceptible to certain hazards (such as floods, hurricanes or hail) than properties in other parts of the country.

In the event of a major earthquake, hurricane, windstorm, tornado, flood, or catastrophic event such as pandemic, fire, flood, power loss, telecommunications failure, cyber-attack, war, or terrorist attack, we may be unable to continue our operations and may endure reputational harm, delays in developing our platform and solutions, breaches of data security and loss of critical data, all of which could harm our business, results of operations and financial condition. Furthermore, these sorts of catastrophic events may cause disruption on both resale and acquisition side as we may not be able to transact on real estate. For example, homes that we own may be damaged and disruptions to infrastructure may mean our contractors are unable to perform the necessary home repairs in a timely manner. Closures of local recording offices or other governmental offices in charge of real property records, including tax or lien-related records, would adversely affect our ability to conduct operations in the affected geographies. Any of these delays will likely result in extended hold times and increased costs. Also, the insurance we maintain would likely not be adequate to cover our losses resulting from disasters or other business interruptions.

As we grow our business, the need for business continuity planning and disaster recovery plans will grow in significance. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster, and successfully execute on those plans in the event of a disaster or emergency, our business and reputation would be harmed.

Cybersecurity incidents could disrupt our business or result in the loss of critical and confidential information.

The evolution of technology systems introduces ever more complex security risks that are difficult to predict and defend against. An increasing number of companies, including those with significant online operations, have recently disclosed breaches of their security, some of which involved sophisticated tactics and techniques allegedly attributable to criminal enterprises or nation-state actors. Successful breaches, employee malfeasance, or human or technological error could result in, for example, unauthorized access to, disclosure, modification, misuse, loss, or destruction of company, customer, or other third party data or systems; theft of sensitive, regulated, or confidential data including personal information and intellectual property; the loss of access to critical data or systems through ransomware, destructive attacks or other means; and business delays, service or system disruptions or denials of service. We experience cyber incidents and other security incidents of varying degrees from time to time, though none which individually or in the aggregate has led to costs or consequences which have materially impacted our operations or business. In response, we have implemented controls and taken other preventative actions to further strengthen our systems against future incidents. However, we cannot assure you that such measures will provide absolute security, that we will be able to react in a timely manner, or that our remediation efforts following a cybersecurity incident will be successful.

In addition, we do not know whether our current practices will be deemed sufficient under applicable laws or whether new regulatory requirements might make our current practices insufficient. If there is a breach of our computer systems and we know or suspect that certain personal information has been accessed, or used inappropriately, we may need to inform the affected individual and may be subject to significant fines and penalties. Further, under certain regulatory schemes, we may be liable for statutory damages on a per breached record basis, irrespective of any actual damages or harm to the individual. In the event of a breach we could face government scrutiny or consumer class actions alleging statutory damages amounting to hundreds of millions, and possibly billions of dollars.

The risk of cybersecurity incidents directed at us or our third-party vendors includes uncoordinated individual attempts to gain unauthorized access to information technology systems, as well as sophisticated and targeted measures known as advanced persistent threats. In addition, we face the risk of confidential data inadvertently leaking through human or technological errors. Cybersecurity incidents are also constantly evolving, increasing the difficulty of detecting and successfully defending against them. In the ordinary course of our business, we and our third-party vendors collect and store personal information, as well as our proprietary business information and intellectual property and that of our customers and employees.

Additionally, we rely on third-parties and their security procedures for the secure storage, processing, maintenance, and transmission of information that is critical to our operations. Despite measures designed to prevent, detect, address, and mitigate cybersecurity incidents, such incidents may occur to us or our third-party providers and, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties, including personal information of our customers and employees) and the disruption of business operations. Any such compromises to our security, or that of our third-party vendors, could cause customers to lose trust and confidence in us and stop using our website and mobile applications. In addition, we may incur significant costs for remediation that may include liability for stolen assets or information, repair of system damage, and compensation to customers, employees, and business partners. We may also be subject to government enforcement proceedings and legal claims by private parties.

Any actual or alleged security breaches or alleged violations of federal or state laws or regulations relating to privacy and data security could result in mandated user notifications, litigation, government investigations, significant fines, and expenditures; divert management's attention from operations; deter people from using our platform; damage our brand and reputation; and materially adversely affect our business, results of operations, and financial condition. Defending against claims or litigation based on any security breach or incident, regardless of their merit, will be costly and may cause reputational harm. The successful assertion of one or more large claims against us that exceed available insurance coverage, denial of coverage as to any specific claim, or any change or cessation in our insurance policies and coverages, including premium increases or the imposition of large deductible requirements, could have a material adverse effect on our business, results of operations, and financial condition.

Internet law is evolving, and unfavorable changes to, or failure by us to comply with, these laws and regulations could adversely affect our business, results of operations, and financial condition.

We are subject to regulations and laws specifically governing the internet. The scope and interpretation of the laws that are or may be applicable to our business are often uncertain, subject to change, and may be conflicting. If we incur costs or liability as a result of unfavorable changes to these regulations or laws or our failure to comply therewith, our business, results of operations, and financial condition could be adversely affected. Any costs incurred to prevent or mitigate this potential liability could also harm our business, results of operations, and financial condition.

Our fraud detection processes and information security systems may not successfully detect all fraudulent activity by third parties aimed at our employees or customers, which could adversely affect our reputation and business results.

Third-party actors have attempted in the past, and may attempt in the future, to conduct fraudulent activity by engaging with our customers, particularly in our title insurance and escrow business. We make a large number of wire transfers in connection with loan and real estate closings and process sensitive personal data in connection with these transactions. Though we have sophisticated fraud detection processes and have taken other measures to identify fraudulent activity on our mobile applications, websites and internal systems, we may not be able to detect and prevent all such activity. Similarly, the third parties we use to effectuate these transactions may fail to maintain adequate controls or systems to detect and prevent fraudulent activity. Persistent or pervasive fraudulent activity may cause customers and real estate partners to lose trust in us and decrease or terminate their usage of our products, or could result in financial loss, thereby harming our business and results of operations.

Our risk management efforts may not be effective.

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as pricing risk, interest rate risk, liquidity risk, and other market-related risks, as well as operational and legal risks related to our business, assets, and liabilities. We also are subject to various laws, regulations and rules that are not industry specific, including employment laws related to employee hiring and termination practices, health and safety laws, environmental laws and other federal, state and local laws, regulations and rules in the jurisdictions in which we operate. Our risk management policies, procedures, and techniques may not be sufficient to identify all of the risks to which we are exposed, mitigate the risks we have identified, or identify additional risks to which we may become subject in the future. Expansion of our business activities may also result in our being exposed to risks to which we have not previously been exposed or may increase our exposure to certain types of risks, and we may not effectively identify, manage, monitor, and mitigate these risks as our business activities change or increase.

We are from time to time involved in, or may in the future be subject to, claims, suits, government investigations, and other proceedings that may result in adverse outcomes.

We are from time to time involved in, or may in the future be subject to, claims, suits, government investigations, and proceedings arising from our business, including actions with respect to intellectual property, privacy, consumer protection, information security, our historic mortgage lending services, real estate, environmental, data protection or law enforcement matters, tax matters, labor and employment, and commercial claims, as well as actions involving content generated by our customers, shareholder derivative actions, purported class action lawsuits, and other matters. Such claims, suits, government investigations, and proceedings are inherently uncertain, and their results cannot be predicted with certainty. Regardless of the outcome, any such legal proceedings can have an adverse impact on us because of legal costs, diversion of management and other personnel, negative publicity and other factors. In addition, it is possible that a resolution of one or more such proceedings could result in reputational harm, liability, penalties, or sanctions, as well as judgments, consent decrees, or orders preventing us from offering certain features, functionalities, products, or services, or requiring a change in our business practices, products or technologies, which could in the future materially and adversely affect our business, operating results and financial condition.

Our business could be negatively impacted by corporate citizenship and ESG matters and/or our reporting of such matters.

Institutional, individual, and other investors, proxy advisory services, regulatory authorities, consumers, and other stakeholders are increasingly focused on environmental, social, and governance ("ESG") practices of companies. As we look to respond to evolving standards for identifying, measuring, and reporting ESG metrics, our efforts may result in a significant increase in costs and may nevertheless not meet investor or other stakeholder expectations and evolving standards or regulatory requirements, which may negatively impact our financial results, our reputation, our ability to attract or retain employees, our attractiveness as a service provider, investment, or business partner, or expose us to government enforcement actions, private litigation, and actions by stockholders or stakeholders..

We may be unable to continue to use the domain names that we use in our business, or prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of our brand or our trademarks or service marks.

We have registered domain names for our websites that we use in our business. If we lose the ability to use a domain name, we may incur significant expenses to market our products and services under a new domain name, which could harm our business. In addition, our competitors could attempt to capitalize on our brand recognition by using domain names similar to ours. We may be unable to prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of our brand or our trademarks or service marks. Protecting and enforcing our rights in our domain names and determining the rights of others may require litigation, which could result in substantial costs and diversion of management's attention.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We have various operating leases for office space, which are summarized as of December 31, 2022 in the table below. We believe that our facilities are adequate for our current needs.

Location	Purpose	Approximate Square Feet	Principal Lease Expiration Dates
Tempe, Arizona	General Office Space, Corporate Mailing Address	100,807	2030
Duluth, Georgia	General Office Space	71,085	2029

In addition, we lease office space in several other locations in the United States and India.

Item 3. Legal Proceedings.

In August 2019, the FTC began conducting an investigation into the Company related primarily to statements in Opendoor's advertising and website comparing selling homes to Opendoor with selling homes in a traditional manner using an agent and relating to statements that Opendoor's offers reflect or are based on market prices. Opendoor and the FTC began discussing resolution of this matter in December 2020. After extensive negotiations, the Company agreed to enter into a consent order resolving all aspects of the inquiry, which became final on October 21, 2022. Pursuant to the consent order, the Company did not admit to any wrongdoing and is required to possess competent and reliable supporting data prior to making statements regarding the costs, savings, repair costs, or financial benefits of Company services related to assisting consumers selling homes. The consent order also required that the Company pay the FTC $62 million (an amount the Company previously accrued) and that it retain certain records and submit a compliance report to the FTC. The $62 million fine was paid in October 2022.

On October 7, 2022 and November 22, 2022, purported securities class action lawsuits were filed in the United States District Court for the District of Arizona, captioned Alich v. Opendoor Technologies Inc., et al. (Case No. 2:22-cv-01717-JFM) ("Alich") and Oakland County Voluntary Employees' Beneficiary Association, et al. v. Opendoor Technologies Inc., et al. (Case No. 2:22-cv-01987-GMS) ("Oakland County"), respectively. The complaints name as defendants the Company, certain of the Company's current and former officers and directors, the underwriters of two securities offerings the Company made in 2021, and a selling shareholder, SVF Excalibur (Cayman) Limited. The complaints allege that the Company and certain officers violated Section 10(b) of the Exchange Act and SEC Rule 10b-5, and that the Company, certain officers and directors, the underwriters, and SVF violated Section 11 and/or Section 12(a)(2) of the Securities Act, in each case by making materially false or misleading statements related to the effectiveness of the Company's pricing algorithm. The plaintiffs also allege that certain defendants violated Section 20(a) of the Exchange Act and Section 15 of the Securities Act, respectively, which provide for control person liability. The complaints assert claims on behalf of all persons and entities that purchased, or otherwise acquired, Company common stock between December 21, 2020 and September 16, 2022 or pursuant to offering documents issued in connection with our business combination with SCH and the secondary public offerings conducted by the Company in February 2021 and September 2021. The plaintiffs seek class certification, an award of unspecified compensatory damages, an award of interest and reasonable costs and expenses, including attorneys' fees and expert fees, and other and further relief as the court may deem just and proper. We believe that the allegations in the complaints are without merit and we intend to vigorously defend ourselves in the matter.

In addition to the foregoing, we are currently and have in the past been subject to legal proceedings and regulatory actions in the ordinary course of business. We do not anticipate that the ultimate liability, if any, arising out of any such matters will have a material effect on our financial condition, results of operations or cash flows. In the future, we may be subject to further legal proceedings and regulatory actions in the ordinary course of business and we cannot predict whether any such proceeding or matter will have a material effect on our financial condition, results of operations or cash flows.

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.

Market Information for Common Stock

Our common stock is listed on the Nasdaq Global Select Market (“Nasdaq”) under the symbol “OPEN.”

Holders of Record

As of February 16, 2023, there were approximately 61 holders of record of our common stock.

Dividend Policy

We have never declared or paid dividends on our capital stock. We currently intend to retain any future earnings to fund the development and growth of our business, and therefore do not expect to pay any dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to compliance with contractual restrictions and covenants in the agreements governing our current and future indebtedness. Any such determination will also depend upon our business prospects, results of operations, financial condition, cash requirements and availability and other factors that our board of directors may deem relevant.

Sales of Unregistered Equity Securities

On July 28, 2022, in connection with our entry into a multi-year agreement with Zillow, Inc., we issued to Zillow, Inc. a warrant representing the right to purchase up to 6 million shares of the Company’s common stock, which will vest in tranches for resale marketing services with respect to homes that qualify for a referral fee under the agreement. The exercise price per tranche of warrant shares will equal the 30-day trailing volume weighted average price prior to the vesting date, subject to a floor of $15.00 per share and a cap of $30.00 per share. We believe the issuance of the warrant was exempt from registration pursuant to Section 4(a)(2) of the Securities Act as a transaction by the Company not involving any public offering.

Issuer Purchases of Equity Securities

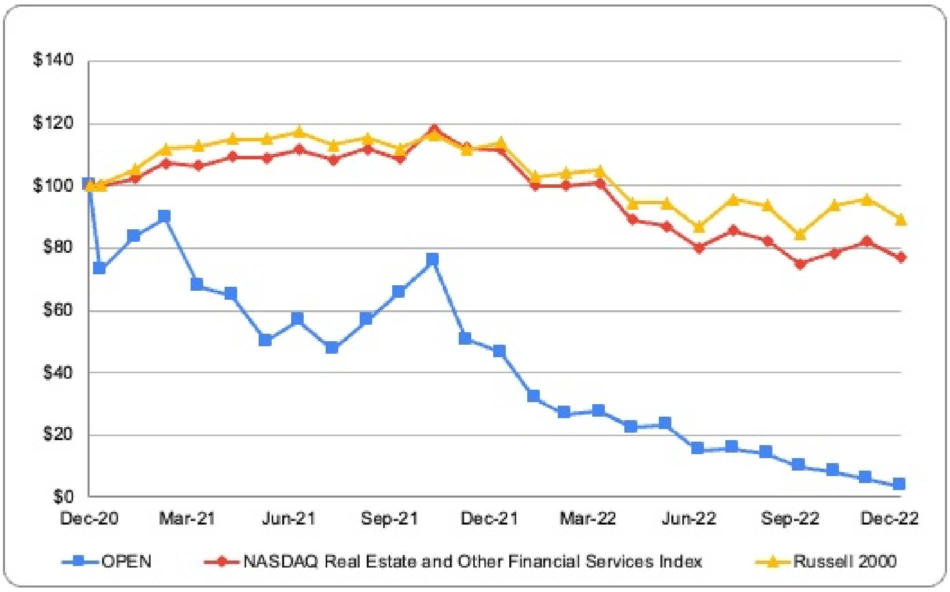
None.

Performance Graph

The stock performance graph set forth below shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act and will not be deemed to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act. The information contained in the graph is based on historical data and is not intended to forecast possible future performance.

The following graph compares our cumulative total shareholder return on the Company’s common stock with the NASDAQ Real Estate and Other Financial Services Index and the Russell 2000 Index.

This graph covers the period from December 21, 2020, which was the first day our common stock began trading after the closing of the Business Combination, through December 31, 2022 for the Company’s common stock. This graph assumes that the value of the investment in the Company's common stock and each index (including reinvestment of dividends) was $100 on December 21, 2020.



Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis provides information that our management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. The discussion should be read together with the historical audited annual consolidated financial statements as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021, and 2020.

This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Forward-Looking Statements," "Risk Factors" or in other parts of this Annual Report on Form 10-K.

Overview

Opendoor's mission is to power life's progress, one move at a time. We are building a managed marketplace for residential real estate via two core product offerings: our first-party (1P) product and our third-party (3P) product. We are working towards a future where both 1P and 3P sales take place on our platform, enabling sellers and buyers to experience a simple and certain transaction that dramatically improves the traditional process. Since our inception in 2014, we have built scalable pricing capabilities, technology-enabled centralized operations, and a suite of digital-first consumer products that enabled us to help customers buy or sell homes in over 215,000 transactions and expand our footprint to 53 markets across the country.

Financial Highlights

(in millions, except percentages, homes sold, number of markets, and homes in inventory)	Year Ended December 31, 2022	2021	2020	2021 to 2022 Change	2020 to 2021 Change
Revenue	$ 15,567	$ 8,021	$ 2,583	$ 7,546	$ 5,438
Homes sold	39,183	21,725	9,913	17,458	11,812
Gross profit	$ 667	$ 730	$ 220	$ (63)	$ 510
Gross margin	4.3 %	9.1 %	8.5 %		
Net loss	$ (1,353)	$ (662)	$ (253)	$ (691)	$ (409)
Adjusted Net Loss	$ (574)	$ (116)	$ (175)	$ (458)	$ 59
Contribution Profit	$ 525	$ 525	$ 110	$ —	$ 415
Contribution Margin	3.4 %	6.5 %	4.3 %		
Adjusted EBITDA	$ (168)	$ 58	$ (98)	$ (226)	$ 156
Adjusted EBITDA Margin	(1.1)%	0.7 %	(3.8)%		
Number of markets (at period end)	53	44	21	9	23
Inventory (at period end)	$ 4,460	$ 6,096	$ 466	$ (1,636)	$ 5,630
Homes in inventory (at period end)	12,788	17,009	1,826	(4,221)	15,183

Current Housing Environment

The residential real estate market started 2022 quite strong with housing transaction volume, velocity, and home price appreciation (HPA) trending at or near historical highs. However, the second half of 2022 was dominated by concerns of elevated inflation, rising interest rates, and increasing possibility of recession.

In response to surprisingly persistent inflationary pressures, the U.S. Federal Reserve Board implemented a series of rate increases, increasing the Federal Funds Rate from 0.25% to 4.5% at the end of the year and marking the most aggressive response by the U.S. Federal Reserve Board since the early 1980s. These actions pushed long-term interest rates higher with mortgage rates following suit. The ensuing decline in housing affordability drove a sharp pullback in home buyer demand, which precipitated a very rapid slowdown in both transaction velocity and home price appreciation ("HPA") in the second half of 2022.

(Tabular amounts in millions, except share and per share data and ratios,or as noted)

In light of the market uncertainty and our reduced volume expectations, we scaled back our operational capacity by reducing both third-party labor and our internal workforce. In addition, on November 2, 2022, we announced a workforce reduction of approximately 550 employees, representing 18% of our workforce at that time. We provided post-employment benefits to impacted employees for a total cash cost of approximately $17 million, which was recognized and primarily paid in 2022.

Overall economic dynamics as of the beginning of 2023 look more balanced than as of the second half of 2022. In particular, the seasonal relative improvement in listing prices, contract prices, and clearance has been, so far, better than in a typical year. Of course, there remains significant macro risk in the outlook, with inflation, rate volatility and recession probabilities still at high levels. The extent to which these factors impact our results and financial position will depend on future developments, which are uncertain and difficult to predict. As a result, we are entering 2023 with a conservative bias in our home pricing, which reflects our current expectation for negative year-over-year HPA for 2023.

Business Impact of COVID-19

In response to the COVID-19 pandemic and the consequent health risks, we substantially paused purchasing additional homes in March 2020 to safeguard the health and safety of our customers and employees. In addition to pausing new acquisitions, we sold down most of our homes in inventory at a healthy pace, leading to a low point in inventory of $152 million as of September 30, 2020. As our revenues are dependent on inventory levels available for sale, we experienced sequential, quarter-over-quarter declines in revenue in the second, third and fourth quarters of 2020. After retooling certain operational processes to enable "contactless" transactions, we resumed making offers to purchase homes in select markets in May 2020 and resumed operations across all of our markets by the end of August 2020. We surpassed pre-COVID-19 inventory levels in the second quarter of 2021 and ended the year with inventory of $4.5 billion as of December 31, 2022. While we believe we have adapted our operations to function effectively during the ongoing COVID-19 pandemic, our business remains sensitive to potential future disruptions of the real estate market caused by COVID-19 and its variants.

Factors Affecting our Business Performance

Market Penetration in Existing Markets

Residential real estate is one of the largest consumer markets, with approximately $1.9 trillion of home value transacted annually. Given the fact that we operate in a highly fragmented industry and offer a differentiated value proposition to the incumbent agent-led transaction, we believe there is significant opportunity to expand our share in our existing cities. By providing a consistent, high-quality and differentiated experience to our customers, we hope to continue to drive positive word-of-mouth awareness and trust in our platform. We believe this creates a virtuous cycle, whereby more home sellers will request an offer from Opendoor, allowing us to deepen our market penetration.

We are launching our 3P product in certain markets where our sellers will connect directly with our buyers thereby expanding our target audience to additional sellers. We expect this marketplace to reduce our inventory exposure, capital intensity and macroeconomic risk, which we believe has the potential to positively impact our results.

We also expect to launch our new partnership agreement with Zillow, Inc. in early 2023 that will allow home sellers on the Zillow, Inc. platform to request an offer directly from Opendoor, which will create an additional channel for us to drive brand awareness and acquire customers.

Expansion into New Markets

We operated in 53 markets as of December 31, 2022. The following table represents the number of markets as of the periods presented:

	Year Ended December 31,		
(in whole numbers)	**2022**	**2021**	**2020**
Number of markets (at period end)	53	44	21

We launched seven new markets in the first half of 2022, before we slowed our new market expansion plans due to the deteriorating macro environment in the latter half of the year, during which we launched two new markets.

We view the first year of a market launch as an investment period during which we refine our pricing models, renovation strategies and cost structure. Historically, we have seen underwriting performance for purchase cohorts in new markets improve approximately one year after initial launch. However, given our "risk-off" stance in our 1P business pending stabilization of macro conditions, we do not expect to make significant investments to support our 2022 market launches. As a result, we also expect the revenue contribution from these markets to be immaterial until we see a sustained period of stabilization and recovery in the macro environment.

Adjacent Services

We believe home sellers and buyers value simplicity and certainty. To that end, we are building an online, integrated suite of home services, which currently include title insurance and escrow services, brokerage services and mortgage services. In 2022, we shifted from a correspondent mortgage model to a referral model with a strategic partner to offer our customers a broader suite of mortgage products and services.

Our success with title insurance and escrow services helps validate our view that customers prefer an online, integrated experience. We will continue to evaluate new ways to improve our end-to-end solution and expect to invest in additional adjacent products and services over time with the expectation that these adjacent services will continue to improve our unit economics and Contribution Margin.

Unit Economics

We view Contribution Margin as a key measure of unit economic performance. Our long-term financial performance depends, in part, on continuing to maintain and expand unit margins through the following initiatives:

- Optimization and enhancements of our pricing engine
- Platform efficiency improvements through greater automation and self-service
- Incremental attach of services, which supplement the core transaction margin profile
- Expansion of our 3P product offering, which will reduce our inventory exposure and capital intensity, and eliminate any holding and selling costs associated with taking ownership of the home

Inventory Management

Effectively managing our overall inventory position and balancing growth, margin, and risk are critical to our financial performance. Since our inception, we have prioritized investment in our pricing capabilities across our home acquisition processes and our forecasting and resale systems, and will continue to do so. As part of our overall risk management framework, we consider both individual market and aggregate portfolio exposures. We typically seek to maximize the resale margin performance of our inventory in the context of managing overall risk and inventory health through monitoring sell-through rates, holding periods, and portfolio aging.

Our performance in 2022 reflects the sharp transition in the housing market from peak levels earlier this year to lower transaction velocity and home price appreciation well beyond typical seasonal trends. Given these macroeconomic pressures, we have been focused on managing for overall inventory health and risk. As part of that focus, we have continued to adjust down listed prices on our inventory to stay in-line with the market and drive resale clearance. Related to those price actions, we have recorded inventory valuation adjustments of $737 million during the year ended December 31, 2022. We have also proactively reduced our acquisition pace via higher spreads embedded in our offers and lower marketing investment. While this allows us to manage overall inventory growth, we expect future margins on those acquisition cohorts to be in-line with our expectations for positive contribution margins. We expect to resume a higher acquisition pace as the housing market stabilizes.

As one key measure of inventory management performance, we evaluate our portfolio metrics relative to the broader market (as observed on the multiple listing services ("MLS")). One such metric is our percentage of homes "on the market" for greater than 120 days as measured from initial listing date. As of December 31, 2022, such homes represented 55% of our portfolio, compared to 33% for the broader market when filtered for the types of homes we are able to underwrite and acquire in a given market based on characteristics such as price range, home type, home location, year built and lot size (which we refer to as our “buybox".) This metric is impacted by the mix of homes in our inventory. Beginning early in the third quarter of 2022, we significantly reduced our offer pace and subsequent closings of new home acquisitions in light of our risk management objective and overall macroeconomic uncertainty. When newly acquired homes represent a smaller proportion of our overall inventory, average days on market for our portfolio generally increases and we expect this trend to continue into early 2023.

Inventory Financing

Our business model is working capital intensive and inventory financing is a key enabler of our growth. We primarily rely on our access to non-recourse asset-backed debt, which consists of asset-backed senior debt facilities and asset-backed mezzanine term debt facilities, to finance our home acquisitions. See “—*Liquidity and Capital Resources — Debt and Financing Arrangements.*”

Seasonality

The residential real estate market is seasonal, with greater demand and home price appreciation from home buyers in the spring and summer, and typically weaker demand and lower home price appreciation in late fall and winter. In general, we expect our financial results and working capital requirements to reflect seasonal variations over time. However, other factors, including growth, market expansion and changes in macroeconomic conditions, such as rising inflation and interest rate increases as recently observed, have obscured the impact of seasonality in our historical financials and we expect may continue to do so.

Non-GAAP Financial Measures

In addition to our results of operations below, we report certain financial measures that are not required by, or presented in accordance with, U.S. generally accepted accounting principles (“GAAP”).

These measures have limitations as analytical tools when assessing our operating performance and should not be considered in isolation or as a substitute for GAAP measures, including gross profit and net income. We may calculate or present our non-GAAP financial measures differently than other companies who report measures with similar titles and, as a result, the non-GAAP financial measures we report may not be comparable with those of companies in our industry or in other industries.

Adjusted Gross Profit and Contribution Profit

To provide investors with additional information regarding our margins and return on inventory acquired, we have included Adjusted Gross Profit and Contribution Profit, which are non-GAAP financial measures. We believe that Adjusted Gross Profit and Contribution Profit are useful financial measures for investors as they are supplemental measures used by management in evaluating unit level economics and our operating performance. Each of these measures is intended to present the economics related to homes sold during a given period. We do so by including revenue generated from homes sold (and adjacent services) in the period and only the expenses that are directly attributable to such home sales, even if such expenses were recognized in prior periods, and excluding expenses related to homes that remain in inventory as of the end of the period. Contribution Profit provides investors a measure to assess Opendoor’s ability to generate returns on homes sold during a reporting period after considering home purchase costs, renovation and repair costs, holding costs and selling costs.

Adjusted Gross Profit and Contribution Profit are supplemental measures of our operating performance and have limitations as analytical tools. For example, these measures include costs that were recorded in prior periods under GAAP and exclude, in connection with homes held in inventory at the end of the period, costs required to be recorded under GAAP in the same period. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. We include a reconciliation of these measures to the most directly comparable GAAP financial measure, which is gross profit.

Adjusted Gross Profit / Margin

We calculate Adjusted Gross Profit as gross profit under GAAP adjusted for (1) inventory valuation adjustment in the current period, (2) inventory valuation adjustment in prior periods, and (3) restructuring in cost of revenue. Restructuring in cost of revenue reflects the costs associated with the reduction in our workforce in 2020, a portion of which were related to personnel included in cost of revenue. Inventory valuation adjustment in the current period is calculated by adding back the inventory valuation adjustments recorded during the period on homes that remain in inventory at period end. Inventory valuation adjustment in prior periods is calculated by subtracting the inventory valuation adjustments recorded in prior periods on homes sold in the current period. We define Adjusted Gross Margin as Adjusted Gross Profit as a percentage of revenue. See "*—Critical Accounting Policies and Estimates — Real Estate Inventory*" for detailed discussion of inventory valuation adjustment.

We view this metric as an important measure of business performance as it captures gross margin performance isolated to homes sold in a given period and provides comparability across reporting periods. Adjusted Gross Profit helps management assess home pricing, service fees and renovation performance for a specific resale cohort.

Contribution Profit / Margin

We calculate Contribution Profit as Adjusted Gross Profit, minus certain costs incurred on homes sold during the current period including: (1) holding costs incurred in the current period, (2) holding costs incurred in prior periods, and (3) direct selling costs. The composition of our holding costs is described in the footnotes to the reconciliation table below. Contribution Margin is Contribution Profit as a percentage of revenue.

We view this metric as an important measure of business performance as it captures the unit level performance isolated to homes sold in a given period and provides comparability across reporting periods. Contribution Profit helps management assess inflows and outflows directly associated with a specific resale cohort.

The following table presents a reconciliation of our Adjusted Gross Profit and Contribution Profit to our gross profit, which is the most directly comparable GAAP measure, for the periods indicated:

	Year Ended December 31,		
(in millions, except percentages)	**2022**	**2021**	**2020**
Gross profit (GAAP)	**$ 667**	**$ 730**	**$ 220**
Gross Margin	4.3 %	9.1 %	8.5 %
Adjustments:			
Inventory valuation adjustment – Current Period[(1)(2)]	458	39	—
Inventory valuation adjustment – Prior Periods[(1)(3)]	(39)	—	(11)
Restructuring in cost of revenue[(4)]	—	—	2
Adjusted Gross Profit	**$ 1,086**	**$ 769**	**$ 211**
Adjusted Gross Margin	7.0 %	9.6 %	8.2 %
Adjustments:			
Direct selling costs[(5)]	(414)	(195)	(73)
Holding costs on sales – Current Period[(6)(7)]	(109)	(47)	(17)
Holding costs on sales – Prior Periods[(6)(8)]	(38)	(2)	(11)
Contribution Profit	**$ 525**	**$ 525**	**$ 110**
Contribution Margin	3.4 %	6.5 %	4.3 %

(1) Inventory valuation adjustment includes adjustments to record real estate inventory at the lower of its carrying amount or its net realizable value. See "*—Critical Accounting Policies and Estimates — Real Estate Inventory.*"

(2) Inventory valuation adjustment — Current Period is the inventory valuation adjustments recorded during the period presented associated with homes that remain in inventory at period end.

(3) Inventory valuation adjustment — Prior Periods is the inventory valuation adjustments recorded in prior periods associated with homes that sold in the period presented.

(4) Restructuring in cost of revenue consists mainly of severance and employee termination benefits that were recorded to cost of revenue due to a reduction in workforce in the second quarter of 2020 following the outbreak of the COVID-19 pandemic.

(5) Represents selling costs incurred related to homes sold in the relevant period. This primarily includes broker commissions, external title and escrow-related fees and transfer taxes.

(6) Holding costs include mainly property taxes, insurance, utilities, homeowners association dues, cleaning and maintenance costs. Holding costs are included in Sales, marketing, and operations on the Consolidated Statements of Operations.

(7) Represents holding costs incurred in the period presented on homes sold in the period presented.

(8) Represents holding costs incurred in prior periods on homes sold in the period presented.

Adjusted Net Loss and Adjusted EBITDA

We also present Adjusted Net Loss and Adjusted EBITDA, which are non-GAAP financial measures that management uses to assess our underlying financial performance. These measures are also commonly used by investors and analysts to compare the underlying performance of companies in our industry. We believe these measures provide investors with meaningful period over period comparisons of our underlying performance, adjusted for certain charges that are non-recurring, non-cash, not directly related to our revenue-generating operations, not aligned to related revenue, or not reflective of ongoing operating results that vary in frequency and amount.

Adjusted Net Loss and Adjusted EBITDA are supplemental measures of our operating performance and have important limitations. For example, these measures exclude the impact of certain costs required to be recorded under GAAP. These measures also include inventory valuation adjustments that were recorded in prior periods under GAAP and exclude, in connection with homes held in inventory at the end of the period, inventory valuation adjustments required to be recorded under GAAP in the same period. These measures could differ substantially from similarly titled measures presented by other companies in our industry or companies in other industries. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. We include a reconciliation of these measures to the most directly comparable GAAP financial measure, which is net loss.

Adjusted Net Loss

We calculate Adjusted Net Loss as GAAP net loss adjusted to exclude non-cash expenses of stock-based compensation, equity securities fair value adjustment, derivative and warrant fair value adjustment, and intangibles amortization expense. It excludes expenses that are not directly related to our revenue-generating operations such as restructuring charges and legal contingency accruals. It excludes loss on extinguishment of debt as these expenses were incurred as a result of decisions made by management to repay portions of our outstanding credit facilities early; these expenses are not reflective of ongoing operating results and vary in frequency and amount. It also excludes non-recurring payroll tax on initial RSU release, gain on lease termination, goodwill impairment and convertible note payment-in-kind (“PIK”) interest and issuance discount amortization. Adjusted Net Loss also aligns the timing of inventory valuation adjustments recorded under GAAP to the period in which the related revenue is recorded in order to improve the comparability of this measure to our non-GAAP financial measures of unit economics, as described above. Our calculation of Adjusted Net Loss does not currently include the tax effects of the non-GAAP adjustments because our taxes and such tax effects have not been material to date.

Adjusted EBITDA

We calculated Adjusted EBITDA as Adjusted Net Loss adjusted for depreciation and amortization, property financing and other interest expense, interest income, and income tax expense. Adjusted EBITDA is a supplemental performance measure that our management uses to assess our operating performance and the operating leverage in our business.

The following table presents a reconciliation of our Adjusted Net Loss and Adjusted EBITDA to our net loss, which is the most directly comparable GAAP measure, for the periods indicated:

	Year Ended December 31,		
(in millions, except percentages)	**2022**	**2021**	**2020**
Net loss (GAAP)	**$ (1,353)**	**$ (662)**	**$ (253)**
Adjustments:			
Stock-based compensation	171	536	38
Equity securities fair value adjustment[1]	35	(35)	—
Derivative and warrant fair value adjustment[1]	—	(12)	(8)
Intangibles amortization expense[2]	9	4	4
Inventory valuation adjustment – Current Period[3][4]	458	39	—
Inventory valuation adjustment – Prior Periods[3][5]	(39)	—	(11)
Restructuring[6]	17	—	31
Convertible note PIK interest and discount amortization[7]	—	—	8
Loss on extinguishment of debt	25	—	11
Gain on lease termination	—	(5)	—
Goodwill impairment	60	—	—
Payroll tax on initial RSU release	—	5	—
Legal contingency accrual and related expenses	46	14	4
Other[8]	(3)	—	1
Adjusted Net Loss	**$ (574)**	**$ (116)**	**$ (175)**
Adjustments:			
Depreciation and amortization, excluding amortization of intangibles	41	33	22
Property financing[9]	329	119	38
Other interest expense[10]	56	24	22
Interest income[11]	(22)	(3)	(5)
Income tax expense	2	1	—
Adjusted EBITDA	**$ (168)**	**$ 58**	**$ (98)**
Adjusted EBITDA Margin	(1.1)%	0.7 %	(3.8)%

(1) Represents the gains and losses on certain financial instruments, which are marked to fair value at the end of each period.

(2) Represents amortization of acquisition-related intangible assets. The acquired intangible assets have useful lives ranging from 1 to 5 years and amortization is expected until the intangible assets are fully amortized.

(3) Inventory valuation adjustment includes adjustments to record real estate inventory at the lower of its carrying amount or its net realizable value.

(4) Inventory valuation adjustment — Current Period is the inventory valuation adjustments recorded during the period presented associated with homes that remain in inventory at period end.

(5) Inventory valuation adjustment — Prior Periods is the inventory valuation adjustments recorded in prior periods associated with homes that sold in the period presented.

(6) Restructuring costs consist mainly of employee termination benefits, relocation packages and bonuses as well as costs related to the exiting of certain non-cancelable leases.

(7) Includes non-cash payment-in-kind (“PIK”) interest and amortization of the discount on the convertible notes issued from July through November 2019 (the “2019 Convertible Notes”). We exclude convertible note PIK interest and amortization from Adjusted Net Loss since these are non-cash in nature and were converted into equity in September 2020 when the Company entered into the Convertible Notes Exchange Agreement with the convertible note holders.

(8) Includes primarily gain or loss on interest rate lock commitments, gain or loss on the sale of available for sale securities, sublease income, and income from equity method investments.

(9) Includes interest expense on our non-recourse asset-backed debt facilities.

(10) Includes amortization of debt issuance costs and loan origination fees, commitment fees, unused fees, other interest related costs on our asset-backed debt facilities, interest expense related to the 2026 convertible senior notes outstanding, and interest expense on other secured borrowings.

(11) Consists mainly of interest earned on cash, cash equivalents and marketable securities.

Components of Our Results of Operations

Revenue

We generate the majority of our revenue from the sale of homes that we previously acquired from homeowners. In addition, we generate revenue from additional services we provide to both home sellers and buyers, which consists primarily of title insurance and escrow services and brokerage services.

Home sales revenue from selling residential real estate is recognized when title to and possession of the property has transferred to the buyer and we have no continuing involvement with the property, which is generally the close of escrow. The amount of revenue recognized for each home sale is equal to the sale price of the home net of any concessions.

Cost of Revenue

Cost of revenue includes the property purchase price, acquisition costs and direct costs to renovate or repair the home. These costs are accumulated in real estate inventory during the property holding period and charged to cost of revenue under the specific identification method when the property is sold. Real estate inventory is reviewed for valuation adjustments at least quarterly. If the carrying amount or basis is not expected to be recovered, an inventory valuation adjustment is recorded to cost of revenue and the related assets are adjusted to their net realizable value. Additionally, for our revenue other than home sales revenue, cost of revenue consists of any costs incurred in delivering the service, including associated headcount expenses such as salaries, benefits and stock-based compensation.

Operating Expenses

Sales, Marketing and Operations Expense

Sales, marketing and operations expense consists primarily of broker commissions (paid to the home buyers' real estate agents and third-party listing agents, if applicable), resale closing costs, holding costs related to real estate inventory including utilities, property taxes and maintenance, and expenses associated with product marketing, promotions and brand-building. Sales, marketing and operations expense also includes any headcount expenses in support of sales, marketing, and real estate operations such as salaries, benefits and stock-based compensation.

General and Administrative Expense

General and administrative expense consists primarily of headcount expenses, including salaries, benefits and stock-based compensation for our executive, finance, human resources, legal and administrative personnel, third-party professional services fees and rent expense.

Technology and Development Expense

Technology and development expense consists primarily of headcount expenses, including salaries, benefits and stock-based compensation for employees in the design, development, testing, maintenance and operation of our websites, tools, applications, and mobile apps that support our products. Technology and development expense also includes amortization of capitalized software development costs.

Goodwill Impairment Expense

Goodwill impairment expense consists of impairment charges recorded as a result of goodwill impairment testing.

Restructuring Expense

Restructuring expense consists primarily of severance and other termination benefits for employees whose roles have been eliminated as well as costs related to the exiting of certain non-cancelable leases with no future benefits to the Company.

Derivative and Warrant Fair Value Adjustment

Derivative and warrant fair value adjustment consists of unrealized and realized gains and losses as a result of marking our warrants and embedded derivatives related to the 2019 Convertible Notes to fair value at the end of each reporting period and subsequent settlement through exercise of warrants and conversion of the 2019 Convertible Notes to equity.

Loss on Extinguishment of Debt

Loss on extinguishment of debt is the result of the Company’s partial or full termination of a debt facility and is comprised of amounts paid to the lenders in excess of the book basis, as well as unamortized deferred costs associated with the facility.

Interest Expense

Interest expense consists primarily of interest paid or payable and the amortization of debt discounts and debt issuance costs. Interest expense varies period over period, primarily due to fluctuations in our inventory volumes and changes in the Benchmark Rates, which impact the interest incurred on our senior revolving credit facilities (see “— *Liquidity and Capital Resources — Debt and Financing Arrangements*”).

We expect our overall interest expense to increase as inventory increases. Subject to market conditions and cost of capital trade-offs, we will evaluate opportunities to expand our sources of financing over time, which may allow us to diversify our mix of financing sources to include more cost effective financing relative to our higher cost mezzanine term debt facilities.

Other (Loss) Income — Net

Other (loss) income-net consists primarily of changes in fair value of, and dividend income, from our investment in equity securities as well as interest income from our investment in money market funds, time deposits, and debt securities.

Income Tax Expense

We record income taxes using the asset and liability method. Under this method, deferred income tax assets and liabilities are recorded based on the estimated future tax effects of differences between the financial statement and income tax basis of existing assets and liabilities. These differences are measured using the enacted statutory tax rates that are expected to apply to taxable income for the years in which differences are expected to reverse. We recognize the effect on deferred income taxes of a change in tax rates in income in the period that includes the enactment date.

We record a valuation allowance to reduce our deferred tax assets and liabilities to the net amount that we believe is more likely than not to be realized. We consider all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing tax planning strategies in assessing the need for a valuation allowance.

Results of Operations

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

The following table sets forth our results of operations for the years ended December 31, 2022 and 2021:

	Year Ended December 31,		Change in	
(in millions, except percentages)	2022	2021	$	%
Revenue	$ 15,567	$ 8,021	$ 7,546	94 %
Cost of revenue	14,900	7,291	7,609	104 %
Gross profit	667	730	(63)	(9)%
Operating expenses:				
Sales, marketing and operations	1,006	544	462	85 %
General and administrative	346	620	(274)	(44)%
Technology and development	169	134	35	26 %
Goodwill impairment	60	—	60	N/M
Restructuring	17	—	17	N/M
Total operating expenses	1,598	1,298	300	23 %
Net operating loss	(931)	(568)	(363)	64 %
Derivative and warrant fair value adjustment	—	12	(12)	(100)%
Loss on extinguishment of debt	(25)	—	(25)	N/M
Interest expense	(385)	(143)	(242)	169 %
Other (loss) income-net	(10)	38	(48)	(126)%
Loss before income taxes	(1,351)	(661)	(690)	104 %
Income tax expense	(2)	(1)	(1)	100 %
Net loss	$ (1,353)	$ (662)	$ (691)	104 %

N/M - Not meaningful.

Revenue

Revenue increased by $7.5 billion, or 94%, for the year ended December 31, 2022 compared to the year ended December 31, 2021. The increase in revenue was primarily attributable to higher sales volumes as well as higher revenue per home. We sold 39,183 homes during the year ended December 31, 2022, compared to 21,725 homes during the year ended December 31, 2021, representing an increase of 80%. Revenue per home sold increased 8% between periods due to inventory mix, buybox expansion and home price appreciation.

Cost of Revenue and Gross Profit

Cost of revenue increased by $7.6 billion, or 104%, for the year ended December 31, 2022 compared to the year ended December 31, 2021. The increase in cost of revenue was primarily attributable to higher sales volumes and a 13% increase in cost of revenue per home, excluding inventory valuation adjustments, as a result of inventory mix, buybox expansion, and home price appreciation at the time of inventory acquisition. In addition, we recorded $458 million of inventory valuation adjustments during the year ended December 31, 2022 to adjust the cost basis of homes remaining in inventory at December 31, 2022 to their net realizable value as compared to $39 million of inventory valuation adjustments during the year ended December 31, 2021.

Gross profit decreased from $730 million to $667 million and gross margin decreased from 9.1% to 4.3% for the year ended December 31, 2021 and December 31, 2022, respectively. For the same periods, Adjusted Gross Margin decreased from 9.6% to 7.0%. The decrease in gross margin and Adjusted Gross Margin reflects our decision to prioritize risk management and resale clearance in the second half of 2022 at the expense of resale margin performance. As a result of the fast downturn in the housing market due to macroeconomic conditions, market conditions at the time of sale were weaker than we believed they would be at the time of pricing our inventory acquisitions. In addition, gross margin and Adjusted Gross Margin for the year ended December 31, 2021 benefited from a fresh book of inventory after we sold down our inventory in response to the COVID-19 pandemic and more favorable macroeconomic conditions as compared to the year ended December 31, 2022.

Contribution Margin decreased from 6.5% to 3.4% for the same periods, due to the reasons noted above as well as due to increased direct selling and holding costs. See "— *Non-GAAP Financial Measures*."

Operating Expenses

Sales, Marketing and Operations. Sales, marketing and operations increased by $462 million, or 85%, for the year ended December 31, 2022 compared to the year ended December 31, 2021. The increase was primarily attributable to a $219 million increase in resale transaction costs and broker commissions, consistent with the 94% increase in revenue. Property holding costs increased by $91 million, consistent with increased inventory levels and longer inventory holding periods compared to the year ended December 31, 2021 when we held a fresh book of inventory. Advertising expense increased by $77 million, from $123 million for the year ended December 31, 2021 to $200 million for the year ended December 31, 2022 as we increased marketing to drive acquisition volumes in both existing and new markets. Headcount expenses, including salaries and benefits, increased $50 million consistent with the increase in headcount.

General and Administrative. General and administrative decreased by $274 million, or 44%, for the year ended December 31, 2022 compared to the year ended December 31, 2021. The decrease was primarily attributable to $354 million reduction in stock-based compensation due to the expense recognition of certain performance awards during the year ended December 31, 2021 following the consummation of the Business Combination in December 2020, the expense recognition of certain RSUs upon the fulfillment of the liquidity event vesting condition satisfied by the February 2021 Offering and the reversal of expense in December 2022 related to the forfeiture of certain executive performance awards. The reduction in stock-based compensation was partially offset by a $46 million legal contingency accrual and related expenses recorded during the year ended December 31, 2022 in connection with the FTC consent order finalized in October 2022. Headcount expenses, including salaries and benefits increased $21 million consistent with the increase in headcount.

Technology and Development. Technology and development increased by $35 million, or 26%, for the year ended December 31, 2022 compared to the year ended December 31, 2021. The increase was primarily attributable to a $26 million increase in headcount expenses, including salaries and benefits, consistent with the increase in headcount.

Goodwill Impairment. Goodwill impairment increased by $60 million for the year ended December 31, 2022 compared to the year ended December 31, 2021. During the fourth quarter of 2022, the market price of our common stock declined significantly causing the Company to perform an interim quantitative test for goodwill impairment. Based on the quantitative analysis, the Company recorded a goodwill impairment charge of $60 million for the year ended December 31, 2022. There was no impairment of goodwill identified for the years ended December 31, 2021 and 2020.

Restructuring. Restructuring increased by $17 million for the year ended December 31, 2022 compared to the year ended December 31, 2021. The restructuring expenses recorded in the year ended December 31, 2022, represented severance, and other termination benefits for employees whose roles were eliminated, and other restructuring costs related to winding down the Company's mortgage lending and brokerage services.

Derivative and Warrant Fair Value Adjustment

Derivative and warrant fair value adjustment decreased by $12 million, or 100%, for the year ended December 31, 2022 compared to the year ended December 31, 2021. The gain recorded in the year ended December 31, 2021 was attributable to a decrease in the fair value of the Sponsor Warrants between the time of the Business Combination and the completion of their redemption in July 2021.

Loss on Extinguishment of Debt

Loss on extinguishment of debt increased by $25 million, for the year ended December 31, 2022 compared to the year ended December 31, 2021. The loss on extinguishment of debt of $25 million in December 31, 2022 resulted from the Company's voluntary partial early repayment of an asset-backed mezzanine term debt facility.

Interest Expense

Interest expense increased by $242 million, or 169%, for the year ended December 31, 2022 compared to the year ended December 31, 2021. The increase was primarily attributable to increases in the average outstanding balances of our asset-backed senior debt facilities and mezzanine term debt facilities, which is consistent with our increase in inventory over the same periods. In addition, interest expense from our asset-backed senior revolving credit facilities, which bear interest at a floating reference rate based on LIBOR or SOFR, has increased due to higher reference rates during the year ended December 31, 2022 compared to the year ended December 31, 2021.

Other (Loss) Income — Net

Other (loss) income – net decreased by $48 million, or 126%, for the year ended December 31, 2022 compared to the year ended December 31, 2021. The decrease is primarily related to the fair value adjustments recorded on marketable equity securities. The Company recorded a $35 million gain in 2021 when a company in which we invested went public and then recorded a $35 million loss in 2022 when the company's stock price declined. The fair value loss recorded in 2022 is offset by a $20 million increase in interest income due to higher interest rates during the year ended December 31, 2022 compared to the year ended December 31, 2021. During 2022, the terms of certain of our asset-backed senior revolving credit facilities were modified to replace LIBOR-based floating reference rates with SOFR-based floating reference rates. As of December 31, 2022, all such floating reference rates in our asset-backed senior revolving credit facilities were based on SOFR.

Income Tax Expense

Income tax expense increased by a nominal amount for the year ended December 31, 2022 compared to the year ended December 31, 2021.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

The following table sets forth our results of operations for the years ended December 31, 2021 and 2020:

	Year Ended December 31,		Change in	
(in millions, except percentages)	**2021**	**2020**	**$**	**%**
Revenue	$ 8,021	$ 2,583	$ 5,438	211 %
Cost of revenue	7,291	2,363	4,928	209 %
Gross profit	730	220	510	232 %
Operating expenses:				
Sales, marketing and operations	544	189	355	188 %
General and administrative	620	132	488	370 %
Technology and development	134	56	78	139 %
Restructuring	—	29	(29)	(100)%
Total operating expenses	1,298	406	892	220 %
Net operating loss	(568)	(186)	(382)	205 %
Derivative and warrant fair value adjustment	12	8	4	50 %
Loss on extinguishment of debt	—	(11)	11	(100)%
Interest expense	(143)	(68)	(75)	110 %
Other income-net	38	4	34	850 %
Loss before income taxes	(661)	(253)	(408)	161 %
Income tax expense	(1)	—	(1)	N/M
Net loss	$ (662)	$ (253)	$ (409)	162 %

N/M - Not meaningful.

Revenue

Revenue increased by $5.4 billion, or 211%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase in revenue was primarily attributable to higher sales volumes in 2021 compared to 2020, as well as higher revenue per home. We sold 21,725 homes during the year ended December 31, 2021, compared to 9,913 homes during the year ended December 31, 2020, representing an increase of 119%, while revenue per home sold increased 42% between periods. The higher sales volumes are a reflection of growing market share in existing markets and, to a lesser extent, our expansion into new markets. We successfully grew our inventory levels throughout 2021, allowing us to sell-through significantly more homes relative to 2020, when we had much lower inventory levels due to our temporary pause in home purchases at the start of the COVID-19 pandemic. Average resale prices were positively impacted by price mix within markets, overall home price appreciation and buybox expansion.

Cost of Revenue and Gross Profit

Cost of revenue increased by $4.9 billion, or 209%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. This increase in cost of revenue was primarily attributable to higher sales volumes and a 41% increase in cost of revenue per home as a result of inventory mix, home price appreciation and buybox expansion.

Gross margin improved from 8.5% to 9.1% for the year ended December 31, 2020 and December 31, 2021, respectively. For the same periods, Adjusted Gross Margins improved from 8.2% to 9.6%. The gross margin increase was primarily due to a combination of higher resale prices relative to our net purchase price for homes, repair and renovation efficiencies, and the effectiveness of our inventory resale systems. Contribution Margin increased from 4.3% to 6.5% for the same periods, due largely to higher Adjusted Gross Margins as well as improvements in direct selling and holding costs. See "— *Non-GAAP Financial Measures*."

Operating Expenses

Sales, Marketing and Operations. Sales, marketing and operations increased by $355 million, or 188%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase was primarily attributable to a $123 million increase in resale transactions costs and broker commissions, consistent with the 119% increase in the number of homes sold. In addition, advertising expense increased by $90 million as we increased marketing to drive acquisition volumes in both existing and new markets launched in 2021, relative to the limited marketing spend in 2020 due to the onset of COVID-19. Property holding costs increased by $71 million consistent with increased inventory levels. Personnel expenses, including salaries and benefits increased $28 million consistent with the increase in headcount.

General and Administrative. General and administrative increased by $488 million, or 370%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase was primarily attributable to $430 million of additional stock-based compensation from the commencement of expense recognition of certain performance awards following the consummation of the Business Combination in December 2020 as well as the expense recognition of certain RSUs upon the fulfillment of the liquidity event vesting condition satisfied by the February 2021 Offering. Personnel expenses, including salaries and benefits increased $22 million consistent with the increase in headcount.

Technology and Development. Technology and development increased by $78 million, or 139%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase was primarily attributable to an $56 million increase in stock-based compensation reflecting both an increase in headcount as well as the recognition of stock-based compensation beginning in 2021 when the February 2021 Offering satisfied the liquidity event vesting condition of certain RSUs. Personnel expenses, including salaries and benefits increased $12 million consistent with the increase in headcount.

Restructuring. Restructuring decreased by $29 million for the year ended December 31, 2021 compared to the year ended December 31, 2020. The restructuring expenses recorded in the year ended December 31, 2020, represent severance, and other termination benefits for employees whose roles were eliminated, and other restructuring costs related to the exiting of certain non-cancelable leases with no future benefit to the Company.

Derivative and Warrant Fair Value Adjustment

Derivative and warrant fair value adjustment increased by $4 million, or 50% for the year ended December 31, 2021 compared to the year ended December 31, 2020. The adjustments recorded in the years ended December 31, 2020 and December 31, 2021 were primarily attributable to a gains of $34 million and $12 million, respectively, due to a decrease in the fair value of the Sponsor Warrants between the time of the Business Combination and the completion of their redemption in July 2021. The gains recorded for the year ended December 31, 2020 were offset by a $23 million increase in the fair value of a derivative liability in extinguishment of the Company's 2019 Convertible Notes.

Loss on Extinguishment of Debt

Loss on extinguishment of debt decreased by $11 million, or 100%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The loss on extinguishment of debt of $11 million in 2020 resulted from the Company’s early termination of one of its mezzanine term debt facilities. The Company did not have any meaningful losses on extinguishment of debt during the year ended December 31, 2021.

Interest Expense

Interest expense increased by $75 million, or 110%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase was primarily attributable to increases in the average outstanding balances of our asset-backed senior debt facilities and mezzanine term debt facilities, which is consistent with our increase in inventory over the same periods. The increase in interest expense from our asset-backed credit facilities was partially offset by a $8 million decrease in interest expense and amortization of debt issuance costs related to the 2019 Convertible Notes, which were converted into equity in September 2020.

Other Income — Net

Other income – net increased by $34 million, or 850%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase was primarily related to the $35 million fair value adjustment on marketable equity securities recorded in 2021 when a company in which we invested went public.

Income Tax Expense

Income tax expense increased by a nominal amount for the year ended December 31, 2021 compared to the year ended December 31, 2020.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity have historically consisted of cash generated from our operations and from financing activities. As of December 31, 2022, we had cash and cash equivalents of $1.1 billion, restricted cash of $654 million, and marketable securities of $144 million. The decline in our cash, cash equivalents and marketable securities balance of $934 million as compared to December 31, 2021 resulted from a combination of operating losses and borrowing less from our asset-backed senior revolving credit facilities relative to our real estate inventory as part of deleveraging of our inventory. The decrease in our restricted cash balance of $193 million as compared to December 31, 2021 was a result of lower balances of resale proceeds being held in restricted cash accounts and the repayment of asset-backed debt.

The Company had total outstanding balances on our asset-backed debt of $4.4 billion and aggregate principal outstanding from the 2026 Notes of $978 million. In addition, we had undrawn borrowing capacity of $7.5 billion under our non-recourse asset-backed debt facilities (as described further below), of which $2.3 billion was committed.

On February 9, 2021, we completed an underwritten public offering (the “February 2021 Offering”) in which we sold 32,817,421 shares of our common stock at a public offering price of $27.00 per share, including the exercise in full by the underwriters of their option to purchase up to 4,280,533 additional shares of common stock, which was completed on February 11, 2021. We received aggregate net proceeds from the February 2021 Offering of approximately $859 million after deducting underwriting discounts and commissions and offering expenses payable by us.

In August 2021, we issued 0.25% convertible senior notes due in 2026 (the “2026 Notes”) with an aggregate principal amount of $978 million, which resulted in net proceeds after underwriting fees and other transactions costs of $953 million. In connection with the issuance of the 2026 Notes, the Company purchased capped calls from certain financial institutions at a cost of $119 million.

As market conditions warrant, we may, from time to time, repurchase our outstanding debt securities in the open market, in privately negotiated transactions, by tender offer, by exchange transaction or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity and other factors and may be commenced or suspended at any time. The amounts involved and total consideration paid may be material.

We have incurred losses from inception through December 31, 2022 and expect to incur additional losses in the future. Our ability to service our debt, fund working capital, business operations and capital expenditures will depend on our ability to generate cash from operating activities, which is subject to our future operating success, and obtain inventory acquisition financing on reasonable terms, which is subject to factors beyond our control, including general economic, political and financial market conditions.

Our working capital requirements may increase should our inventory balance increase. We believe our cash, cash equivalents, and marketable securities together with cash we expect to generate from future operations and borrowings, will be sufficient to meet our working capital and capital expenditure requirements for a period of at least twelve months from the date of this Annual Report on Form 10-K.

Debt and Financing Arrangements

Our financing activities include: short-term borrowings under our asset-backed senior revolving credit facilities and, prior to the discontinuation of our mortgage origination business, our mortgage repurchase financing; the issuance of long-term asset-backed senior term debt, asset-backed mezzanine term debt, and convertible debt; and new issuances of equity. Historically, we have required access to external financing resources in order to fund growth, expansion into new markets and strategic initiatives and we expect this to continue in the future. Our access to capital markets can be impacted by factors outside our control, including economic conditions.

We primarily use non-recourse asset-backed debt, consisting of asset-backed senior debt facilities and asset-backed mezzanine term debt facilities, to provide financing for our real estate inventory purchases and renovations. Our business is capital intensive and maintaining adequate liquidity and capital resources is needed as we continue to scale and accumulate additional inventory. We intend to actively manage our relationships with multiple financial institutions and seek to optimize duration, flexibility, efficiency and cost of funds, but there can be no assurance that we will be able to obtain sufficient capital for our business or to do so on acceptable financial and other terms.

Our asset-backed facilities are each collateralized by a specified pool of assets, consisting of real estate inventory, restricted cash and equity interests in certain consolidated subsidiaries of Opendoor that directly or indirectly own our real estate inventory. The terms of our inventory financing facilities require an Opendoor subsidiary to comply with customary financial covenants, such as maintaining certain levels of liquidity, tangible net worth or leverage (ratio of debt to tangible net worth). As of December 31, 2022, the Company was in compliance with all financial covenants.

Our property financing subsidiaries’ assets and credit generally are not available to satisfy the debts and other obligations of any other Opendoor entities. Our asset-backed debt is non-recourse to Opendoor and our subsidiaries that are not party to the relevant financing arrangements, except for limited guarantees provided by an Opendoor subsidiary for certain obligations in situations involving “bad acts” by an Opendoor entity and certain other limited circumstances.

Our asset-backed senior debt facilities generally provide for advance rates of 80% to 90% against our cost basis in the underlying properties upon acquisition. Our mezzanine term facilities may finance up to 95% to 100% of our cost basis in the underlying properties upon acquisition. The maximum initial advance rates vary by facility and generally decrease on a fixed timeline that varies by facility based on the length of time a given property has been financed and other facility-specific adjustments, including adjustments based on collateral performance.

At times, we may be required to keep amounts in restricted cash accounts to collateralize our asset-backed term debt facilities if the property borrowing base is insufficient to satisfy the borrowing base requirements. These amounts may fluctuate due to seasonality, timing of property acquisitions and resales, and the outstanding loan balances under our asset-backed term debt facilities.

The following table summarizes certain details related to our non-recourse asset-backed debt and other secured borrowings as of December 31, 2022 (in millions, except interest rates):

		Outstanding Amount				
December 31, 2022	**Borrowing Capacity**	**Current**	**Non-Current**	**Weighted Average Interest Rate**	**End of Revolving / Withdrawal Period**	**Final Maturity Date**
Non-Recourse Asset-backed Debt:						
Asset-backed Senior Revolving Credit Facilities						
Revolving Facility 2018-2	$ 1,000	$ 472	$ —	4.86 %	June 7, 2024	June 7, 2024
Revolving Facility 2018-3	1,000	194	—	3.98 %	October 20, 2025	October 20, 2025
Revolving Facility 2019-1	900	55	—	4.41 %	June 30, 2023	June 30, 2023
Revolving Facility 2019-2	1,850	167	—	3.92 %	July 8, 2023	July 8, 2024
Revolving Facility 2019-3	925	—	—	3.86 %	April 5, 2024	April 4, 2025
Revolving Facility 2022-1	525	289	—	8.15 %	December 31, 2022	October 31, 2023
Asset-backed Senior Term Debt Facilities						
Term Debt Facility 2021-S1	400	—	400	3.48 %	April 1, 2024	April 1, 2025
Term Debt Facility 2021-S2	600	—	500	3.20 %	September 10, 2024	September 10, 2025
Term Debt Facility 2021-S3	1,000	—	750	3.75 %	January 31, 2027	July 31, 2027
Term Debt Facility 2022-S1	250	—	250	4.07 %	March 1, 2025	September 1, 2025
Term Debt Facility 2022-S2	500	200	—	8.48 %	January 31, 2023	December 31, 2023
Total	$ 8,950	$ 1,377	$ 1,900			
Issuance Costs		(1)	(17)			
Carrying Value		$ 1,376	$ 1,883			
Asset-backed Mezzanine Term Debt Facilities						
Term Debt Facility 2020-M1	$ 2,500	$ —	$ 1,000	10.00 %	April 1, 2025	April 1, 2026
Term Debt Facility 2022-M1	$ 500	$ —	$ 150	10.00 %	September 15, 2025	September 15, 2026
Total	$ 3,000	$ —	$ 1,150			
Issuance Costs			(13)			
Carrying Value			$ 1,137			
Total Non-Recourse Asset-backed Debt	$ 11,950	$ 1,376	$ 3,020			

Asset-backed Senior Revolving Credit Facilities

We classify the senior revolving credit facilities as current liabilities on our consolidated balance sheets. In some cases, the borrowing capacity amounts under the asset-backed senior revolving credit facilities as reflected in the table are not fully committed and any borrowings above the committed amounts are subject to the applicable lender's discretion. As of December 31, 2022, we had committed borrowing capacity with respect to asset-backed senior revolving credit facilities of $3.2 billion.

The revolving period end dates and final maturity dates reflected in the table above are inclusive of any extensions that are at the sole discretion of the Company. Certain of our asset-backed senior revolving credit facilities also have additional extension options that are subject to lender approval that are not reflected in the table above.

Asset-backed Senior Term Debt Facilities

We classify our senior term debt facilities as non-current liabilities in our consolidated balance sheets. The carrying value of the non-current liabilities is reduced by issuance costs of $17 million. In some cases, the borrowing capacity amounts under the asset-backed senior term debt facilities as reflected in the table are not fully committed and any borrowings above the committed amounts are subject to the applicable lender's discretion. As of December 31, 2022, we had committed borrowing capacity with respect to asset-backed senior term debt facilities of $2.1 billion.

The withdrawal period end dates and final maturity dates reflected in the table above are inclusive of any extensions that are at the sole discretion of the Company. Certain of our asset-backed senior term debt facilities also have additional extension options that are subject to lender approval that are not reflected in the table above.

Asset-backed Mezzanine Term Debt Facilities

In addition to the asset-backed senior revolving credit facilities and asset-backed senior term debt facilities, we have issued asset-backed mezzanine term debt facilities which are subordinated to the related senior facilities. The borrowing capacity amounts under the asset-backed mezzanine term debt facilities as reflected in the table are not fully committed and any borrowing above the committed amounts are subject to the applicable lender's discretion. As of December 31, 2022, we had committed borrowing capacity with respect to asset-backed mezzanine term debt facilities of $1.2 billion.

Mortgage Financing

We primarily used debt financing to fund our mortgage loan originations. In 2019, we entered into a master repurchase agreement(the “Repurchase Agreement”) to finance substantially all of the mortgage loans that we originated. Once our mortgage business sold a loan in the secondary mortgage market, we used the sale proceeds to reduce the outstanding balance under the repurchase facility. The Repurchase Agreement was terminated in October 2022.

Convertible Senior Notes

In August 2021, we issued the 2026 Notes with an aggregate principal amount of $978 million. The table below summarizes certain details related to our 2026 Notes (in millions):

December 31, 2022	**Aggregate Principal Amount**	**Unamortized Debt Issuance Costs**	**Net Carrying Amount**
2026 Notes	$ 978	$ (19)	$ 959

See “*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 7. Credit Facilities and Long-Term Debt*” for additional information regarding our debt and financing arrangements.

Special Purpose Entities

The Company established certain special purpose entities (“SPEs”) for the purpose of financing the Company’s purchase and renovation of real estate inventory through the issuance of asset-backed debt. The Company is the primary beneficiary of the various variable interest entities (“VIE”) within these financing structures and consolidates these VIEs. See “*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 6. Variable Interest Entities*” for additional information regarding our VIEs.

The following table summarizes the assets and liabilities related to the VIEs consolidated by the Company as well as the assets, liabilities and equity related to Opendoor Technologies Inc (Parent Company Only) ("Parent Company") and subsidiaries that are not VIEs, as of December 31, 2022 (in millions):

		VIE	Non-VIE	Total
CURRENT ASSETS:				
Cash and cash equivalents		$ —	$ 1,137	$ 1,137
Restricted cash		636	18	654
Marketable securities		—	144	144
Real estate inventory		4,858	61	4,919
Inventory valuation adjustment		(450)	(9)	(459)
Real estate inventory, net		4,408	52	4,460
Other current assets	(1)	38	33	71
Total current assets		5,082	1,384	6,466
OTHER ASSETS	(2)	—	142	142
TOTAL ASSETS		$ 5,082	$ 1,526	$ 6,608
CURRENT LIABILITIES:				
Current senior revolver asset-backed debt		1,177	—	1,177
Current senior term asset-backed debt		199	—	199
Other current liabilities	(3)	72	57	129
Total current liabilities		1,448	57	1,505
Long term mezzanine asset backed debt		1,137	—	1,137
Long term senior term asset backed debt		1,883	—	1,883
CONVERTIBLE SENIOR NOTES		—	959	959
LEASE LIABILITIES – Net of current portion		—	38	38
TOTAL LIABILITIES		$ 4,468	$ 1,054	$ 5,522
SHAREHOLDERS' EQUITY:		$ 614	$ 472	$ 1,086

(1) The Company's consolidated other current assets include the following assets as shown in the Consolidated Balance Sheets: Escrow Receivable, $30 million; Other Current Assets $41 million.

(2) The Company's consolidated Other Assets include the following assets as shown in the Consolidated Balance Sheets: Property and Equipment - Net, $58 million; Right of Use Assets, $41 million; Goodwill, $4 million; Intangibles - Net, $12 million; and Other Assets, $27 million.

(3) The Company's Other Current Liabilities include the following liabilities as shown in the Consolidated Balance Sheets: Accounts Payable and Other Accrued Liabilities, $110 million; Interest Payable, $12 million; and Lease Liabilities - Current, $7 million.

Cash Flows

The following table summarizes our cash flows for the years ended December 31, 2022, 2021 and 2020:

	Year Ended December 31,		
(in millions)	**2022**	**2021**	**2020**
Net cash provided by (used in) operating activities	$ 730	$ (5,794)	$ 682
Net cash provided by (used in) investing activities	$ 234	$ (476)	$ (22)
Net cash (used in) provided by financing activities	$ (1,751)	$ 7,342	$ 161
Net (decrease) increase in cash, cash equivalents, and restricted cash	$ (787)	$ 1,072	$ 821

Net Cash Provided by (Used in) Operating Activities

Net cash provided by (used in) operating activities was $730 million, $(5.8) billion and $682 million for the years ended December 31, 2022, 2021 and 2020, respectively. For the year ended December 31, 2022, cash provided by operating activities was primarily driven by a $896 million decrease in real estate inventory. For the year ended December 31, 2021, cash used in operating activities was primarily driven by a $5.7 billion increase in real estate inventory and an $83 million increase in escrow receivables correlated to the increase in revenue during the year. For the year ended December 31, 2020, cash provided by operating activities was primarily driven by an $834 million reduction in real estate inventory offset by our net loss net of non-cash items of $149 million.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by (used in) investing activities was $234 million, $(476) million and $(22) million for the years ended December 31, 2022, 2021 and 2020, respectively. For the year ended December 31, 2022, cash provided by investing activities primarily consisted of a $300 million net decrease in marketable securities, partially offset by a $37 million increase in property and equipment, and $19 million for strategic investments in certain privately held companies. For the year ended December 31, 2021, cash used in investing activities primarily consisted of $394 million in investments in marketable securities, $33 million for the acquisitions of Pro.com and RedDoor, net of cash acquired, the $15 million purchase of strategic investments in certain privately held companies, and $33 million in capital expenditures, including internally developed software. For the year ended December 31, 2020, cash used in investing activities primarily consisted of capital expenditures.

Net Cash (Used in) Provided by Financing Activities

Net cash (used in) provided by financing activities was $(1.8) billion, $7.3 billion and $161 million for the years ended December 31, 2022, 2021 and 2020, respectively. For the year ended December 31, 2022, cash used in financing activities was primarily attributable to $1.7 billion net principal payments on non-recourse asset-backed debt. For the year ended December 31, 2021, cash provided by financing activities was primarily attributable to $5.7 billion net proceeds from non-recourse asset-backed debt and $886 million in proceeds from the February 2021 Offering, net of $29 million of issuance costs. In addition, we received $978 million in proceeds from the issuance of the 2026 Notes, net of $25 million of issuance costs and offset by $119 million purchase of the Capped Calls related to the 2026 Notes. For the year ended December 31, 2020, cash provided by financing activities was primarily attributable to proceeds from the Business Combination and PIPE Investment in the amount of $1.0 billion, partially offset by the repayment of $816 million of our asset-backed debt and other secured borrowings.

Contractual Obligations and Commitments

Contractual obligations are cash amounts that we are obligated to pay as part of certain contracts that we have entered into during the normal course of business. Below is a table that shows our contractual obligations as of December 31, 2022:

	Payment Due by Year				
(in millions)	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**More than 5 years**
Senior revolving credit facilities[1]	$ 1,199	$ 1,199	$ —	$ —	$ —
Senior and mezzanine term debt facilities[2]	3,878	400	1,498	1,980	—
Convertible senior notes[3]	988	2	5	981	—
Operating leases[4]	62	11	17	14	20
Purchase commitments[5]	331	331	—	—	—
Total	$ 6,458	$ 1,943	$ 1,520	$ 2,975	$ 20

(1) Represents the principal amounts outstanding as of December 31, 2022. Includes estimated interest payments, calculated using the variable rate in existence at period end over an assumed holding period of 90 days. Borrowings under the senior revolving credit facilities are payable as the related inventory is sold. The payment is expected to be within one year of December 31, 2022.

(2) Represents the principal amounts outstanding as of December 31, 2022 and estimated interest payments assuming the principal balances remain outstanding until maturity. The final maturity dates of the senior and mezzanine term debt facilities vary, as discussed above.

(3) Represents the principal amounts outstanding as of December 31, 2022 and interest payments assuming the principal balances remain outstanding until maturity.

(4) Represents future payments for long-term operating leases that have commenced as of December 31, 2022.

(5) As of December 31, 2022, we were under contract to purchase 1,011 homes for an aggregate purchase price of $331 million.

Critical Accounting Policies and Estimates

Discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities, revenue, and expenses at the date of the financial statements. Generally, we base our estimates on historical experience and on various other assumptions in accordance with GAAP that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

We consider an accounting judgment, estimate or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates and assumptions could have a material impact on the consolidated financial statements. Based on this definition, we have identified the critical accounting policies and estimates addressed below. In addition, we have other key accounting policies and estimates that are described in "*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Description of Business and Accounting Policies*".

Real Estate Inventory

Real estate inventory carrying value is equal to the lower of cost or net realizable value and each home constitutes the unit of account. Real estate inventory cost includes but is not limited to the property purchase price, acquisition costs and direct costs to renovate or repair the home, less inventory valuation adjustments, if any. The property purchase price is net of our service fee and represents the cash proceeds paid to the home seller. Real estate inventory is reviewed for valuation adjustments on a quarterly basis. If the carrying amount for a given home is not expected to be recovered, an inventory valuation adjustment is recorded to cost of revenue and the home's carrying value is adjusted to its net realizable value. Inventory valuation adjustments are not offset by any expected gains and are not reversed or adjusted should the expected net realizable value subsequently increase. For homes under resale contract, the net realizable value is the contract price less expected selling costs and any expected concessions. For all other homes, the net realizable value is our internal projection price less expected selling costs. Changes in our pricing assumptions may lead to a change in the outcome of our inventory valuation adjustment, and actual results may also differ from our assumptions.

Stock-Based Compensation

Our stock-based awards include stock options, restricted stock units ("RSUs"), shares of restricted stock ("Restricted Shares"), and shares granted under our Employee Stock Purchase Plan ("ESPP").

We recognize the cost of stock option awards granted to employees and directors based on the estimated grant-date fair value of the awards. Cost is recognized on a straight-line basis over the service period, which is generally the vesting period of the award. We elected to recognize the effect of forfeitures in the period that they occur. We determine the fair value of stock options using the Black-Scholes-Merton option pricing model, which is impacted by the following assumptions:

- Expected Term. We use the simplified method when calculating the expected term due to insufficient historical exercise data. Management elected to use the simplified method instead of historical experience due to a lack of relevant historical data resulting from changes in option vesting schedules and changes in the pool of employees receiving option grants.
- Expected Volatility. As our shares were not actively traded on Nasdaq until December 2020, the volatility used for stock options granted prior to the Company becoming listed is based on a benchmark of comparable companies within the automotive sales industry and certain real estate technology companies. For stock options granted after the Company became listed, we use the implied volatility from traded Opendoor call options.
- Expected Dividend Yield. The dividend rate used is zero as we have never paid any cash dividends on our common stock and do not anticipate doing so in the foreseeable future.
- Risk-Free Interest Rate. The interest rates used are based on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent remaining term equal to the expected life of the award.

We evaluate the assumptions used to value our share-based awards on each grant date. Following the Company's common stock being listed on Nasdaq, the fair value of our stock has been determined based on the quoted market price. Prior to our common stock being listed on Nasdaq, the grant date fair value of our common stock was determined with the assistance of an independent third-party valuation specialist. The grant date fair value of our common stock was determined using valuation methodologies which utilize certain assumptions, including probability weighting of events, volatility, time to liquidation, a risk-free interest rate, and an assumption for a discount for lack of marketability.

Prior to our common stock being listed on Nasdaq, we determined that an Option Pricing Model ("OPM") was the most appropriate method for allocating our enterprise value to determine the estimated fair value of our common stock. Application of the OPM involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses and cash flows, discount rates, market multiples, the selection of comparable companies, and the probability of future events. Specifically, we have historically used the OPM back solve analysis in combination with the market comparables approach to estimate the fair value of our common stock. OPM back solve analysis derives the implied equity value for one type of equity security from a contemporaneous transaction involving another type of security; we utilized the OPM back solve analysis with respect to our convertible preferred stock to derive a value of our common stock. In certain periods where there is not a contemporaneous transaction, we utilized the market comparables approach to estimate an enterprise equity valuation which is then allocated using OPM to determine the common stock value.

The grant date fair value calculated using the methodology discussed above is also utilized with respect to RSUs with performance and service conditions to vest and restricted shares. For RSUs with a performance condition based on a liquidity event, as well as a service condition to vest, no compensation expense is recognized until the performance condition has been satisfied. Subsequent to the liquidity event, compensation expense is recognized to the extent the requisite service period has been completed and compensation expense thereafter is recognized on an accelerated attribution method. Under the accelerated attribution method, compensation expense is recognized over the remaining requisite service period for each service condition tranche as though each tranche is, in substance, a separate award. In February 2021, the Company completed an underwritten public offering, which met the liquidity event vesting condition and triggered the recognition of compensation expense for

RSUs for which the time-based vesting condition had been satisfied or partially satisfied. For further information on the February 2021 underwritten public offering, see "*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 13. Shareholders' Equity*".

We determined the grant date fair value of RSUs with market-based vesting conditions by using Monte Carlo simulations. The assumptions for stock price volatility, contractual term, dividend yield, and stock price used in the Monte Carlo simulations are determined using the same methodology as described above. The exception is that with respect to the stock price volatility used for the Monte Carlo simulations, the Company took into consideration the capital structure of each comparable company comprising the benchmark to isolate each comparable company's equity volatility without the effect of leverage and then re-levered using our capital structure. If we consider the performance conditions probable to be satisfied, we recognize the cost of these RSUs by treating each market-based condition as an unit of account and recognizing the cost over the requisite service period with respect to each unit. We determine the requisite service period by comparing the derived service period to achieve the market-based condition and the explicit service-based period, if any, using the longer of the two service periods as the requisite service period.

The assumptions underlying these valuations represent management's best estimates, which involve inherent uncertainties and the application of management judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, our share-based compensation expense could be materially different. For more detailed information about our historical and outstanding grants and our valuation of our share-based compensation and awards, see "*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 14. Share-Based Awards*".

Public and Sponsor Warrants

On April 30, 2020, SCH consummated its initial public offering (the "IPO") of 41,400,000 units, consisting of one share of Class A common stock and one third of one warrant exercisable for Class A common stock, at a price of $10.00 per unit. Each whole warrant entitles the holder to purchase one share of Class A common stock at an exercise price of $11.50 per share (the "Public Warrants"). Simultaneously with the closing of the IPO, SCH completed the private placement of 6,133,333 warrants to SCH's sponsor at a price of $1.50 per warrant (the "Sponsor Warrants"). Each Sponsor Warrant allowed the sponsor to purchase one share of Class A common stock at $11.50 per share.

The Sponsor Warrants and shares of common stock issuable upon the exercise of Sponsor Warrants may not be transferred, assigned, or sold until 30 days after the completion of a business combination. Additionally, the Sponsor Warrants are eligible for cash and cashless exercises, at the holder's option, and are redeemable only if the Reference Value, as defined in the Warrant Agreement, is less than $18.00 per share.

We evaluated the Public and Sponsor Warrants under ASC 815-40, *Derivatives and Hedging-Contracts in Entity's Own Equity*, and concluded that the Sponsor Warrants did not meet the criteria to be classified in shareholders' equity. Specifically the exercise and settlement features for the Sponsor Warrants precluded them from being considered indexed to the Company's own stock given that a change in the holder of the Sponsor Warrants may alter the settlement of the Sponsor Warrants. Since the holder of the instrument is not an input to a standard option pricing model, a consideration with respect to the indexation guidance, a change in the holder for the Sponsor Warrants impacting their value means the Sponsor Warrants are not indexed to the Company's own stock. Since the Sponsor Warrants meet the definition of a derivative under ASC 815, we recorded these warrants as liabilities on the balance sheet at fair value upon the consummation of the Business Combination, with subsequent changes in their respective fair values recognized in the consolidated statement of operations at each reporting period. The Company concluded that the Public Warrants, which did not have the same exercise and settlement features as the Sponsor Warrants, meet the criteria to be classified in shareholders' equity.

On July 9, 2021, the Company completed the redemption of all of its outstanding Public and Sponsor Warrants and in connection with the redemption, the Public Warrants stopped trading on the Nasdaq Global Select Market.

Recent Accounting Pronouncements

For information on recent accounting standards, see "*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Description of Business and Accounting Policies*".

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. These risks primarily consist of fluctuations in interest rates and exposure to inflationary pressures.

Interest Rate Risk

We are subject to market risk by way of changes in interest rates on borrowings under our inventory financing facilities. The Company had total outstanding balances on our asset-backed debt and other secured borrowings of $4.4 billion, 69% of which was fixed rate with an average duration of 3.3 years and the remaining 31% was based on a floating rate. Total interest expense for the year ended December 31, 2022 was $329 million, of which $134 million was fixed and $195 million was floating. As of December 31, 2022 and December 31, 2021, we had outstanding borrowings of $1.4 billion and $4.2 billion, respectively, which bear interest at floating benchmark reference rates ("Benchmark Rates"), based on a London Interbank Offered Rate ("LIBOR") or the secured overnight financing rate ("SOFR"), plus an applicable margin. Accordingly, fluctuations in market interest rates may increase or decrease our interest expense. We may use interest rate cap derivatives, interest rate swaps, or other interest rate hedging instruments to economically hedge and manage interest rate risk with respect to our variable floating rate debt. Many of our floating rate debt facilities also have Benchmark Rate floors. Assuming no change in the outstanding borrowings on our credit facilities, we estimate that a one percentage point increase in the applicable Benchmark Rates would increase our annual interest expense by approximately $14 million and $37 million for the years ended December 31, 2022 and 2021, respectively.

Inflation Risk

We believe the inflation experienced in the last year has impacted the cost of goods and services that we consume, such as labor and materials costs for home repairs. We endeavor to offset these impacts in our business through appropriately considering them in our pricing and operational models. However, if our costs were to become subject to significant incremental inflationary pressure, we may not be able to fully offset such higher costs by adjusting our operational model or our pricing methodology. Our inability to do so could harm our business, results of operations, and financial condition.

Item 8. Financial Statements and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE I

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Opendoor Technologies Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Opendoor Technologies Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes and Schedule I listed in the Index at Item 8 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also 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 December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

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 critical audit matters does not alter in any way our opinion on the 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 accounts or disclosures to which it relates.

Real Estate Inventory, Net – Refer to Notes 1 and 3 to the financial statements

Critical Audit Matter Description

At December 31, 2022, the Company's real estate inventory, net balance was $4.46 billion. Real estate inventory, net includes a valuation adjustment to record real estate inventory at the lower of cost or net realizable value. The Company applies the specific identification method whereby each home constitutes a unit of account. If the carrying amount or basis of inventory is not expected to be recovered, an inventory valuation adjustment is recorded to cost of revenue and the related assets are adjusted to their net realizable value. For homes under sales contract, the net realizable value is the contract price less expected selling costs and concessions. For homes that are not under sales contract, net realizable value is management's internally developed projected sales price less expected selling costs and concessions. The determination of net realizable value for homes not under sales contract requires management to make significant estimates related to projected sale prices. Changes in these estimates could have a significant impact on the net realizable value and a significant change in net realizable value could cause a significant valuation adjustment.

We identified real estate inventory valuation adjustment for homes that are not under sales contract to be a critical audit matter due to the subjectivity of management's judgement in forecasting the net realizable value of the real estate inventory, specifically with respect to the internally developed projected sales price. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's forecast of projected sales price.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the internally developed projected sales price input used for real estate inventory valuation adjustments for homes that are not under sales contract included the following, among others:

- We evaluated whether the estimates of the real estate inventory adjustments for homes that are not under sales contract were consistent with evidence obtained in other areas of the audit, including internal communications to management and the Board of Directors.
- We developed an expectation of the real estate inventory valuation adjustment for homes that are not under sales contract and compared it to the recorded balance.
- We evaluated management's ability to accurately forecast future projected sales price by comparing actual sales prices to management's historical projected sales prices.
- With the assistance of our fair value specialists we:
    - Evaluated the appropriateness of the methodology utilized by management to estimate the projected sales price.
    - Developed a range of independent projected sales price estimates for a sample of individual homes using observable market data of actual sale transactions for comparable homes and compared those to management's projected sales price.

/s/ Deloitte & Touche LLP

San Francisco, California
February 23, 2023

We have served as the Company's auditor since 2015.

OPENDOOR TECHNOLOGIES INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except share data)

		December 31,	
		2022	2021
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		$ 1,137	$ 1,731
Restricted cash		654	847
Marketable securities		144	484
Escrow receivable		30	84
Mortgage loans held for sale pledged under agreements to repurchase		—	7
Real estate inventory, net		4,460	6,096
Other current assets ($1 and $4 carried at fair value)		41	91
Total current assets		6,466	9,340
PROPERTY AND EQUIPMENT – Net		58	45
RIGHT OF USE ASSETS		41	42
GOODWILL		4	60
INTANGIBLES – Net		12	12
OTHER ASSETS		27	7
TOTAL ASSETS	(1)	$ 6,608	$ 9,506
LIABILITIES AND SHAREHOLDERS’ EQUITY			
CURRENT LIABILITIES:			
Accounts payable and other accrued liabilities		$ 110	$ 137
Non-recourse asset-backed debt - current portion		1,376	4,240
Other secured borrowings		—	7
Interest payable		12	12
Lease liabilities – current portion		7	4
Total current liabilities		1,505	4,400
NON-RECOURSE ASSET-BACKED DEBT – Net of current portion		3,020	1,862
CONVERTIBLE SENIOR NOTES		959	954
LEASE LIABILITIES – Net of current portion		38	42
Total liabilities	(2)	5,522	7,258
COMMITMENTS AND CONTINGENCIES (See Note 19)			
SHAREHOLDERS’ EQUITY:			
Common stock, $0.0001 par value; 3,000,000,000 shares authorized; 637,387,025 and 616,026,565 shares issued, respectively; 637,387,025 and 616,026,565 shares outstanding, respectively		—	—
Additional paid-in capital		4,148	3,955
Accumulated deficit		(3,058)	(1,705)
Accumulated other comprehensive loss		(4)	(2)
Total shareholders’ equity		1,086	2,248
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		$ 6,608	$ 9,506

(1) The Company’s consolidated assets at December 31, 2022 and 2021 include the following assets of certain variable interest entities (“VIEs”) that can only be used to settle the liabilities of those VIEs: Cash and cash equivalents, $— and $9; Restricted cash, $636 and $838; Real estate inventory, net, $4,408 and $6,046; Escrow receivable, $29 and $78; Other current assets, $9 and $35; and Total assets of $5,082 and $7,006, respectively.

(2) The Company’s consolidated liabilities at December 31, 2022 and 2021 include the following liabilities for which the VIE creditors do not have recourse to Opendoor: Accounts payable and other accrued liabilities, $61 and $59; Interest payable, $11 and $11; Current portion of non-recourse asset-backed debt, $1,376 and $4,240; Non-recourse asset-backed debt, net of current portion, $3,020 and $1,862; and Total liabilities, $4,468 and $6,172, respectively.

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share amounts which are presented in thousands, and per share amounts)

	Year Ended December 31, 2022	2021	2020
REVENUE	$ 15,567	$ 8,021	$ 2,583
COST OF REVENUE	14,900	7,291	2,363
GROSS PROFIT	667	730	220
OPERATING EXPENSES:			
Sales, marketing and operations	1,006	544	189
General and administrative	346	620	132
Technology and development	169	134	56
Goodwill impairment	60	—	—
Restructuring	17	—	29
Total operating expenses	1,598	1,298	406
LOSS FROM OPERATIONS	(931)	(568)	(186)
DERIVATIVE AND WARRANT FAIR VALUE ADJUSTMENT	—	12	8
LOSS ON EXTINGUISHMENT OF DEBT	(25)	—	(11)
INTEREST EXPENSE	(385)	(143)	(68)
OTHER (LOSS) INCOME – Net	(10)	38	4
LOSS BEFORE INCOME TAXES	(1,351)	(661)	(253)
INCOME TAX EXPENSE	(2)	(1)	—
NET LOSS	$ (1,353)	$ (662)	$ (253)
Net loss per share attributable to common shareholders:			
Basic	$ (2.16)	$ (1.12)	$ (2.31)
Diluted	$ (2.16)	$ (1.12)	$ (2.31)
Weighted-average shares outstanding:			
Basic	627,105	592,574	109,301
Diluted	627,105	592,574	109,301

See accompanying notes to consolidated financial statements.

OPENDOOR TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In millions)

	Year Ended December 31,		
	2022	2021	2020
NET LOSS	$ (1,353)	$ (662)	$ (253)
OTHER COMPREHENSIVE LOSS:			
Unrealized loss on marketable securities	(2)	(2)	—
COMPREHENSIVE LOSS	$ (1,355)	$ (664)	$ (253)

See accompanying notes to consolidated financial statements.

OPENDOOR TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY (DEFICIT)

(In millions, except number of shares)

	Temporary Equity										Shareholders' Equity (Deficit)					
	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Series E Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
BALANCE-December 31, 2019	40,089,513	$ 10	23,840,816	$ 20	29,070,700	$ 81	63,470,884	$ 258	157,952,523	$ 1,013	83,748,443	$ —	$ 57	$ (790)	$ —	$ (733)
Issuance of Series D preferred stock	—	—	—	—	—	—	485,262	2	—	—	—	—	3	—	—	3
Issuance of Series E preferred stock	—	—	—	—	—	—	—	—	364,070	2	—	—	1	—	—	1
Issuance of issuer stock rights in extinguishment of the 2019 Convertible Notes	—	—	—	—	—	—	—	—	—	—	—	—	213	—	—	213
Issuance of common stock in exchange for issuer stock rights	—	—	—	—	—	—	—	—	—	—	21,460,401	—	—	—	—	—
Issuance of common stock	—	—	—	—	—	—	—	—	—	—	1,389,585	—	1	—	—	1
Vesting of restricted shares	—	—	—	—	—	—	—	—	—	—	1,461,844	—	—	—	—	—
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	5,638,019	—	8	—	—	8
Conversion of preferred stock to common stock	(40,089,513)	(10)	(23,840,816)	(20)	(29,070,700)	(81)	(63,956,146)	(260)	(158,316,593)	(1,015)	315,273,768	—	1,386	—	—	1,386
Issuance of common stock in connection with Business Combination and PIPE offering	—	—	—	—	—	—	—	—	—	—	111,742,632	—	889	—	—	889
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	38	—	—	38
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(253)	—	(253)
BALANCE–December 31, 2020	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	540,714,692	$ —	$ 2,596	$ (1,043)	$ —	$ 1,553

CONSOLIDATED STATEMENTS OF CHANGES IN TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY (DEFICIT)

(In millions, except number of shares)

	Shareholders' Equity (Deficit)					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity (Deficit)
	Shares	Amount				
BALANCE–December 31, 2020	540,714,692	$ —	$ 2,596	$ (1,043)	$ —	$ 1,553
Issuance of common stock in connection with the February 2021 Offering	32,817,421	—	857	—	—	857
Vesting of restricted shares	1,370,447	—	—	—	—	—
Vesting of restricted stock units	24,004,565	—	—	—	—	—
Common stock issued upon exercise of warrants	8,200,151	—	58	—	—	58
Exercise of stock options	8,919,289	—	15	—	—	15
Purchases of Capped Calls related to the 2026 Notes	—	—	(119)	—	—	(119)
Stock-based compensation	—	—	548	—	—	548
Other comprehensive income	—	—	—	—	(2)	(2)
Net loss	—	—	—	(662)	—	(662)
BALANCE–December 31, 2021	616,026,565	$ —	$ 3,955	$ (1,705)	$ (2)	$ 2,248
Vesting of restricted shares	628,193	—	—	—	—	—
Vesting of restricted stock units	17,279,891	—	—	—	—	—
Exercise of stock options	2,958,586	—	4	—	—	4
Employee stock purchase plan	493,790	—	2	—	—	2
Stock-based compensation	—	—	187	—	—	187
Other comprehensive loss	—	—	—	—	(2)	(2)
Net loss	—	—	—	(1,353)	—	(1,353)
BALANCE–December 31, 2022	637,387,025	$ —	$ 4,148	$ (3,058)	$ (4)	$ 1,086

See accompanying notes to consolidated financial statements.

OPENDOOR TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (1,353)	$ (662)	$ (253)
Adjustments to reconcile net loss to cash, cash equivalents, and restricted cash provided by (used in) operating activities:			
Depreciation and amortization	83	47	39
Amortization of right of use asset	7	8	24
Stock-based compensation	171	536	38
Warrant fair value adjustment	—	(12)	(31)
Gain on settlement of lease liabilities	—	(5)	—
Inventory valuation adjustment	737	56	8
Changes in fair value of derivative instruments	—	—	23
Goodwill impairment	60	—	—
Changes in fair value of equity securities	35	(35)	—
Payment-in-kind interest	—	—	4
Net fair value adjustments and loss on sale of mortgage loans held for sale	(1)	(4)	(3)
Origination of mortgage loans held for sale	(118)	(196)	(128)
Proceeds from sale and principal collections of mortgage loans held for sale	128	197	126
Loss on early extinguishment of debt	25	—	—
Changes in operating assets and liabilities:			
Escrow receivable	54	(83)	12
Real estate inventory	896	(5,656)	834
Other assets	37	(52)	3
Accounts payable and other accrued liabilities	(25)	76	(4)
Interest payable	2	4	(3)
Lease liabilities	(8)	(13)	(7)
Net cash provided by (used in) operating activities	730	(5,794)	682
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(37)	(33)	(17)
Purchase of intangible assets	—	(1)	—
Purchase of marketable securities	(28)	(486)	(175)
Proceeds from sales, maturities, redemptions and paydowns of marketable securities	328	92	170
Purchase of non-marketable equity securities	(25)	(15)	—
Proceeds from sale of non-marketable equity securities	3	—	—
Capital returns from non-marketable equity securities	3	—	—
Acquisitions, net of cash acquired	(10)	(33)	—
Net cash provided by (used in) investing activities	234	(476)	(22)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of Series E preferred stock	—	—	2
Proceeds from issuance of convertible senior notes, net of issuance costs	—	953	—
Purchase of capped calls related to the convertible senior notes	—	(119)	—
Proceeds from exercise of stock options	4	15	8
Proceeds from issuance of common stock for ESPP	2	—	—
Proceeds from warrant exercise	—	22	—
Proceeds from Business Combination and PIPE offering	—	—	1,014
Proceeds from the February 2021 Offering	—	886	—
Issuance cost of common stock	—	(29)	(43)
Proceeds from non-recourse asset-backed debt	10,108	11,499	1,309
Principal payments on non-recourse asset-backed debt	(11,822)	(5,838)	(2,130)
Proceeds from other secured borrowings	114	192	125
Principal payments on other secured borrowings	(121)	(192)	(121)
Payment of loan origination fees and debt issuance costs	(26)	(47)	(3)
Payment for early extinguishment of debt	(10)	—	—
Net cash (used in) provided by financing activities	(1,751)	7,342	161
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(787)	1,072	821

OPENDOOR TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH – Beginning of year	2,578	1,506	685
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH – End of year	$ 1,791	$ 2,578	$ 1,506
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION – Cash paid during the period for interest	$ 355	$ 122	$ 57
DISCLOSURES OF NONCASH FINANCING ACTIVITIES:			
Stock-based compensation expense capitalized for internally developed software	$ 16	$ 12	$ —
Conversion of preferred stock to common stock	$ —	$ —	$ 1,386
Issuance of issuer stock rights in extinguishment of the 2019 Convertible Notes	$ —	$ —	$ 213
Recognition of warrant liability	$ —	$ —	$ 81
Issuance of common stock in extinguishment of warrant liabilities	$ —	$ (35)	$ —
RECONCILIATION TO CONSOLIDATED BALANCE SHEETS:			
Cash and cash equivalents	$ 1,137	$ 1,731	$ 1,413
Restricted cash	654	847	93
Cash, cash equivalents, and restricted cash	$ 1,791	$ 2,578	$ 1,506

See accompanying notes to consolidated financial statements.

1. DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES

Description of Business

Opendoor Technologies Inc. (the "Company" and "Opendoor") including its consolidated subsidiaries and certain variable interest entities ("VIEs"), is a managed marketplace for residential real estate. By leveraging our centralized platform, Opendoor is working towards a future that enables sellers and buyers of residential real estate to experience a simple and certain transaction that is dramatically improved from the traditional process. The Company was incorporated in Delaware on December 30, 2013.

The Company was formed through a business combination with Social Capital Hedosophia Holdings Corp. II ("SCH"), a Cayman Islands exempted company formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (the "Business Combination"). The Business Combination, pursuant to which Opendoor Labs Inc. became a wholly owned subsidiary of SCH and SCH changed its name from "Social Capital Hedosophia Holdings Corp. II" to "Opendoor Technologies Inc.", was completed on December 18, 2020, and was accounted for as a reverse recapitalization, in accordance with GAAP.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared pursuant to generally accepted accounting principles in the United States of America ("GAAP"). The consolidated financial statements as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 include the accounts of Opendoor, its wholly owned subsidiaries and VIEs where the Company is the primary beneficiary. The accompanying consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the periods presented. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements herein. Certain prior period amounts in the consolidated financial statements and accompanying notes have been reclassified to conform to the current period's presentation.

Reclassification of Prior Period Amounts

In November 2022, the Company announced a Restructuring Plan (See *"Note 20 — Restructuring"* for further information). In order to more clearly present charges resulting from the Restructuring, the Company elected to present all Restructuring expenses as a separate line item on the consolidated statements of operations.

In 2020, the Company presented $29 million in restructuring charges within several lines on the consolidated statement of operations: $21 million in General and administrative, $6 million in Sales, marketing and operations, and $2 million in Technology and development. These amounts have been reclassified, in conformity with the current period's presentation, to the Restructuring line item on the consolidated statements of operations. These reclassifications had no effect on the reported results of operations.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that have a material impact on the amounts reported in the financial statements and accompanying notes. Significant estimates, assumptions and judgments made by management include, among others, the determination of the fair value of common stock, share-based awards, warrants, and inventory valuation adjustment. Management believes that the estimates and judgments upon which management relies are reasonable based upon information available to management at the time that these estimates and judgments are made. To the extent there are material differences between these estimates, assumptions and judgments and actual results, the carrying values of the Company's assets and liabilities and the results of operations will be affected. The health of the residential housing market and interest rate environment have introduced additional uncertainty with respect to judgments, estimates, and assumptions, which may materially impact the estimates previously listed, among others.

Significant Risks and Uncertainties

The Company operates in a dynamic industry and, accordingly, can be affected by a variety of factors. For example, the Company believes that changes in any of the following areas could have a significant negative effect on the Company in terms of its future financial position, results of operations or cash flows: public health crises, like the COVID-19 pandemic; its rates of revenue growth; its ability to manage inventory; engagement and usage of its products; the effectiveness of its investment of resources to pursue strategies; competition in its market; the stability of the residential real estate market; the impact of interest rate changes on demand for and pricing of its products and on the cost of capital; changes in technology, products, markets or services by the Company or its competitors; its ability to maintain or establish relationships with listings and data providers; its ability to obtain or maintain licenses and permits to support its current and future businesses; actual or anticipated changes to its products and services; changes in government regulation affecting its business; the outcomes of legal proceedings; natural disasters and catastrophic events; scaling and adaptation of existing technology and network infrastructure; its management of its growth; its ability to attract and retain qualified employees and key personnel; its ability to successfully integrate and realize the benefits of its past or future strategic acquisitions or investments; the protection of customers' information and other privacy concerns; the protection of its brand and intellectual property; and intellectual property infringement and other claims, among other things.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents, restricted cash, and investments in marketable securities. The Company places cash and cash equivalents and investments with major financial institutions, which management assesses to be of high credit quality, in order to limit exposure of the Company's investments.

Segment Reporting

For the years ended December 31, 2022, 2021, and 2020, the Company was managed as a single operating segment on a consolidated basis. Furthermore, the Company determined that the Chief Executive Officer is the Chief Operating Decision Maker as the CEO is responsible for making decisions regarding the allocation of resources and assessing performance, as well as for strategic operational decisions and managing the organization at a consolidated level.

Cash and Cash Equivalents

Cash includes demand deposits with financial institutions and cash items in transit. Cash equivalents include only investments with initial maturities of three months or less that are highly liquid and readily convertible to known amounts of cash. The Company maintains portions of the Company's cash in bank deposit accounts, which, at times, may exceed federally insured limits. Management believes that the Company is not exposed to any significant credit risk related to cash deposits.

Restricted Cash

Restricted cash consists primarily of funds held in operating, collection, disbursement and reserve accounts related to the Company's credit facilities and entities established for such credit facilities. The use of the restricted cash balance related to the Company's credit facilities are constrained by contract to purchasing real estate inventory and certain related activities. In addition, the Company is required to maintain letters of credit and a time deposit account for certain of the Company's office leases. See *"Note 7 — Credit Facilities and Long-Term Debt"* for further discussion.

Investments

Marketable Securities

Marketable equity securities are publicly traded and have readily determinable fair values with changes in fair value recorded in Other (loss) income-net. The Company's investments in marketable securities consist of debt securities classified as available-for-sale as well as marketable equity securities. The Company's available-for-sale debt securities are measured at fair value with unrealized gains and losses included in Accumulated other comprehensive loss in shareholders’ equity and realized gains and losses included in Other (loss) income-net.

Non-Marketable Equity Securities and Equity Method Investments

Non-marketable equity securities and equity method investments are investments in privately held companies that do not have readily determinable fair values. These securities are accounted for under one of the following accounting methods:

- Equity method: This method is applied when the Company has the ability to exert significant influence over the investee. The securities are recorded at cost and adjusted for the Company’s share of the investee’s earnings or losses, less any dividends received and/or impairments.

- Measurement alternative: This method is followed for all remaining non-marketable equity securities. These securities are recorded at cost minus impairment, if any, adjusted for changes resulting from observable price changes in orderly transactions for an identical or similar investment in the same issuer.

Realized and unrealized gains and losses or the Company's share of the investee's earnings or losses on non-marketable equity securities, including impairment losses, are recognized in Other (loss) income-net. Any dividends on equity method investments are recognized as a reduction of the investment's carrying value. Non-marketable equity securities and equity method investments are reported in Other assets.

The Company assesses whether an impairment loss on its non-marketable equity securities has occurred due to declines in fair value or other market conditions. When the fair value of an equity method investment is less than its carrying value, the Company writes down the investment to fair value when the decline in value is considered to be other than temporary. When the fair value of an investment accounted for using the measurement alternative is less than its carrying value, the Company writes down the investment to its fair value, without the consideration of recovery. See *“Note 4 — Cash, Cash Equivalents, and Investments”* for further discussion.

Real Estate Inventory

Real estate inventory is carried at the lower of cost or net realizable value and the Company applies the specific identification method whereby each property constitutes the unit of account. Real estate inventory cost includes but is not limited to the property purchase price, acquisition costs and direct costs to renovate or repair the home, less inventory valuation adjustments, if any. Work-in-progress inventory includes homes undergoing repairs and finished goods inventory includes homes that are listed for sale, including homes ready for listing, and homes under contract for sale. Real estate inventory is reviewed for valuation adjustments at least quarterly. If the carrying amount or cost basis is not expected to be recovered, an inventory valuation adjustment is recorded to Cost of revenue and the related assets are adjusted to their net realizable value.

Mortgage Loans Held for Sale Pledged under Agreements to Repurchase

Mortgage loans held for sale pledged under agreements to repurchase (“MLHFS”) include residential mortgages originated for sale in the secondary markets on a best-effort basis. The Company has elected the fair value option for all MLHFS (see *“Note 8 — Fair Value Disclosures”*). This option allows for the Company to better offset changes in the fair value of MLHFS with derivatives used to economically hedge them when the Company moves away from selling on a best-effort basis, without applying hedge accounting. MLHFS are recorded at fair value based on sales commitments. MLHFS are transferred from the Company to the counterparty pursuant to a master repurchase agreement, which is treated as a secured borrowing; this treatment requires that the assets transferred remain on the Company’s balance sheet and measured as if the transfer did not take place.

Gains and losses on MLHFS, including the change in fair value associated with MLHFS, are recorded in Revenue. Direct loan origination costs and fees including headcount costs related to loan production are recorded in Cost of revenue. Interest income on MLHFS is calculated based upon the note rate of the loan and recorded in Interest income.

(Tabular amounts in millions, except share and per share amounts, ratios, or as noted)

Convertible Senior Notes

The 0.25% convertible senior notes due in 2026 (the "2026 Notes") issued by the Company in August 2021 are accounted for wholly as debt. The 2026 Notes have an initial carrying value equal to the net proceeds from issuance. Issuance costs associated with the 2026 Notes are amortized over the term using the effective interest method. Conversions are settled through payment of cash or a combination of cash and stock, at the Company's option. Upon conversion, the carrying amount of the 2026 Notes, including any unamortized debt issuance costs, is reduced by cash paid, with any difference being reflected as a change in equity. There will not be any gains or losses recognized upon a conversion.

Capped Calls

The Company purchased certain capped calls in connection with the issuance of the 2026 Notes which it expects to reduce potential dilution from conversions of the 2026 Notes. The capped calls were determined to be freestanding financial instruments that meet the criteria for classification in equity; as such, the capped calls were recorded as a reduction of additional paid-in capital within shareholders' equity and will not be subsequently remeasured.

Derivative Instruments

The Company's derivative instruments were comprised of interest rate caps, interest rate lock commitments ("IRLCs"), and embedded conversion options related to the convertible notes issued in 2019 (the "2019 Convertible Notes"). The Company's derivative instruments were freestanding in nature and some were utilized as economic hedges. These derivative instruments were recorded at fair value with changes recognized as a gain or loss to operations. Beginning in 2021, the Company changed the fair value classification of IRLCs from Level 2 to Level 3 as the Company began to adjust for the estimated pull-through rate, a Company specific input that is unobservable to market participants. See *"Note 5 — Derivative Instruments" and "Note 8— Fair Value Disclosures"* for further discussion.

Escrow Receivable

Escrow receivable consists of proceeds from home resale held in escrow prior to such proceeds being remitted to us. The Company reviews the need for an allowance for credit losses quarterly based on historical collections experience, among other factors. As of December 31, 2022 and 2021, the Company did not record an allowance for credit losses and for the years ended December 31, 2022, 2021 and 2020, the Company did not have any material write-offs.

No customers accounted for 10% or more of the Company's Escrow Receivable as of December 31, 2022 or 2021, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment are capitalized and depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives of assets. Maintenance and repair costs are charged to expense as incurred. The estimated useful lives of the Company's property and equipment are as follows:

Internally developed software	2 years
Software implementation costs	Lesser of 3 years or contract term
Computers	2 years
Security systems	1 year
Furniture and fixtures	5 years
Leasehold improvements	Lesser of useful life or lease term
Office equipment	3 years

Leases

The Company determines if an arrangement is or contains a lease at inception or modification of the arrangement. An arrangement is or contains a lease if there are identified assets and the right to control the use of an identified asset is conveyed for a period in exchange for consideration. Control over the use of the identified assets means the lessee has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset.

For leases for which the Company is the lessee, the Company recognizes right-of-use assets and lease liabilities for all leases other than those with a term of 12 months or less as the Company has elected to apply the short-term lease recognition exemption. Right-of-use assets represent the Company's right to use an underlying asset for the lease term. Lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are classified and recognized at the commencement date of a lease. Lease liabilities are measured based on the present value of fixed lease payments over the lease term. Right-of-use assets consist of (i) initial measurement of the lease liability; (ii) lease payments made to the lessor at or before the commencement date less any lease incentives received; and (iii) initial direct costs incurred by the Company. Lease payments may vary because of changes in facts or circumstances occurring after the commencement, including changes in inflation indices. Variable lease payments are excluded from the measurement of right-of-use assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred.

As the rates implicit on the Company's leases for which it is the lessee are not readily determinable, the Company uses its incremental borrowing rate based on information available at the commencement date in determining the present value of lease payments. When determining the incremental borrowing rate, the Company assesses multiple variables such as lease term, collateral, economic conditions, and its creditworthiness.

For operating leases, the Company recognizes straight-line rent expense.

The Company's lease arrangements may include options to extend or early terminate a lease, which it does not include in expected lease terms unless they are reasonably certain to be exercised. The Company has lease arrangements with lease and non-lease components. As a lessee, the Company has elected to apply the practical expedient to combine lease and related non-lease components, for all classes of underlying assets, and shall account for the combined component as a lease component.

Internally Developed Software

For software the Company develops for internal use, the costs incurred in the preliminary stages of development are expensed as incurred. Once an application reaches the development stage, the Company capitalizes direct costs incurred (including internal and external) to property and equipment. Maintenance and on-going operating costs of developed applications are expensed as incurred. Amortization expense is recognized on a straight-line basis into technology and development expense.

Goodwill

Goodwill represents the difference between the purchase price and the fair value of assets acquired and liabilities assumed in a business combination. Goodwill is not amortized. The Company has a single reporting unit and management reviews goodwill for impairment annually on the first day of the third quarter and also if events or changes in circumstances indicate the occurrence of a triggering event. Goodwill is reviewed for impairment by initially considering qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, as a basis for determining whether it is necessary to perform a quantitative analysis. If it is determined that it is more likely than not that the fair value of reporting unit is less than its carrying amount, a quantitative analysis is performed to identify goodwill impairment.

Intangible Assets

The Company recorded intangible assets with finite lives, including developed technology, customer relationships, trademarks, and non-competition agreements, as a result of acquisitions as well as internal development. Intangible assets are amortized based on their estimated economic lives, ranging from 1 to 5 years.

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment and definite-lived intangible assets, among other long-lived assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent the carrying amount of the underlying asset exceeds its fair value. The impairment loss recognized for the years ended December 31, 2022, 2021, and 2020 is related to abandonment of property and equipment, impairment and abandonment of certain internally developed software projects, and sublease of certain right of use assets. The impairment loss recognized during the periods presented is as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
General and administrative	$ —	$ 1	$ 1
Technology and development	3	3	1
Total impairment loss	$ 3	$ 4	$ 2

Revenue Recognition

The Company generates revenue through home sales, along with other revenue from ancillary real estate services. Other revenue represents an insignificant portion of the Company's total revenue.

The Company recognizes revenue when it satisfies its performance obligations by transferring control of promised goods or services to its customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Home sales revenue consists of selling residential real estate to customers. Revenue is recognized when title to and possession of the property has transferred to the customer and the Company has no continuing involvement with the property, which is generally upon close of escrow. The amount of revenue recognized for each home sale is equal to the sale price of the home net of any concessions.

Other revenue consists primarily of title insurance facilitation revenue, closing and escrow services, real estate broker commissions, and gain (loss) on sale of mortgage loans. These real estate services are provided in conjunction with home sales, and revenue is recognized consistent with home sales revenue, generally upon close of escrow.

No customers generated 10% or more of the Company's total revenue in the years ended December 31, 2022, 2021 or 2020.

Cost of Revenue

Cost of revenue includes the property purchase price, acquisition costs, direct costs to renovate or repair the home and inventory valuation adjustments, if any. These costs are accumulated in real estate inventory during the property holding period and charged to cost of revenue under the specific identification method when the property is sold. Additionally, for the Company's revenues other than home sales revenue, cost of revenue consists of any costs incurred in delivering the service including associated headcount expenses such as salaries, benefits, and stock-based compensation.

Sales, Marketing and Operations Expense

Sales, marketing and operations expense consists primarily of resale broker commissions, resale closing costs, holding costs related to real estate inventory including utilities, property taxes and maintenance, and expenses associated with product marketing, promotions and brand-building. Sales, marketing and operations expense includes any headcount expenses in support of sales, marketing, and real estate inventory operations such as salaries, benefits, and stock-based compensation. These costs are expensed as incurred.

Advertising costs are expensed as incurred. For the years ended December 31, 2022, 2021, and 2020, expenses attributable to advertising totaled $200 million, $123 million, and $33 million, respectively.

Technology and Development

Technology and development expense consists primarily of amortization expense of capitalized software development costs in addition to headcount expenses, including salaries, benefits, and stock-based compensation for employees in the design, development, testing, maintenance and operation of the Company's mobile applications, websites, tools and other applications that support its products.

Stock-Based Compensation

Stock-based compensation awards consist of stock options, restricted stock units ("RSUs"), and shares of restricted stock ("Restricted Shares"), and shares issued pursuant the 2020 Employee Stock Purchase Plan ("ESPP").

Stock Options

The Company has granted stock options with a service condition to vest, which is generally four years. The Company records stock-based compensation expense for service-based stock options on a straight-line basis over the requisite service period. These amounts are reduced by forfeitures as they occur. The Company uses the *Black-Scholes-Merton* option-pricing model to determine the fair value as of the grant date for stock options.

RSUs

Prior to its listing, the Company granted RSUs with a performance condition, based on a liquidity event, as defined by the share agreement, as well as a service condition to vest, which was generally four years. The Company determined the fair value of RSUs based on the valuation of the Company's common stock as of the grant date. No compensation expense was recognized for performance-based awards until the liquidity event occurred in February 2021. Subsequent to the occurrence of the liquidity event, compensation expense was recognized on an accelerated attribution basis over the requisite service period of the awards. After the Company became listed, the RSUs granted are generally only subject to a service condition to vest and typically vest over two to four years. Compensation expense is recognized on a straight-line basis subject to a floor of the vested number of shares for each award.

Market Condition RSUs

The Company has granted RSUs with a performance condition, based on a liquidity event, as defined by the share agreement, as well as a market condition to vest. Subject to the employee's continued services to the Company, the market-based conditions are satisfied upon the Company's achievement of certain share price milestones calculated based on 60-day volume weighted average.

For market-based RSUs, the Company determines the grant-date fair value utilizing Monte Carlo simulations, which incorporates various assumptions, including expected stock price volatility, contractual term, dividend yield, and stock price at grant date. The Company estimates the volatility of common stock on the date of grant based on the weighted-average historical stock price volatility of comparable publicly-traded companies. As the Company had no history of dividend payments and had not declared any prospective dividends, a 0% dividend yield was assumed.

For stock-based compensation, each market-based condition is treated as an accounting unit and expense is recognized over the requisite service period with respect to each unit and only if performance-based conditions are considered probable to be satisfied. The Company determines the requisite service period by comparing the derived service period to achieve the market-based condition and the explicit service-based period, if any, using the longer of the two service periods as the requisite service period.

Restricted Shares

The fair value of the Restricted Shares is equal to the estimated fair value of the Company's common stock on the grant date. The Company recognizes compensation expense for the shares on a straight-line basis over the requisite service period of the awards. The fair value of these shares will be recognized into common stock and additional paid-in-capital as the shares vest.

ESPP

The Company recognizes stock-based compensation expense related to purchase rights granted pursuant to the 2020 ESPP on a straight-line basis over the offering period. The Company estimates the fair value of purchase rights granted under the ESPP using the Black-Scholes option-pricing model.

Income Taxes

The Company records income taxes using the asset and liability method. Under this method, deferred income tax assets and liabilities are recorded based on the estimated future tax effects of differences between the financial statement and income tax basis of existing assets and liabilities. These differences are measured using the enacted statutory tax rates that are expected to apply to taxable income for the years in which differences are expected to reverse. The Company recognizes the effect on deferred income taxes of a change in tax rates in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions on the basis of a two-step process whereby: (1) it determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, it recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

Consolidation of Variable Interest Entities

The Company is a variable interest holder in certain entities in which equity investors at risk do not have the characteristics of a controlling financial interest or where the entity does not have enough equity at risk to finance its activities without additional subordinated financial support from other parties; these entities are VIEs. The Company's variable interest arises from contractual, ownership or other monetary interest in the entity, which fluctuates based on the VIE's economic performance. The Company consolidates a VIE if it is the primary beneficiary. The Company is the primary beneficiary if it has a controlling financial interest, which includes both the power to direct the activities that most significantly impact the economic performance of the VIE and a variable interest that obligates the Company to absorb losses or the right to receive benefits that potentially could be significant to the VIE. To determine whether a variable interest the Company holds could potentially be significant to the VIE, the Company considers both qualitative and quantitative factors regarding the nature, size and form of its involvement with the VIE. The Company assesses whether or not the Company is the primary beneficiary of a VIE on an ongoing basis.

Public and Sponsor Warrants

On April 30, 2020, SCH consummated its IPO of 41,400,000 units, consisting of one share of Class A common stock and one third of one warrant exercisable for Class A common stock, at a price of $10.00 per unit. Each whole warrant entitled the holder to purchase one share of Class A common stock at an exercise price of $11.50 per share (the "Public Warrants"). Simultaneously with the closing of the IPO, SCH completed the private sale of 6,133,333 warrants to SCH's sponsor at a price of $1.50 per warrant (the "Sponsor Warrants"). Each Sponsor Warrant allowed the sponsor to purchase one share of Class A common stock at $11.50 per share.

The Sponsor Warrants and shares of common stock issuable upon the exercise of Sponsor Warrants were not able to be transferred, assigned, or sold until 30 days after the completion of a Business Combination. Additionally, the Sponsor Warrants were eligible for cash and cashless exercises, at the holder's option, and were redeemable only if the reference value, as defined in the Warrant Agreement, was less than $18.00 per share. If the Sponsor Warrants were held by someone other than the sponsors and certain permitted transferees, the Sponsor Warrants would have been redeemable and exercisable on the same basis as the Public Warrants.

The Company evaluated the Public and Sponsor Warrants under ASC 815-40, *Derivatives and Hedging-Contracts in Entity's Own Equity*, and concluded that the Sponsor Warrants did not meet the criteria to be classified in shareholders' equity. Specifically, the exercise and settlement features for the Sponsor Warrants precluded them from being considered indexed to the Company's own stock, given that a change in the holder of the Sponsor Warrants may alter the settlement of the Sponsor Warrants. Since the holder of the instrument is not an input to a standard option pricing model (a consideration with respect to the indexation guidance), the fact that a change in the holder could impact the value of the Sponsor Warrants means the Sponsor Warrants were not indexed to the Company's own stock. Since the Sponsor Warrants meet the definition of a derivative under ASC 815, the Company recorded these warrants as liabilities on the balance sheet at fair value upon the consummation of the Business Combination, with subsequent changes in their respective fair values recognized in the consolidated statement of operations at each reporting period. The Company concluded that the Public Warrants, which did not have the same exercise and settlement features as the Sponsor Warrants, meet the criteria to be classified in shareholders' equity.

On June 9, 2021, the Company filed a notice of redemption of all outstanding Public Warrants and Sponsor Warrants. The end of the redemption period was July 9, 2021, at which time the Company redeemed all unexercised warrants at a price of $0.10 per Warrant.

Recently Issued Accounting Standards

Recently Adopted Accounting Standards

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes (Topic 740). ASU 2019-12 eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. This guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company adopted this ASU as of January 1, 2021 and the adoption of this ASU did not have a material impact to the Company's consolidated financial statements given that the Company has a full valuation allowance and the scenarios for which the guidance offer simplification are not significant for the Company.

In August 2020, the FASB issued ASU 2020-06, to simplify accounting for certain financial instruments. This guidance eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. The standard also amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. The Company adopted this ASU as of January 1, 2021 using the modified retrospective method. The adoption of this ASU did not have a material impact to the Company's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04 which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference the London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. This guidance is optional for a limited period of time to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. The Company adopted this ASU as of January 1, 2021 and has elected to take advantage of this optional guidance in its transition away from LIBOR with certain debt contracts. In December 2022, the FASB issued ASU 2022-06, which extends the period of time preparers can utilize the reference rate reform relief guidance. The objective of the guidance in Topic 848 is to provide relief during the temporary transition period, so the Board included a sunset provision within Topic 848 based on expectations of when the London Interbank Offered Rate (LIBOR) would cease being published. The standard defers the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. As of December 31, 2022, the Company did not have any credit facilities that utilized LIBOR, and as such, the adoption of this ASU did not have a material impact to the Company's consolidated financial statements.

2. BUSINESS COMBINATIONS

Opendoor Labs Inc. entered into a merger agreement (the "Merger Agreement") with Social Capital Hedosophia Holdings Corp. II, ("SCH") on September 15, 2020. Pursuant to the Merger Agreement, Hestia Merger Sub Inc., a newly formed subsidiary of SCH ("Merger Sub"), merged with and into Opendoor Labs Inc. Upon the completion of the transactions contemplated by the terms of the Merger Agreement (the "Closing") on December 18, 2020, the separate corporate existence of Merger Sub ceased and Opendoor Labs Inc. survived the merger and became a wholly owned subsidiary of SCH. On December 18, 2020, SCH also filed a notice of deregistration with the Cayman Islands Registrar of Companies, together with the necessary accompanying documents, and filed a certificate of incorporation and a certificate of corporate domestication with the Secretary of State of the State of Delaware, under which SCH was domesticated as a Delaware corporation, changing its name from "Social Capital Hedosophia Holdings Corp. II" to "Opendoor Technologies Inc." These transactions are collectively referred to as the "Business Combination."

The Business Combination was accounted for as a reverse recapitalization whereby SCH was determined as the accounting acquiree and Opendoor Labs Inc. as the accounting acquirer. This accounting treatment is equivalent to Opendoor Labs Inc. issuing stock for the net assets of SCH, accompanied by a recapitalization whereby no goodwill or other intangible assets are recorded. Operations prior to the Business Combination are those of Opendoor Labs Inc. At the Closing, the Company received consideration of $377 million in cash as a result of the reverse recapitalization.

In connection with the Business Combination, SCH entered into subscription agreements with certain investors, whereby it issued 60,005,000 shares of common stock at $10.00 per share ("PIPE Shares") for an aggregate purchase price of $600 million ("PIPE Investment"), which closed simultaneously with the consummation of the Business Combination. Upon the Closing, the PIPE Shares were automatically converted into shares of the Company's common stock on a one-for-one basis.

Upon the Closing, holders of Opendoor Labs Inc. common stock received shares of Opendoor Technologies common stock in an amount determined by application of the exchange ratio of 1.618 ("Exchange Ratio"), which was based on Opendoor Labs Inc.'s implied price per share prior to the Business Combination. For periods prior to the Business Combination, the reported share and per share amounts have been retroactively converted ("Retroactive Conversion") by applying the Exchange Ratio.

In connection with the Business Combination, the Company incurred approximately $44 million of equity issuance costs, consisting of underwriting, legal, and other professional fees, which are recorded to additional paid-in capital as a reduction of proceeds

Acquisitions

On September 3, 2021, the Company acquired 100% of the outstanding equity of Services Labs, Inc., including its consolidated subsidiaries ("Pro.com"), in exchange for $22 million in cash consideration. The Company acquired Pro.com, a construction project platform, for its technology and talent. Acquired intangible assets consisted of developed technology valued at $4 million and were amortized over one year. Goodwill attributed to the Pro.com acquisition was $16 million.

On November 3, 2021, the Company acquired the assets of RedDoor HQ Inc. ("RedDoor") as part of a business combination in exchange for $15 million in cash consideration, of which $2 million was paid out one year following the date of closing. The Company acquired the processes, systems and talent of RedDoor, which previously operated an online mortgage brokerage platform. Acquired intangible assets consisted of developed technology valued at $3 million and were amortized over one year. Goodwill attributed to the RedDoor acquisition was $13 million.

On November 4, 2022, the Company acquired TaxProper Inc. as part of a business combination in exchange for $10 million in cash consideration, of which $3 million is to be paid out one year following the date of closing. The Company acquired the processes, systems and talent of TaxProper, which previously provided tax forecasting, payments, and appeals services. Acquired intangible assets consist of developed technology valued at $7 million and are being amortized over two years. Goodwill attributed to the TaxProper acquisition was $2 million.

3. REAL ESTATE INVENTORY

The following table presents the components of inventory, net of applicable inventory valuation adjustments of $459 million and $40 million as of December 31, 2022 and 2021, respectively (in millions):

	December 31, 2022	December 31, 2021
Work-in-progress	$ 891	$ 1,971
Finished goods		
Listed for sale	2,788	2,325
Under contract for sale	781	1,800
Total real estate inventory	$ 4,460	$ 6,096

As of December 31, 2022, the Company was in contract to purchase 1,011 homes for an aggregate purchase price of $331 million.

During the years ended December 31, 2022, 2021, and 2020, the Company recorded inventory valuation adjustments for real estate inventory of $737 million, $56 million, and $8 million, respectively, in Cost of revenue in the consolidated statements of operations.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The amortized cost, gross unrealized gains and losses, and fair value of cash, cash equivalents, and marketable securities as of December 31, 2022 and 2021, are as follows (in millions):

	December 31, 2022					
	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities
Cash	$ 422	$ —	$ —	$ 422	$ 422	$ —
Money market funds	715	—	—	715	715	—
Corporate debt securities	126	—	(4)	122	—	122
Equity securities	11	—	—	11	—	11
Certificates of deposit	9	—	—	9	—	9
Asset-backed securities	2	—	—	2	—	2
Total	$ 1,285	$ —	$ (4)	$ 1,281	$ 1,137	$ 144

	December 31, 2021					
	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities
Cash	$ 81	$ —	$ —	$ 81	$ 81	$ —
Money market funds	1,350	—	—	1,350	1,350	—
Time deposit	300	—	—	300	300	—
Corporate debt securities	208	—	(1)	207	—	207
Mutual fund	200	—	—	200	—	200
Equity securities	46	—	—	46	—	46
Commercial paper	15	—	—	15	—	15
Asset-backed securities	7	—	—	7	—	7
Certificates of deposit	5	—	—	5	—	5
Sovereign bonds	4	—	—	4	—	4
Total	$ 2,216	$ —	$ (1)	$ 2,215	$ 1,731	$ 484

During the years ended December 31, 2022 and 2021, the Company recognized $(35) million and $35 million of net unrealized (losses) gains, respectively, in the consolidated statements of operations related to marketable equity securities.

A summary of debt securities with unrealized losses aggregated by period of continuous unrealized loss is as follows (in millions):

	Less than 12 Months		12 Months or Greater		Total	
December 31, 2022	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate debt securities	5	—	117	(4)	122	(4)
Certificates of deposit	6	—	—	—	6	—
Asset-backed securities	—	—	2	—	2	—
Total	$ 11	$ —	$ 119	$ (4)	$ 130	$ (4)

	Less than 12 Months		12 Months or Greater		Total	
December 31, 2021	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Money market funds	$ 259	$ —	$ —	$ —	$ 259	$ —
Corporate debt securities	207	(1)	—	—	207	(1)
Commercial paper	15	—	—	—	15	—
Asset-backed securities	7	—	—	—	7	—
Certificates of deposit	5	—	—	—	5	—
Sovereign bonds	4	—	—	—	4	—
Total	$ 497	$ (1)	$ —	$ —	$ 497	$ (1)

Net unrealized losses of the Company's available-for-sale debt securities as of December 31, 2022 and 2021 were $4 million and $1 million, respectively. These unrealized losses are associated with the Company’s investments in corporate debt securities and were due to interest rate increases, and not credit-related events. The Company does not expect to be required to sell the investments before recovery of the amortized cost bases. As such, no allowance for credit losses is required as of December 31, 2022 or 2021.

The scheduled contractual maturities of debt securities as of December 31, 2022 are as follows (in millions):

December 31, 2022	Fair Value	Within 1 Year	After 1 Year through 5 Years
Corporate-debt securities	$ 122	$ 67	$ 55
Certificates of deposit	9	9	—
Asset-backed securities	2	2	—
Total	$ 133	$ 78	$ 55

A summary of non-marketable equity securities and equity method investment balances as of December 31, 2022 and 2021 are as follows (in millions):

	December 31, 2022	December 31, 2021
Equity method investments	$ 20	$ —
Non-marketable equity securities	5	5
Total	$ 25	$ 5

5. DERIVATIVE INSTRUMENTS

The Company uses certain types of derivative instruments in the normal course of business and the Company's use of derivatives includes interest rate caps to manage interest rate risk, IRLCs with respect to our MLHFS, and embedded conversion options with respect to the Company's 2019 Convertible Notes. Derivative transactions can be measured in terms of notional amount, but this amount is not recorded on the balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. The notional amount is generally not exchanged, but is used only as the basis on which interest and other payments are determined.

Interest Rate Caps

The Company has used free-standing derivative instruments in the normal course of business as economic hedges to manage interest rate risks with respect to its variable asset-backed senior revolving credit facilities. The interest rate caps were carried at fair value in Other current assets with changes in fair value included in Other income. The Company's interest rate cap position expired in November 2020.

Interest Rate Lock Commitments

In originating mortgage loans, the Company entered into IRLCs with prospective borrowers which are freestanding derivative instruments. IRLCs are a commitment that binds the Company, subject to loan underwriting and approval process, to fund the loan at a specified interest rate, regardless of fluctuations in the market interest rates between commitment date and funding date. The interest rate risk associated with the fluctuations in market interest rates between commitment date and funding date with respect to IRLCs is mitigated as the Company operates under the best effort basis whereby at the time of commitment, the Company enters into a sales commitment with a third-party for the same prospective loan. The fair value of interest rate lock commitments is presented in Other current assets. The change in fair value on IRLCs is a component of Other revenue.

Embedded Conversion Options

The Company bifurcated the embedded conversion features associated with the 2019 Convertible Notes. The 2019 Convertible Notes and the related bifurcated embedded conversion options were extinguished in September 2020. Prior to extinguishment, the embedded conversion options were measured at fair value and were presented in Derivative and warrant liabilities. The change in fair value of the embedded conversion options is a component of Derivative and warrant fair value adjustment.

The following table presents the total notional amounts and fair values for the Company's derivatives (in millions):

December 31, 2022	Notional Amount	Fair Value Derivatives Asset	Fair Value Derivatives Liability
Interest rate lock commitments	$ —	$ —	$ —

December 31, 2021	Notional Amount	Fair Value Derivatives Asset	Fair Value Derivatives Liability
Interest rate lock commitments	$ 21	$ —	$ —

The following table presents the net gains and losses recognized on derivatives within the respective line items in the statement of operations for the periods indicated (in millions):

	Year Ended December 31,		
	2022	2021	2020
Derivative and warrant fair value adjustment	$ —	$ —	$ (23)
Other income, net	$ —	$ —	$ —

6. VARIABLE INTEREST ENTITIES

The Company utilizes VIEs in the normal course of business to support the Company's financing needs. The Company determines whether the Company is the primary beneficiary of a VIE at the time it becomes involved with the VIE and reconsiders that conclusion on an on-going basis. See *"Note 1 — Description of Business and Accounting Policies"* for further discussion of the Company's "Consolidation of Variable Interest Entities" policy.

The Company established certain special purpose entities ("SPEs") for the purpose of financing the Company's purchase and renovation of real estate inventory through the issuance of asset-backed debt. The Company is the primary beneficiary of the various VIEs within these financing structures and consolidates these VIEs. The Company is determined to be the primary beneficiary based on its power to direct the activities that most significantly impact the economic outcomes of the SPEs through its role in designing the SPEs and managing the real estate inventory they purchase and sell. The Company has a potentially significant variable interest in the entities based upon the equity interest the Company holds in the VIEs.

The following table summarizes the assets and liabilities related to the VIEs consolidated by the Company as of December 31, 2022 and 2021 (in millions):

	December 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ —	$ 9
Restricted cash	636	838
Real estate inventory, net	4,408	6,046
Other[1]	38	113
Total assets	$ 5,082	$ 7,006
Liabilities		
Non-recourse asset-backed debt	$ 4,396	$ 6,102
Other[2]	72	70
Total liabilities	$ 4,468	$ 6,172

---

(1) Includes escrow receivable and other current assets.

(2) Includes accounts payable and other accrued liabilities and interest payable.

The creditors of the VIEs generally do not have recourse to the Company's general credit solely by virtue of being creditors of the VIEs. However, certain of the financial covenants included in the inventory financing facilities to which the VIEs are party are calculated by reference to Opendoor Labs Inc. and its consolidated subsidiaries' assets and liabilities. As a result, under certain circumstances, this may limit our flexibility to transfer assets from Opendoor subsidiaries to the Parent Company. See *"Note 7 — Credit Facilities and Long-Term Debt"* for further discussion of the recourse obligations with respect to the VIEs.

7. CREDIT FACILITIES AND LONG-TERM DEBT

The following tables summarize certain details related to the Company's credit facilities and long-term debt as of December 31, 2022 and 2021 (in millions, except interest rates):

		Outstanding Amount				
December 31, 2022	**Borrowing Capacity**	**Current**	**Non-Current**	**Weighted Average Interest Rate**	**End of Revolving / Withdrawal Period**	**Final Maturity Date**
Non-Recourse Asset-backed Debt:						
Asset-backed Senior Revolving Credit Facilities						
Revolving Facility 2018-2	$ 1,000	$ 472	$ —	4.86 %	June 7, 2024	June 7, 2024
Revolving Facility 2018-3	1,000	194	—	3.98 %	October 20, 2025	October 20, 2025
Revolving Facility 2019-1	900	55	—	4.41 %	June 30, 2023	June 30, 2023
Revolving Facility 2019-2	1,850	167	—	3.92 %	July 8, 2023	July 8, 2024
Revolving Facility 2019-3	925	—	—	3.86 %	April 5, 2024	April 4, 2025
Revolving Facility 2022-1	525	289	—	8.15 %	December 31, 2022	October 31, 2023
Asset-backed Senior Term Debt Facilities						
Term Debt Facility 2021-S1	400	—	400	3.48 %	April 1, 2024	April 1, 2025
Term Debt Facility 2021-S2	600	—	500	3.20 %	September 10, 2024	September 10, 2025
Term Debt Facility 2021-S3	1,000	—	750	3.75 %	January 31, 2027	July 31, 2027
Term Debt Facility 2022-S1	250	—	250	4.07 %	March 1, 2025	September 1, 2025
Term Debt Facility 2022-S2	500	200	—	8.48 %	January 31, 2023	December 31, 2023
Total	$ 8,950	$ 1,377	$ 1,900			
Issuance Costs		(1)	(17)			
Carrying Value		$ 1,376	$ 1,883			
Asset-backed Mezzanine Term Debt Facilities						
Term Debt Facility 2020-M1	$ 2,500	$ —	$ 1,000	10.00 %	April 1, 2025	April 1, 2026
Term Debt Facility 2022-M1	500	—	150	10.00 %	September 15, 2025	September 15, 2026
Total	$ 3,000	$ —	$ 1,150			
Issuance Costs			(13)			
Carrying Value			$ 1,137			
Total Non-Recourse Asset-backed Debt	$ 11,950	$ 1,376	$ 3,020			

(Tabular amounts in millions, except share and per share amounts, ratios, or as noted)

	Outstanding Amount		
December 31, 2021	Current	Non-Current	Weighted Average Interest Rate
Non-Recourse Asset-backed Debt:			
Asset-backed Senior Revolving Credit Facilities			
Revolving Facility 2018-2	759	—	2.84 %
Revolving Facility 2018-3	673	—	2.39 %
Revolving Facility 2019-1	648	—	2.84 %
Revolving Facility 2019-2	1,149	—	2.52 %
Revolving Facility 2019-3	886	—	3.25 %
Revolving Facility 2021-1	125	—	2.15 %
Asset-backed Senior Term Debt Facilities			
Term Debt Facility 2021-S1	—	400	3.48 %
Term Debt Facility 2021-S2	—	500	3.20 %
Term Debt Facility 2021-S3	—	—	3.75 %
Total	$ 4,240	$ 900	
Issuance Costs		(3)	
Carrying Value		$ 897	
Asset-backed Mezzanine Term Debt Facilities			
Term Debt Facility 2020-M1	—	1,000	10.00 %
Total	$ —	$ 1,000	
Issuance Costs		(35)	
Carrying Value		$ 965	
Total Non-Recourse Asset-backed Debt	$ 4,240	$ 1,862	
Recourse Debt - Other Secured Borrowings:			
Mortgage Financing			
Repo Facility 2019-R1	$ 7	$ —	1.84 %
Total Recourse Debt	$ 7	$ —	

Non-Recourse Asset-backed Debt

The Company utilizes inventory financing facilities consisting of asset-backed senior debt facilities and asset-backed mezzanine term debt facilities to provide financing for the Company's real estate inventory purchases and renovation. These inventory financing facilities are typically secured by some combination of restricted cash, equity in real estate owning subsidiaries and related holding companies, and, for senior facilities, the real estate inventory financed by the relevant facility and/or beneficial interests in such inventory.

Each of the borrowers under the inventory financing facilities is a consolidated subsidiary of Opendoor and a separate legal entity. Neither the assets nor credit of any such borrower subsidiaries are generally available to satisfy the debts and other obligations of any other Opendoor entities. The inventory financing facilities are non-recourse to the Company and are non-recourse to Opendoor subsidiaries not party to the relevant facilities, except for limited guarantees provided by an Opendoor subsidiary for certain obligations involving "bad acts" by an Opendoor entity and certain other limited circumstances.

As of December 31, 2022, the Company had total borrowing capacity with respect to its non-recourse asset-backed debt of $12.0 billion. Borrowing capacity amounts under non-recourse asset-backed debt as reflected in the table above are in some cases not fully committed and any borrowings above the committed amounts are subject to the applicable lender's discretion. Any amounts repaid for senior term and mezzanine term debt facilities reduce total borrowing capacity as repaid amounts are not available to be reborrowed. As of December 31, 2022, the Company had committed borrowing capacity with respect to the Company's non-recourse asset backed debt of $6.5 billion; this committed borrowing capacity is comprised of $3.2 billion for senior revolving credit facilities, $2.1 billion for senior term debt facilities, and $1.2 billion for mezzanine term debt facilities.

The Company recognized $25 million in loss on extinguishment of debt on the consolidated statement of operations for the year ended December 31, 2022 related to the Company’s voluntary partial early repayment of an asset-backed mezzanine term debt facility. This was made up of $10 million in prepayment fees and $15 million in write offs of associated unamortized deferred costs that were previously capitalized.

Asset-backed Senior Revolving Credit Facilities

The Company classifies the senior revolving credit facilities as current liabilities on the Company’s consolidated balance sheets as amounts drawn to acquire and renovate homes are required to be repaid as the related real estate inventory is sold, which the Company expects to occur within 12 months.

The senior revolving credit facilities are typically structured with an initial revolving period of up to 24 months during which time amounts can be borrowed, repaid and borrowed again. The borrowing capacity is generally available until the end of the applicable revolving period as reflected in the table above. Outstanding amounts drawn under each senior revolving credit facility are required to be repaid on the facility maturity date or earlier if accelerated due to an event of default or other mandatory repayment event. The final maturity dates and revolving period end dates reflected in the table above are inclusive of any extensions that are at the sole discretion of the Company. These facilities may also have extensions subject to lender discretion that are not reflected in the table above.

Borrowings under the senior revolving credit facilities accrue interest at various floating rates based on a London Interbank Offered Rate (“LIBOR”) or a secured overnight financing rate (“SOFR”), plus a margin that varies by facility. As of December 31, 2022, all such floating rates were based on SOFR. The Company may also pay fees on certain unused portions of committed borrowing capacity. The Company’s senior revolving credit facility arrangements typically include upfront fees that may be paid at execution of the applicable agreements or be earned at execution and payable over time. These facilities are generally fully prepayable at any time without penalty other than customary breakage costs.

The senior revolving credit facilities have aggregated borrowing bases, which increase or decrease based on the cost and value of the properties financed under a given facility and the time that those properties are in the Company’s possession. When the Company resells a home, the proceeds are used to reduce the outstanding balance under the related senior revolving credit facility. The borrowing base for a given facility may be reduced as properties age beyond certain thresholds, and any borrowing base deficiencies may be satisfied through contributions of additional properties or partial repayment of the facility.

Asset-backed Senior Term Debt Facilities

The Company classifies its senior term debt facilities as non-current liabilities on the Company's consolidated balance sheets because its borrowings under these facilities are generally not required to be repaid until the final maturity date.

The senior term debt facilities are typically structured with an initial withdrawal period up to 60 months during which the outstanding principal amounts are generally not required to be repaid when homes financed through those facilities are sold and instead are intended to remain outstanding until final maturity for each facility. Outstanding amounts drawn under each senior term debt facility are required to be repaid on the facility maturity date or earlier if accelerated due to an event of default or other mandatory repayment event. The final maturity dates and withdrawal period end dates reflected in the table above are inclusive of any extensions that are at the sole discretion of the Company. These facilities may also have extensions subject to lender discretion that are not reflected in the table above.

Borrowings under the senior term debt facilities accrue interest at a fixed rate with the exception of Term Debt Facility 2022-S2, which accrues interest at a floating rate based on SOFR plus a margin. The Company's senior term debt facilities may include upfront issuance costs that are capitalized as part of the facilities' respective carrying values. These facilities are fully prepayable at any time but may be subject to certain customary prepayment penalties.

The senior term debt facilities have aggregated property borrowing bases, which increase or decrease based on the cost and value of the properties financed under a given facility, the time those properties are in the Company’s possession and the amount of cash collateral pledged by the relevant borrowers. The borrowing base for a given facility may be reduced as properties age or collateral performance declines beyond certain thresholds, and any borrowing base deficiencies may be satisfied through contributions of additional properties, cash or through partial repayment of the facility.

Asset-backed Mezzanine Term Debt Facilities

The Company classifies its mezzanine term debt facilities as long-term liabilities on the Company's consolidated balance sheets because its borrowings under these facilities are generally not required to be repaid until the applicable final maturity date. These facilities are structurally and contractually subordinated to the related asset-backed senior debt facilities.

The mezzanine term debt facilities have been structured with an initial 42 month withdrawal period during which the outstanding principal amounts are generally not required to be repaid when homes financed through those facilities are sold and instead are intended to remain outstanding until final maturity. Outstanding amounts drawn under the mezzanine term debt facilities are required to be repaid on the facility maturity date or earlier if accelerated due to an event of default or other mandatory repayment event. The final maturity date and withdrawal period end date reflected in the table above are inclusive of any extensions that are at the sole discretion of the Company. These facilities may also have extensions subject to lender discretion that are not reflected in the table above.

Borrowings under a given term debt facility accrue interest at a fixed rate. The mezzanine term debt facilities include upfront issuance costs that are capitalized as part of the facilities' respective carrying values. These facilities are fully prepayable at any time but may be subject to certain prepayment penalties.

The mezzanine term debt facilities have aggregated property borrowing bases, which increase or decrease based on the cost and the value of the properties financed under a given facility and time in the Company's possession of those properties and the amount of cash collateral pledged by the relevant borrowers. The borrowing base for a given facility may be reduced as properties age or collateral performance declines beyond certain thresholds, and any borrowing base deficiencies may be satisfied through contributions of additional properties or cash or through partial repayment of the facility.

Covenants

The Company's inventory financing facilities include customary representations and warranties, covenants and events of default. Financed properties are subject to customary eligibility criteria and concentration limits.

The terms of these inventory financing facilities and related financing documents require an Opendoor subsidiary to comply with customary financial covenants, such as maintaining certain levels of liquidity, tangible net worth or leverage (ratio of debt to tangible net worth). Certain of these financial covenants are calculated by reference to Opendoor Labs Inc. and its consolidated subsidiaries' assets and liabilities. As a result, under certain circumstances, this may limit our flexibility to transfer assets from Opendoor subsidiaries to the Parent Company. At December 31, 2022 and 2021, $565 million and $782 million, respectively, of the Company's net assets are restricted as they reflect minimum net asset requirements at Opendoor Labs Inc. As of December 31, 2022, the Company was in compliance with all financial covenants and no event of default had occurred.

Mortgage Financing

In 2022, the Company ceased providing correspondent lending or mortgage brokering services. As a result, the Company no longer requires mortgage financing and terminated its master repurchase agreement (the "Repurchase Agreement") in October 2022.

From March 2019 through its exit of mortgage lending and brokering services, the Company utilized the Repurchase Agreement to provide capital for Opendoor Home Loans. The facility, which was classified as a current liability on the Company's consolidated balance sheets, provided short-term financing between the issuance of a mortgage loan and when Opendoor Home Loans sold the loan to an investor. In accordance with the Repurchase Agreement, the lender agreed to pay Opendoor Home Loans a negotiated purchase price for eligible loans and Opendoor Home Loans simultaneously agreed to repurchase such loans from the lender within a specified timeframe and at an agreed upon price that included interest. Opendoor Labs Inc. was the guarantor with respect to the Repurchase Agreement and the obligation to repurchase loans previously transferred under the arrangement for the benefit of the lender. This financing arrangement was an important component of Opendoor Home Loans' operations as a correspondent lender.

Convertible Senior Notes

In August 2021, the Company issued the 2026 Notes with an aggregate principal amount of $978 million. The tables below summarizes certain details related to the 2026 Notes (in millions, except interest rates):

December 31, 2022	Aggregate Principal Amount	Unamortized Debt Issuance Costs	Net Carrying Amount
2026 Notes	$ 978	$ (19)	$ 959

December 31, 2022	Maturity Date	Stated Cash Interest Rate	Effective Interest Rate	Semi-Annual Interest Payment Dates	Conversion Rate	Conversion Price
2026 Notes	August 15, 2026	0.25 %	0.77 %	February 15; August 15	51.9926	$ 19.23

The 2026 Notes will be convertible at the option of the holders before February 15, 2026 only upon the occurrence of certain events. Beginning on August 20, 2024, the Company has the option to redeem the 2026 Notes upon meeting certain conditions related to price of the Company's common stock. Beginning on February 15, 2026 and until the close of business on the second scheduled trading day immediately preceding the maturity date, the 2026 Notes are convertible at any time at election of each holder. The conversion rate and conversion price are subject to customary adjustments under certain circumstances. In addition, if certain corporate events that constitute a make-whole fundamental change occur, then the conversion rate will be adjusted in accordance with the make-whole table within the Indenture. Upon conversion, the Company may satisfy its conversion obligation by paying cash or providing a combination of cash and the Company's common stock, at the Company's election, based on the applicable conversion rate.

For the year ended December 31, 2022, total interest expense on the Company's convertible senior notes was $7 million, with coupon interest of $2 million and amortization of debt issuance costs of $5 million.

Capped Calls

In August 2021, in connection with the issuance of the 2026 Notes, the Company purchased capped calls (the “Capped Calls”) from certain financial institutions at a cost of $119 million. The Capped Calls cover, subject to customary adjustments, the number of shares of the Company's common stock underlying the 2026 Notes. By entering into the Capped Calls, the Company expects to reduce the potential dilution to its common stock (or, in the event of a conversion of the 2026 Notes settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion of the 2026 Notes its common stock price exceeds the conversion price. The Capped Calls have an initial strike price of $19.23 per share and an initial cap price of $29.59 per share or a cap price premium of 100%.

8. FAIR VALUE DISCLOSURES

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

Following is a discussion of the fair value hierarchy and the valuation methodologies used for assets and liabilities recorded at fair value on a recurring and nonrecurring basis and for estimating fair value for financial instruments not recorded at fair value.

Fair Value Hierarchy

Fair value measurements of assets and liabilities are categorized based on the following hierarchy:

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

Level 2 **—** Fair value determined using significant observable inputs, such as quoted prices for similar assets or liabilities or quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data, by correlation or other means.

Level 3 **—** Fair value determined using significant unobservable inputs, such as pricing models, discounted cash flows, or similar techniques.

Estimation of Fair Value

The following table summarizes the fair value measurement methodologies, including significant inputs and assumptions, and classification of the Company's assets and liabilities.

Asset/Liability Class	Valuation Methodology, Inputs and Assumptions	Classification
Cash and cash equivalents	Carrying value is a reasonable estimate of fair value based on the short-term nature of the instruments.	Level 1 estimated fair value measurement.
Restricted cash	Carrying value is a reasonable estimate of fair value based on the short-term nature of the instruments.	Level 1 estimated fair value measurement.
Marketable securities		
Debt securities	Prices obtained from third-party vendors that compile prices from various sources and often apply matrix pricing for similar securities when no price is observable.	Level 2 recurring fair value measurement.
Mutual fund	Price is quoted given the security is traded on an exchange.	Level 1 recurring fair value measurement.
Equity securities	Price is quoted given the securities are traded on an exchange.	Level 1 recurring fair value measurement.
Mortgage loans held for sale pledged under agreements to repurchase	Fair value is estimated based on observable market data including quoted market prices, deal price quotes, and sale commitments.	Level 2 recurring fair value measurement.
Other current assets		
Mortgage loans held for sale	Fair value is estimated based on observable market data including quoted market prices and deal price quotes.	Level 2 recurring fair value measurement.
Interest rate lock commitments	Fair value of the underlying loan based on observable quoted market prices in the secondary market and sale commitments, with adjustments for the estimated pull-through rate.	Level 2 recurring fair value measurement for fair value based on observable inputs. Level 3 recurring fair value measurement for fair value with unobservable inputs.
Non-recourse asset-backed debt		
Credit facilities	Fair value is estimated using discounted cash flows based on current lending rates for similar credit facilities with similar terms and remaining time to maturity.	Carried at amortized cost. Level 2 estimated fair value measurement.
Other secured borrowings		
Loans sold under agreements to repurchase	Fair value is estimated using discounted cash flows based on current lending rates for similar asset-backed financing facilities with similar terms and remaining time to maturity.	Carried at amortized cost. Level 2 estimated fair value measurement.
Convertible senior notes	Fair value is estimated using broker quotes and other observable market inputs.	Carried at amortized cost. Level 2 estimated fair value measurement.
Derivative and warrant liabilities		
Sponsor Warrants	Fair value is estimated using the price of the Public Warrants or their settlement value.	Level 2 recurring fair value measurement.

Warrants	Fair value is estimated using the Black-Scholes-Merton option pricing model with inputs and assumptions including the Company's equity valuation, expected volatility, expected duration of the warrants, and associated risk-free rate.	Level 3 recurring fair value measurement.
Embedded conversion options	Fair value is estimated using a lattice model incorporating the probabilities of various conversion scenarios with respect to timing and conversion features under the terms of the 2019 Convertible Notes.	Level 3 recurring fair value measurement.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following tables present the levels of the fair value hierarchy for the Company's assets measured at fair value on a recurring basis (in millions).

December 31, 2022	Balance at Fair Value	Level 1	Level 2	Level 3
Marketable securities:				
Corporate debt securities	$ 122	$ —	$ 122	$ —
Equity securities	11	11	—	—
Certificates of deposit	9	—	9	—
Asset-backed securities	2	—	2	—
Other current assets:				
Mortgage loans held for sale	1	—	1	—
Total assets	$ 145	$ 11	$ 134	$ —

December 31, 2021	Balance at Fair Value	Level 1	Level 2	Level 3
Marketable securities:				
Corporate debt securities	$ 207	$ —	$ 207	$ —
Mutual fund	200	200	—	—
Equity securities	46	46	—	—
Commercial paper	15	—	15	—
Asset-backed securities	7	—	7	—
Certificates of deposit	5	—	5	—
Sovereign bonds	4	—	4	—
Mortgage loans held for sale pledged under agreements to repurchase	7	—	7	—
Other current assets:				
Mortgage loans held for sale	4	—	4	—
Total assets	$ 495	$ 246	$ 249	$ —

Fair Value of Financial Instruments

The following presents the carrying value, estimated fair value and the levels of the fair value hierarchy for the Company's financial instruments other than assets and liabilities measured at fair value on a recurring basis (in millions).

	December 31, 2022			
	Carrying Value	Fair Value	Level 1	Level 2
Assets:				
Cash and cash equivalents	$ 1,137	$ 1,137	$ 1,137	$ —
Restricted cash	654	654	654	—
Liabilities:				
Non-recourse asset-backed debt	$ 4,396	$ 4,427	$ —	$ 4,427
Convertible senior notes	959	391	—	391

	December 31, 2021			
	Carrying Value	Fair Value	Level 1	Level 2
Assets:				
Cash and cash equivalents	$ 1,731	$ 1,731	$ 1,731	$ —
Restricted cash	847	847	847	—
Liabilities:				
Non-recourse asset-backed debt	$ 6,102	$ 6,140	$ —	$ 6,140
Other secured borrowings	7	7	—	7
Convertible senior notes	954	1,019	—	1,019

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 Fair values (in millions):

	Warrants	Embedded Conversion Option	Interest Rate Lock Commitments
Balance as of December 31, 2019	$ 5	$ 42	$ —
Settlement of 2019 Convertible Notes	—	(65)	—
Exercise of warrants	(7)	—	—
Net change in fair value	2	23	—
Balance as of December 31, 2020	$ —	$ —	$ —
Additions	—	—	5
Originations/Terminations	—	—	(5)
Balance as of December 31, 2021	$ —	$ —	$ —
Additions	—	—	2
Originations/Terminations	—	—	(3)
Net change in fair value	—	—	1
Balance as of December 31, 2022	$ —	$ —	$ —

9. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2022 and 2021, consisted of the following (in millions):

	2022	2021
Internally developed software	$ 105	$ 71
Security systems	18	10
Computers	13	11
Software implementation costs	4	3
Furniture and fixtures	3	3
Office equipment	3	2
Leasehold improvements	2	2
Total	148	102
Accumulated depreciation and amortization	(90)	(57)
Property and equipment – net	$ 58	$ 45

Depreciation and amortization expense of $37 million, $27 million, and $22 million was recorded for the years ended December 31, 2022, 2021 and 2020, respectively.

10. LEASES

The Company leases office space throughout the United States under operating and short-term lease agreements. These lease agreements have terms not exceeding 11 years and some contain multi-year renewal options or early termination options that are not considered reasonably certain of exercise except as discussed below. The Company also leases equipment under immaterial finance lease agreements.

Components of lease costs for the years ended the December 31, 2022, 2021, and 2020, are as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
Operating lease cost	$ 11	$ 12	$ 34
Variable lease cost	—	1	—
Short-term lease cost	1	—	1
Sublease income	(1)	(1)	—
Net lease cost	$ 11	$ 12	$ 35

The following table present supplemental lease information (in millions):

December 31,	2022	2021	2020
Cash paid for amounts included in the measurement of operating lease liabilities	$ (11)	$ (10)	$ (13)
Right-of-use assets obtained in exchange for new or acquired lease liabilities	$ 5	$ —	$ 40

For the year ended December 31, 2022, the Company signed a new lease that resulted in an increase to the right-of-use asset in the amount of $5 million and an increase in operating lease liabilities in the amount of $5 million. There were no material lease modifications in the year ended December 31, 2022.

For the year ended December 31, 2020, the Company terminated certain operating leases. The Company exercised an option to early terminate the Company's lease in San Francisco and accelerated amortization of the right-of-use asset by $13 million for the one year term remaining after exercising the early termination option. In exercising the Company's early termination option, the Company incurred $5 million in early termination fees for the year ended December 31, 2020. In

January 2021, the Company terminated the San Francisco lease prior to the anticipated termination date of September 30, 2021, which resulted in a $5 million gain recognized for the year ended December 31, 2021. See *"Note 20 — Restructuring"* for further discussion. There were no other material lease modifications for the year ended December 31, 2021.

The weighted average lease term and the weighted average discount rate are as follows:

December 31,	2022	2021
Weighted average remaining lease term for operating leases (in years)	6.6	7.6
Weighted average discount rate for operating leases	9.9 %	9.8 %

Maturity of operating lease liabilities as of December 31, 2022 are as follows (in millions):

2023	$ 11
2024	10
2025	7
2026	7
2027	7
Thereafter	20
Total undiscounted future cash flows	$ 62
Less: Imputed interest	17
Total lease liabilities	$ 45

11. GOODWILL AND INTANGIBLE ASSETS

For the years ended December 31, 2022 and December 31, 2021, there were $4 million and $29 million additions to goodwill, respectively, due to acquisitions. For more information on significant acquisitions, refer to *"Note 2 — Business Combination"*. During the fourth quarter of 2022, the market price of our common stock declined significantly. As such, the Company determined that an indicator of potential impairment existed and decided to perform an interim quantitative test for goodwill impairment. Based on the quantitative analysis, the Company recorded a goodwill impairment charge of $60 million for the year ended December 31, 2022. There was no impairment of goodwill identified for the years ended December 31, 2021 and 2020.

Intangible assets subject to amortization consisted of the following as of December 31, 2022 and 2021, respectively (in millions, except years):

December 31, 2022	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Remaining Weighted Average Useful Life (Years)
Developed technology	$ 17	$ (9)	$ 8	1.8
Customer relationships	7	(5)	2	1.7
Trademarks	5	(3)	2	1.7
Intangible assets – net	$ 29	$ (17)	$ 12	

December 31, 2021	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Remaining Weighted Average Useful Life (Years)
Developed technology	$ 7	$ (2)	$ 5	0.7
Customer relationships	7	(3)	4	2.7
Trademarks	5	(2)	3	2.7
Intangible assets – net	$ 19	$ (7)	$ 12	

Amortization expense for intangible assets was $9 million, $4 million, and $4 million for the years ended December 31, 2022, 2021, and 2020, respectively.

As of December 31, 2022, expected amortization of intangible assets is as follows (in millions):

Fiscal Years	
2023	$ 7
2024	5
Total	$ 12

12. ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of December 31, 2022 and 2021, consisted of the following:

	2022	2021
Accrued expenses due to vendors	$ 47	$ 66
Accrued property and franchise taxes	29	24
Legal contingency accrual	—	18
Accrued payroll and other employee related expenses	21	17
Accounts payable due to vendors	5	3
Other	8	9
Total accounts payable and other accrued liabilities	$ 110	$ 137

13. SHAREHOLDERS' EQUITY

Common Stock

On February 9, 2021, the Company completed an underwritten public offering (the "February 2021 Offering") in which the Company sold 32,817,421 shares of its common stock at a public offering price of $27.00 per share, including the exercise in full by the underwriters of their option to purchase up to 4,280,533 additional shares of common stock, which was completed on February 11, 2021. The Company received aggregate net proceeds from the February 2021 Offering of approximately $859 million after deducting underwriting discounts and commissions and offering expenses payable by the Company upon closing. The February 2021 Offering satisfied the liquidity event vesting condition of certain restricted stock units ("RSUs"). For further information on the RSUs, see *"Note 14 — Share-Based Awards"*.

On December 21, 2020, the Company's common stock and warrants began trading on the Nasdaq Global Select Market ("Nasdaq") under the ticker symbols "OPEN" and "OPENW," respectively. Pursuant to the Company's certificate of incorporation, the Company is authorized to issue 3,000,000,000 shares of common stock with a par value of $0.0001 per share.

On July 9, 2021, the Company completed the redemption of all of its outstanding Public and Sponsor Warrants and in connection with the redemption, the Public Warrants stopped trading on Nasdaq.

Prior to the Business Combination, the Company had outstanding shares of Series A, Series B, Series C, Series C-1, Series D, Series D-1, Series E, Series E-1, and Series E-2 convertible preferred stock (collectively, “Preferred Stock”). Immediately prior to the Business Combination, all shares of the Company’s outstanding Preferred Stock converted into a total of 195 million shares of Opendoor Labs Inc. common stock on a one-for-one basis. Upon the Closing, Opendoor Labs Inc. common stock converted to Opendoor Technologies Inc. common stock with the application of the Exchange Ratio as discussed in Note 2 — Business Combinations.

Preferred Stock

Pursuant to the Company’s certificate of incorporation, the Company is authorized to issue 100,000,000 shares of preferred stock having a par value of $0.0001 per share (“Opendoor Technologies Preferred Stock”). The Company’s board of directors has the authority to issue Opendoor Technologies Preferred Stock and to determine the rights, preferences, privileges and restrictions, including voting rights, of those shares. As of December 31, 2022, there were no shares of Opendoor Technologies Preferred Stock issued and outstanding.

Dividend

Common stock is entitled to dividends when and if declared by the Company’s board of directors, subject to the rights of all classes of stock outstanding having priority rights to dividends. The Company has not paid any cash dividends on common stock to date. The Company may retain future earnings, if any, for the further development and expansion of its business and has no current plans to pay cash dividends for the foreseeable future. Any future determination to pay dividends will be made at the discretion of the Company’s board of directors and will depend on, among other things, the Company’s financial condition, results of operations, capital requirements, restrictions contained in future agreements and financing instruments, business prospects and such other factors as the Company’s board of directors may deem relevant.

14. SHARE-BASED AWARDS

2014 Stock Plan

Our 2014 Stock Plan (the “2014 Plan”), as last amended and approved by the board of directors on February 6, 2020, allowed the Company to grant up to 106,320,623 shares of common stock to employees, directors, and non-employees pursuant to awards of stock options, restricted stock or restricted stock units (“RSUs”) granted under the 2014 Plan. Upon the Closing, the remaining unallocated share reserve under the 2014 Plan was cancelled and no new awards will be granted under the 2014 Plan. Awards outstanding under the 2014 Plan were assumed by Opendoor Technologies upon the Closing and continue to be governed by the terms of the 2014 Plan.

2020 Equity Incentive Plans

In connection with the close of the Business Combination, the Company adopted the 2020 Incentive Award Plan (the “2020 Plan”) under which 43,508,048 shares of common stock were initially reserved for issuance. The 2020 Plan allows for the issuance of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents and other stock or cash based awards. The number of shares of the Company’s common stock available for issuance under the 2020 Plan automatically increases on the first day of each calendar year, beginning January 1, 2022 and ending on and including January 1, 2030, by the lesser of (a) a number equal to the excess (if any) of (1) 5% of the aggregate number of shares of common Stock outstanding on the final day of the immediately preceding calendar year over (2) the number of shares of common Stock then reserved for issuance under the 2020 Plan as of such date, and (b) such smaller number of shares determined by the Company’s board of directors.

In connection with the close of the Business Combination, the Company’s board of directors approved the 2020 Employee Stock Purchase Plan (“ESPP”), which was last amended on December 6, 2021. There are 5,438,506 shares of common stock initially reserved for issuance under the ESPP. The number of shares of the Company’s common stock available for issuance under the ESPP automatically increases on the first day of each calendar year, beginning January 1, 2022 and ending on and including January 1, 2030, by the lesser of (a) 1% of the total number of shares of common stock outstanding on December 31 of the immediately preceding calendar year and (b) such number of shares as is determined by the Company's board of directors; provided that, no more than 54,385,060 shares may be issued under the ESPP. As of December 31, 2022, 493,790 shares have been issued under the ESPP.

2022 Inducement Plan

In July 2022, the Company's board of directors adopted the 2022 Inducement Plan (the "Inducement Plan"). Under the Inducement Plan, 31,200,000 shares were initially reserved for issuance. The purpose of the Inducement Plan is to attract, retain and motivate prospective employees of the Company, particularly executive team members and employees joining as part of business combinations. The Inducement Plan allows for the issuance of non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents and other stock or cash based awards to new employees of the Company or any subsidiary of the Company.

Stock options and RSUs

Option awards are generally granted with an exercise price equal to the fair value of the Company's common stock at the date of grant. Options are exercisable over a maximum term of 10 years from the date of grant and generally vest over a period of four years. Incentive stock options granted to a 10% shareholder are exercisable over a maximum term of five years from the date of grant.

A summary of the stock option activity for the year ended December 31, 2022, is as follows:

	Number of Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Balance – December 31, 2021	14,546	$ 2.12	4.7	$ 182
Granted	—	—		
Exercised	(2,959)	1.35		
Forfeited	(447)	6.60		
Expired	(428)	2.42		
Balance – December 31, 2022	10,712	2.13	3.5	$ 1
Exercisable – December 31, 2022	10,668	2.12	3.5	$ 1

Aggregate intrinsic value represents the difference between the exercise price of the options and the estimated fair value of the Company's common stock. The total intrinsic value of options exercised for the years ended December 31, 2022, 2021, and 2020, was $20 million, $144 million, and $46 million, respectively.

The weighted-average grant date fair value per option granted for the year ended December 31, 2021 was $10.18 . There were no options granted during the years ended December 31, 2022 and 2020.

RSUs typically vest upon a service-based requirement, generally over a two or four year period. Prior to 2021, certain awards also had a performance condition to vesting, which was satisfied upon completion of the February 2021 Offering and triggered the recognition of compensation expense for certain RSUs for which the time-based vesting condition had been satisfied or partially satisfied. Subsequent to the February 2021 Offering, these RSUs are only subject to time-based vesting conditions.

A summary of the RSU activity for the year ended December 31, 2022, is as follows:

	Number of RSUs (in thousands)	Weighted-Average Grant-Date Fair Value
Unvested and outstanding – December 31, 2021	53,446	$ 17.35
Granted	45,373	4.85
Vested	(17,280)	12.15
Forfeited	(26,992)	17.62
Unvested and outstanding – December 31, 2022	54,547	$ 10.29

The total fair value of RSUs vested for the years ended December 31, 2022 and 2021 was $98 million and $599 million, respectively. No RSUs vested during the year ended December 31, 2020.

Restricted Shares

The Company has granted Restricted Shares to certain continuing employees, primarily in connection with acquisitions. The Restricted Shares vest upon satisfaction of a service condition, which generally ranges from three to four years.

A summary of the Restricted Shares activity for the year ended December 31, 2022 is as follows:

	Number of Restricted Shares (in thousands)	Average Grant-Date Fair Value
Unvested – December 31, 2021	692	$ 3.91
Vested	(623)	4.01
Forfeited	(69)	3.02
Unvested – December 31, 2022	—	$ —

The total fair value of Restricted Shares vested for the years ended December 31, 2022, 2021, and 2020 was $1 million, $21 million, and $9 million, respectively.

ESPP

The first offering period for the Company's 2020 ESPP began on March 1, 2022. The ESPP, pursuant to Internal Revenue Code Section 423, allows eligible participants to purchase shares using payroll deductions of up to 15% of their total compensation, subject to a $25,000 calendar year limitation on contributions. The Company has limited the maximum number of shares to be purchased in an offering period to 1,000 shares per employee. The ESPP allows eligible employees to purchase shares of the Company’s common stock at a 15% discount on the lower price of either (i) the offer period start date or (ii) the purchase date. Each offering period is six months in duration. ESPP employee payroll contributions withheld as of December 31, 2022 were $2 million and are included within Accounts payable and other accrued liabilities in the consolidated balance sheets. Payroll contributions withheld as of December 31, 2022 will be used to purchase shares at the end of the current ESPP purchase period ending on February 28, 2023.

The fair value of ESPP purchase rights is estimated at the date of grant using the Black-Scholes option-pricing valuation model. The following assumptions were applied in the model to estimate the grant-date fair value of the ESPP.

	Offering Period	
	September 1, 2022 - February 28, 2023	March 1, 2022 - August 31, 2022
Fair value	$ 1.78	$ 3.55
Volatility	94.5 %	101.4 %
Risk-free rate	3.34 %	0.60 %
Expected life (in years)	0.5	0.5
Expected dividend	$ —	$ —

The Company recognized stock-based compensation expense related to the ESPP of $2 million during the year ended December 31, 2022. As of December 31, 2022, total estimated unrecognized compensation expense related to the ESPP was $0.3 million. The unamortized compensation costs are expected to be recognized over the remaining term of the offering period of 2 months.

Stock-based compensation expense

Stock-based compensation expense is allocated based on the cost center to which the award holder belongs. The following table summarizes total stock-based compensation expense by function as presented in the consolidated statements of operations for the years ended December 31, 2022, 2021 and 2020, as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
General and administrative	$ 109	$ 463	$ 33
Sales, marketing and operations	18	13	1
Technology and development	44	60	4
Total stock-based compensation expense	$ 171	$ 536	$ 38

The Company recognized $(13) million, $290 million, $20 million of compensation expense during the years ended December 31, 2022, 2021, and 2020 respectively, related to all market condition awards outstanding. In December 2022, Eric Wu resigned as CEO of Opendoor, resulting in a $57 million reversal of stock-based compensation expense related to his market condition awards. In June 2021, the market condition for two market condition awards was satisfied, which resulted in the accelerated recognition of $2 million of stock-based compensation expense in the year ended December 31, 2021. During the year ended December 31, 2022, no market conditions were satisfied.

As of December 31, 2022, there was $383 million of unamortized stock-based compensation costs related to unvested RSUs, stock options, and Restricted Shares. The unamortized compensation costs are expected to be recognized over a weighted-average period of approximately 2.3 years.

Valuation of options

The Black-Scholes Model used to value stock options incorporates the following assumptions:

	Year Ended December 31,
	2021
Fair value	$ 15.00
Volatility	73 %
Risk-free rate	1.09 %
Expected life (in years)	7
Expected dividend	$ —

Fair Value of Common Stock

Prior to the Company's common stock becoming publicly traded, the fair value of the common stock underlying the stock option awards was determined by the board of directors. Given the absence of a public trading market, the board of directors considered numerous objective and subjective factors to determine the fair value of the Company's common stock at each meeting at which awards were approved. These factors included, but were not limited to (i) contemporaneous third-party valuations of common stock; (ii) the rights, preferences and privileges of convertible preferred stock relative to common stock; (iii) the lack of marketability of common stock; (iv) stage and development of the Company's business; (v) general economic conditions and (vi) the likelihood of achieving a liquidity event, such as an initial public offering or sale, given prevailing market conditions.

Volatility

Prior to the Company's common stock becoming publicly traded, the expected stock price volatilities were estimated based on the historical and implied volatilities of comparable publicly traded companies as the Company did not have sufficient history of trading its common stock. Subsequent to the Company's stock becoming publicly trade, the expected stock price volatilities were determined based on the volatilities implied by the price of the Company's publicly traded call options in its common stock.

Risk-Free Interest Rate

The risk-free interest rates are based on U.S. Treasury yields in effect at the grant date for notes with comparable terms as the awards.

Expected Life

The expected term of options granted to employees is determined using the simplified method, which allows the Company to estimate the expected life as the midpoint between the vesting period and the contractual term, as the Company's historical share option exercise experience does not provide a reasonable basis upon which to estimate the expected term.

Dividend Yield

The expected dividend yield assumption is based on the Company's current expectations about its anticipated dividend policy.

Valuation of RSUs and Restricted Stock

Prior to the Business Combination, given the absence of a public trading market, the Company's board of directors considered numerous objective and subjective factors to determine the fair value of common stock at each meeting at which awards were approved. These factors include, but were not limited to, (i) contemporaneous valuations of common stock performed by an independent valuation specialist; (ii) developments in the Company's business and stage of development; the

Company’s operational and financial performance and condition; (iii) issuances of preferred stock and the rights and preferences of preferred stock relative to common stock; (iv) current condition of capital markets and the likelihood of achieving a liquidity event, such as an initial public offering or sale of the Company; and (v) the lack of marketability of the Company’s common stock. For financial reporting purposes, the Company considers the amount of time between the valuation date and the grant date to determine whether to use the latest common stock valuation or a straight-line interpolation between the two valuation dates. The determination includes an evaluation of whether the subsequent valuation indicates that any significant change in valuation had occurred between the previous valuation and the grant date.

15. WARRANTS

Public and Sponsor Warrants

Prior to the Business Combination, SCH issued 6,133,333 Sponsor Warrants and 13,800,000 Public Warrants (collectively “Warrants”). Upon Closing, the Company assumed the Warrants. Each whole warrant entitles the holder to purchase one share of the Company’s common stock at a price of $11.50 per share, subject to adjustments. The Warrants are exercisable at any time commencing the later of a) 30 days after the completion of the Business Combination and b) 12 months from the date of the closing of the SCH’s initial public offering on April 30, 2020, and terminating five years after the Business Combination.

Once the Public Warrants become exercisable, the Company may redeem the outstanding warrants, in whole and not in part, upon a minimum of 30 days’ prior written notice of redemption (“Redemption Period”). There are two scenarios in which the Company may redeem the Warrants. For purposes of the redemption scenarios, “Reference Value” shall mean the last reported sales price of the Company’s common stock for any twenty trading days within the thirty trading-day period ending on the third trading day prior to the date on which notice of the redemption is given.

The Company may redeem the outstanding Warrants for cash at a price of $0.01 per warrant if the Reference Value equals or exceeds $18.00 per share. The warrant holders have the right to exercise their outstanding warrants prior to the scheduled redemption date during the Redemption Period at $11.50 per share. The Sponsor Warrants are exempt from redemption if the Reference Value is at or above $18.00 and the Sponsor Warrants continue to be held by the original warrant holder (“Sponsor") or a permitted transferee.

The Company may redeem the outstanding Warrants at a price of $0.10 per warrant if the Reference Value equals or exceeds $10.00 per share. If the Reference Value is less than $18.00, the Sponsor Warrants must also be concurrently called for redemption with the Public Warrants. The warrant holders have the right to exercise their outstanding warrants prior to the scheduled redemption date during the Redemption Period on a cashless basis. The cashless exercise entitles the warrant holders to receive a set number of shares based on the redemption date and the redemption fair value as defined in the warrant agreement.

In connection with the Business Combination, on January 12, 2021, the Company filed a Registration Statement on Form S-1. This Registration Statement relates to the issuance of an aggregate of up to 19,933,333 shares of common stock issuable upon the exercise of its publicly-traded warrants. On July 9, 2021, the Company completed the redemption of all of its outstanding Public and Sponsor Warrants to purchase shares of the Company's common stock, par value $0.0001 per share, that were issued under the Warrant Agreement, dated April 27, 2020. Of the 13,799,947 Public Warrants that were outstanding as of the time of the Business Combination, 874,739 were exercised for cash at an exercise price of $11.50 per share of Common Stock and 12,521,776 were exercised on a cashless basis in exchange for an aggregate of 4,452,659 shares of Common Stock. In addition, of the 6,133,333 Sponsor Warrants that were outstanding as of the date of the Business Combination, 1,073,333 were exercised for cash at an exercise price of $11.50 per share of Common Stock and 5,060,000 were exercised on a cashless basis in exchange for an aggregate of 1,799,336 shares of Common Stock. Total cash proceeds to the Company generated from exercises of the Warrants were $22 million. In connection with the redemption, the Public Warrants stopped trading on the Nasdaq on July 9, 2021.

The Company recorded a decrease to the Derivative and warrant fair value adjustment of $(12) million and $(34) million for the change in fair value of the Sponsor Warrants for the years ended December 31, 2021 and 2020, respectively.

Warrants to Purchase Series D Preferred Stock

On June 12, 2018, the Company issued warrants to purchase 485,262 shares of Series D Preferred Stock at a price of $0.006 (“Penny Warrants”). On November 12, 2020, the Penny Warrants were exercised and the Company issued 485,262 shares of Series D Preferred Stock in exchange for proceeds of $3 thousand. As of December 31, 2022 there were no Penny Warrants outstanding.

Commitment to Issue Warrants

In June 2018, the Company entered into a commitment to issue warrants (“Warrant Commitment”). The Warrant Commitment obligates the Company to issue warrants on an annual basis until 2025 (“Issuance Date”). The Warrant Commitment and the Company’s obligation to issue warrants was terminated upon the consummation of the Business Combination through notice provided by the Company and acknowledged by the counterparty.

On each Warrant Commitment Issuance date in June 2019 and June 2020, the Company issued warrants to purchase 121,356 shares and 242,713 shares of Series E Preferred Stock at a price of $5.92 per share (“Series E Warrants”). On November 7, 2020 the Series E Warrants were exercised and the Company issued 364,069 shares of Series E in exchange for proceeds of $2 million. As of December 31, 2022 there were no Series E Warrants or Warrant Commitments outstanding.

The Penny Warrants, the Warrant Commitment, and the Series E Warrants have been determined to be liabilities under ASC 480 as the underlying preferred shares have certain liquidation preferences in the event of a deemed liquidation. For the Penny Warrants, the Warrant Commitment, and the Series E Warrants, the Company recorded no warrant fair value adjustment for the years ended December 31, 2022 and December 31, 2021, and an increase to the warrant fair value adjustments of $3 million for the year ended 2020.

Marketing Warrants

On July 28, 2022, the Company entered into a warrant agreement with Zillow, Inc. (“Zillow”) in connection with a partnership arrangement that allows for Zillow to purchase up to 6 million shares of common stock that will vest in tranches (each, a “Tranche”) upon Zillow providing resale marketing services to the Company. Each Tranche will have an exercise price per share equal to the 30-day trailing volume weighted average price per share of Opendoor Common Stock (“VWAP”) prior to the vesting date of that Tranche, subject to a $15 floor and $30 cap per share. After a Tranche has vested, the Tranche can be exercised via a cash payment or a cashless exercise; provided that the Company has the option to cash settle any exercise. The warrant expires in July 2027, subject to extension for an additional Tranche and early termination under limited circumstances. We expect Zillow to begin providing marketing services under the partnership arrangement in early 2023. Accordingly, as of December 31, 2022, no warrant shares had vested.

16. INCOME TAXES

Income before income taxes consisted of losses from domestic operations of $1.4 billion, $661 million, and $253 million for the years ended December 31, 2022, 2021, and 2020, respectively.

The following table summarizes the components of the Company’s provision for income taxes for the periods presented (in millions):

	Year Ended December 31,		
	2022	2021	2020
Current income tax expense:			
Federal	$ —	$ —	$ —
State	2	1	—
Total current income tax expense	2	1	—
Income Tax Provision	**$ 2**	**$ 1**	**$ —**

(Tabular amounts in millions, except share and per share amounts, ratios, or as noted)

For the years ended December 31, 2022, 2021, and 2020, the Company did not record any deferred federal and state income tax expense or benefit due to the full valuation allowance. Additionally, the Company's foreign current and deferred expense or benefit was immaterial.

Effective Tax Rate

The following table presents a reconciliation of the U.S. federal statutory income tax rates to the Company's effective income tax rate for the periods presented:

	Year Ended December 31,		
	2022	**2021**	**2020**
U. S. Federal tax benefit at statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	2.7	3.4	3.5
Non-deductible expenses and other	(1.2)	(0.4)	0.4
Non-deductible warrant expenses	—	0.4	3.0
Loss on convertible note exchange	—	—	(2.4)
Share-based compensation	(1.7)	7.0	0.4
Deduction limitation on executive compensation	(0.3)	(14.1)	(2.1)
Change in valuation allowance, net	(21.4)	(19.5)	(23.9)
Research and development credits	0.5	2.0	0.1
Effective tax rate	**(0.4)%**	**(0.2)%**	**— %**

For the years ended December 31, 2022, 2021 and 2020, the Company's effective tax rate differs from the amount computed by applying the U.S. federal statutory and state income tax rates to net loss before income tax, primarily as the result of state income taxes, deduction limitation on executive compensation, and changes in the Company's valuation allowance.

Deferred Taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income taxes purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2022 and 2021, are as follows (in millions):

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Accrued and reserves	$ 128	$ 21
Inventory	34	34
Tax credits	41	33
Lease Liabilities	11	11
Section 174 capitalization	50	—
Goodwill	8	—
Net operating loss	404	293
Total deferred tax assets	676	392
Less: Valuation allowance	(664)	(376)
Deferred tax assets, net of valuation allowance	12	16
Deferred tax liabilities:		
Depreciation and amortization	(2)	(5)
Goodwill	—	(1)
Right-of-use assets	(10)	(10)
Deferred tax liabilities	(12)	(16)
Net deferred tax assets and liabilities	$ —	$ —

A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized in a particular tax jurisdiction. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a valuation allowance is needed for some portion or all of a deferred tax asset. Due to the losses the Company generated in the current and prior years, the Company believes it is not more likely than not that all of the deferred tax assets can be realized. Accordingly, the Company established and recorded a full valuation allowance on its net deferred tax assets of $664 million as of December 31, 2022 and a full valuation allowance on its net deferred tax assets of $376 million as of December 31, 2021. The valuation allowance increased by $288 million and $141 million for 2022 and 2021, respectively primarily as a result of current year losses.

As of December 31, 2022, the Company had U.S. federal and state net operating loss ("NOL") carryforwards of $1.7 billion and $1.2 billion, respectively, which will each begin to expire in 2034 if not utilized. For NOLs arising after December 31, 2017, the Tax Cuts and Jobs Act of 2017 limits a taxpayer's ability to utilize NOL carryforwards to 80% of taxable income and can be carried forward indefinitely (carryback is generally prohibited). In the Company's case, as of December 31, 2022, $1.6 billion of US. federal NOLs and $342 million of state NOLs have an unlimited carryover period. NOLs generated in tax years beginning before January 1, 2018 will not be subject to the taxable income limitation and will continue to have a two-year carryback and twenty-year carryforward period. Additionally, as of December 31, 2022, the Company had U.S. federal research tax credit carryforwards of $39 million that begin to expire in 2034. The Company also had state research tax credit carryforwards of $26 million that begin to expire in 2029.

Section 382 of the Internal Revenue Code (the "Code") limits the use of net operating losses and tax credit carryforwards in certain situations where changes occur in the stock ownership of a company. Utilization of the net operating loss carryforwards are subject to various limitations due to the ownership change limitations provided by Internal Revenue Code (IRC) Section 382 and similar state provisions. The Company performed an ownership analysis and identified three previous ownership changes in 2014, 2016 and 2020, as defined under Section 382 and 383 of the IRC, however none of the previous ownership changes resulted in a material limitation that will reduce the total amount of net operating loss carryforwards and credits that can be utilized.

Unrecognized Tax Benefits

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in millions):

	Year Ended December 31,		
	2022	2021	2020
Unrecognized tax benefits as of the beginning of the year	$ 15	$ 6	$ 5
Decrease related to prior year tax provisions	—	—	(1)
Increase related to current year tax provisions	5	9	2
Unrecognized tax benefits as of the end of the year	**$ 20**	**$ 15**	**$ 6**

Due to the full valuation allowance at December 31, 2022, current adjustments to the unrecognized tax benefit will have no impact on the Company’s effective income tax rate. There would be an impact of $18 million to the effective tax rate if adjustments are made after the valuation allowance is released. The Company does not anticipate any significant change in its uncertain tax positions within 12 months of this reporting date.

The Company’s policy is to recognize interest and penalties associated with uncertain tax benefits as part of the income tax provision and include accrued interest and penalties with the related income tax liability on the Company’s consolidated balance sheets. To date, the Company has not recognized any interest and penalties in its consolidated statements of operations, nor has it accrued for or made payments for interest and penalties. The Company is subject to income tax in the U.S. and in various states. Due to the history of net operating losses, the Company is subject to U.S. federal, state and local examinations by tax authorities for all years since incorporation but as of December 31, 2022 are not currently under any audits.

The Company has not provided U.S. income or foreign withholding taxes on the undistributed earnings of its foreign subsidiaries as of December 31, 2022, because it intends to permanently reinvest such earnings outside of the U.S. If these foreign earnings were to be repatriated in the future, the related U.S. tax liability will be immaterial, due to the participation exemption put in place under the Tax Act.

17. RELATED PARTIES

The Warrant Commitment and the subsequent Series E Warrants were issued to a counterparty that has an equity interest in the Company and a seat on the Company’s board of directors. The board member has significant influence with respect to the counterparty to the Warrant Commitment. The issuance of the Warrant Commitment and Series E Warrants was in exchange for on-going advisory services that the counterparty provided to the Company. See *“Note 15 — Warrants”* for further information.

18. NET LOSS PER SHARE

Basic net loss per share is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed based on the weighted average number of common shares outstanding plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. During the periods when there is a net loss, potentially dilutive common stock equivalents have been excluded from the calculation of diluted net loss per share as their effect is anti-dilutive. No dividends were declared or paid for the years ended December 31, 2022, 2021, or 2020.

The Company uses the two-class method to calculate net loss per share and apply the more dilutive of the two-class method, treasury stock method or if-converted method to calculate diluted net loss per share. Undistributed earnings for each period are allocated to participating securities, based on the contractual participation rights of the security to share in the current earnings as if all current period earnings had been distributed. As there is no contractual obligation for participating securities to share in losses, the Company’s basic net loss per share is computed by dividing the net loss attributable to common shareholders by the weighted-average shares of common stock outstanding during periods with undistributed losses.

The following table sets forth the computation of the Company's basic and diluted net loss per share attributable to common shareholders for the years ended December 31, 2022, 2021, and 2020 (in millions, except share amounts which are presented in thousands, and per share amounts):

	Year Ended December 31,		
	2022	2021	2020
Basic and diluted net loss per share:			
Numerator:			
Net loss	$ (1,353)	$ (662)	$ (253)
Denominator:			
Weighted average shares outstanding – basic and diluted	627,105	592,574	109,301
Basic and diluted net loss per share	$ (2.16)	$ (1.12)	$ (2.31)

There were no preferred dividends declared or accumulated for the period.

The following securities were not included in the computation of diluted shares outstanding because the effect would be anti-dilutive, or issuance of such shares is contingent upon the satisfaction of certain conditions which were not satisfied by the end of the period (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Common Stock Warrants	—	—	19,933
RSUs	54,547	53,446	46,525
Options	10,712	14,546	24,158
Unvested Shares from Early Exercise	—	4	57
Restricted Shares	—	692	2,148
Employee Stock Purchase Plan	1,867	—	—
Total anti-dilutive securities	67,126	68,688	92,821

19. COMMITMENTS AND CONTINGENCIES

Interest Rate Lock Commitments

The Company entered into interest rate lock commitments with prospective borrowers whereby the Company commits to lend a certain loan amount under specific terms and interest rate to the borrower. These commitments are treated as derivatives and are carried at fair value. See *"Note 5 — Derivative Instruments"* for more information.

Lease Commitments

The Company has entered into various non-cancelable operating lease agreements for certain of its office space. See *"Note 10 — Leases"* for further discussion.

Legal Matters

From time to time, the Company may be subject to potential liability relating to the ownership and operations of the Company's properties. Accruals are recorded when the outcome is probable and can be reasonably estimated.

There are various claims and lawsuits arising in the normal course of business pending against the Company, some of which seek damages and other relief which, if granted, may require future cash expenditures. In addition, from time to time the Company receives inquiries and audit requests from various government agencies and fully cooperates with these requests. The Company does not believe that it is reasonably possible that the resolution of these matters would result in any liability that would materially affect the Company's consolidated results of operations or financial condition except as noted below.

The Federal Trade Commission ("FTC") began conducting an investigation into the Company in August 2019. The inquiry related primarily to statements in the Company's advertising and website comparing selling homes to the Company with selling homes in a traditional manner using an agent and relating to statements that the Company's offers reflect or are based on market prices. The Company began discussing resolution of this matter with the FTC in December 2020. After extensive negotiations, the Company agreed to enter into a consent order resolving all aspects of the inquiry, which became final on October 21, 2022. Pursuant to the consent order, the Company did not admit to any wrongdoing and is required to possess competent and reliable supporting data prior to making statements regarding the costs, savings, repair costs, or financial benefits of Company services related to assisting consumers selling homes. The consent order also required that the Company pay $62 million to the FTC (an amount previously accrued) and that the Company retain certain records and submit a compliance report to the FTC. The $62 million fine was paid in October 2022.

On October 7, 2022 and November 22, 2022, purported securities class action lawsuits were filed in the United States District Court for the District of Arizona, captioned Alich v. Opendoor Technologies Inc., et al. (Case No. 2:22-cv-01717-JFM) ("Alich") and Oakland County Voluntary Employees' Beneficiary Association, et al. v. Opendoor Technologies Inc., et al. (Case No. 2:22-cv-01987-GMS) ("Oakland County"), respectively. The complaints name as defendants the Company, certain of the Company's current and former officers and directors, the underwriters of two securities offerings the Company made in 2021, and a selling shareholder, SVF Excalibur (Cayman) Limited. The complaints allege that the Company and certain officers violated Section 10(b) of the Exchange Act and SEC Rule 10b-5, and that the Company, certain officers and directors, the underwriters, and SVF violated Section 11 and/or Section 12(a)(2) of the Securities Act, in each case by making materially false or misleading statements related to the effectiveness of the Company's pricing algorithm. The plaintiffs also allege that certain defendants violated Section 20(a) of the Exchange Act and Section 15 of the Securities Act, respectively, which provide for control person liability. The complaints assert claims on behalf of all persons and entities that purchased, or otherwise acquired, Company common stock between December 21, 2020 and September 16, 2022 or pursuant to offering documents issued in connection with our business combination with SCH and the secondary public offerings conducted by the Company in February 2021 and September 2021. The plaintiffs seek class certification, an award of unspecified compensatory damages, an award of interest and reasonable costs and expenses, including attorneys' fees and expert fees, and other and further relief as the court may deem just and proper. We believe that the allegations in the complaints are without merit and we intend to vigorously defend ourselves in the matter.

20. RESTRUCTURING

In November 2022, the Company initiated a reduction in workforce of 550 employees to realign the Company's operational focus to support its multi-year growth, scale the business, and improve costs (the "Restructuring Plan"). The Restructuring Plan included: (i) reducing the Company's headcount by 18% and (ii) winding down of our mortgage lending and brokerage services. The Restructuring Plan was substantially completed as of December 31, 2022.

As a result of the Restructuring Plan and the wind down of our mortgage services, the Company incurred restructuring costs of $17 million, resulting from severance, and other termination benefits for employees whose roles are being eliminated, and other restructuring costs related to winding down our mortgage services. These costs have been presented within the Restructuring costs line in the Company's consolidated statement of operations. As of December 31, 2022, the Company has paid $13 million with the remaining $4 million included within Accounts payable and other accrued expenses in the Consolidated balance sheets.

On April 15, 2020, the Company initiated a reduction in workforce of 600 employees to achieve a more resilient cost structure in response to the uncertainties caused by COVID-19. As a result, for the year ended December 31, 2020, the Company recorded $11 million of restructuring charges for employee termination benefits. All employee termination benefits were paid prior to December 31, 2020.

Additionally, for the year ended December 31, 2020, the Company incurred $18 million of costs related to the exiting of certain non-cancelable leases with no future benefits to the Company. This includes the Company's exercise of the early termination option related to the Company's San Francisco space, as discussed in "*Note 10 — Leases,*" as well as the termination of other real estate leases.

For the year ended December 31, 2020, of the restructuring charges with respect to employee termination benefits and lease modifications, the Company presented $2 million in Cost of revenue and $29 million in Restructuring in the Company’s consolidated statements of operations.

21. SUBSEQUENT EVENTS

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2022, through the date the consolidated financial statements were filed with the SEC. Based on this evaluation, other than as recorded or disclosed within these consolidated financial statements and related notes, the Company has determined that there are no material subsequent events that would require recognition or disclosure.

******

OPENDOOR TECHNOLOGIES INC.

Schedule I
(PARENT COMPANY ONLY)

CONDENSED FINANCIAL INFORMATION
CONDENSED BALANCE SHEETS
(In millions, except share data)

	December 31,	
	2022	2021
ASSETS		
Intangibles - net	$ 1	$ 1
Investment in subsidiaries	2,046	3,202
TOTAL ASSETS	$ 2,047	$ 3,203
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and other accrued liabilities	$ 1	$ —
Interest payable	1	1
Convertible senior notes	959	954
Total liabilities	961	955
Shareholders' equity:		
Common stock, $0.0001 par value; 3,000,000,000 shares authorized; 637,387,025 and 616,026,565 shares issued, respectively; 637,387,025 and 616,026,565 shares outstanding, respectively	—	—
Additional paid-in capital	4,148	3,955
Accumulated deficit	(3,058)	(1,705)
Accumulated other comprehensive income (loss)	(4)	(2)
Total shareholders' equity	1,086	2,248
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,047	$ 3,203

See accompanying note to condensed financial statements.

OPENDOOR TECHNOLOGIES INC.

Schedule I
(PARENT COMPANY ONLY)

CONDENSED STATEMENTS OF OPERATIONS
(In millions)

	Year Ended December 31,		
	2022	2021	2020
Operating expenses:			
General and administrative	$ 7	$ 7	$ —
Total operating expenses	7	7	—
Loss from operations	(7)	(7)	—
Warrant fair value adjustment	—	12	34
Interest expense	(8)	(2)	—
(Loss) income before income taxes	(15)	3	34
Income tax expense	—	—	—
Earnings of subsidiaries	(1,338)	(665)	(287)
Net loss	$ (1,353)	$ (662)	$ (253)

See accompanying note to condensed financial statements.

OPENDOOR TECHNOLOGIES INC.

Schedule I
(PARENT COMPANY ONLY)

CONDENSED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2022	**2021**	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	$ (1,353)	$ (662)	$ (253)
Adjustments to reconcile net (loss) income to cash, cash equivalents (used in) provided by operating activities:			
Earnings of subsidiaries	1,338	665	287
Depreciation and amortization, net of accretion	7	2	—
Warrant fair value adjustment	—	(12)	(34)
Interest payable	—	1	—
Other	(2)	—	—
Net cash used in operating activities	(10)	(6)	—
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of intangible assets	—	(1)	—
Investment in subsidiary	(6)	(1,860)	(977)
Distribution from subsidiary	10	139	6
Net cash provided by (used in) investing activities	4	(1,722)	(971)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of convertible senior notes	—	953	—
Purchase of capped calls related to convertible senior notes	—	(119)	—
Proceeds from exercise of stock options	4	15	—
Proceeds from issuance of common stock for ESPP	2	—	—
Proceeds from warrant exercises	—	22	—
Proceeds from Business Combination and PIPE offering	—	—	1,014
Proceeds from February 2021 Offering	—	886	—
Issuance of common stock	—	(29)	(43)
Net cash provided by financing activities	6	1,728	971
NET INCREASE IN CASH AND CASH EQUIVALENTS	—	—	—
CASH AND CASH EQUIVALENTS - Beginning of year	—	—	—
CASH AND CASH EQUIVALENTS - End of year	$ —	$ —	$ —
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION – Cash paid during the period for interest	$ 2	$ —	$ —
DISCLOSURES OF NONCASH FINANCING ACTIVITIES:			
Recognition of warrant liability	$ —	$ —	$ 81
Issuance of common stock in extinguishment of warrant liabilities	$ —	$ (35)	$ —

See accompanying note to condensed financial statements.

OPENDOOR TECHNOLOGIES INC.

Schedule I
(PARENT COMPANY ONLY)

Notes to Condensed Financial Statements

1. INTRODUCTION AND BASIS OF PRESENTATION

The accompanying condensed financial statements, including the note thereto, should be read in conjunction with the consolidated financial statements and notes thereto of Opendoor Technologies Inc. found in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022. For purposes of these condensed financial statements, the Company’s wholly-owned subsidiaries are accounted for using the equity method of accounting.

Opendoor Labs, Inc. entered into a merger agreement (the “Merger Agreement”) with Social Capital Hedosophia Holdings Corp. II, (“SCH”) on September 15, 2020, which was consummated on December 18, 2020. Upon consummation of the transactions contemplated by the terms of the Merger Agreement, Opendoor Labs Inc. became a wholly owned subsidiary of SCH, which domesticated from the Cayman Islands to Delaware and changed its name to Opendoor Technologies Inc. The merger and the domestication transactions, collectively referred to as the “Business Combination.” were accounted for as a reverse recapitalization whereby Opendoor Labs Inc. was the accounting acquirer. Operations prior to the Business Combination are those of Opendoor Labs Inc. and therefore are attributed to the Parent Company of Opendoor Technologies Inc. See “*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 2. Business Combinations*” for additional information

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Inherent Limitations on Effectiveness of Controls

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective at the reasonable assurance level as of December 31, 2022.

Management's Annual Report on Internal Control Over Financial Reporting

Management, under the supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over our financial reporting as required by the Sarbanes-Oxley Act of 2002 and as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Our management evaluated the design and operating effectiveness of our internal control over financial reporting based on the criteria established in the 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 December 31, 2022.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2022 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Opendoor Technologies Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Opendoor Technologies Inc. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated February 23, 2023, expressed an unqualified opinion on those financial statements.

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 Annual 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/ Deloitte & Touche LLP

San Francisco, California
February 23, 2023

Item 9B. Other Information.

None.

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 will be included in our definitive proxy statement for our 2023 annual meeting of stockholders to be filed by us with the SEC within 120 days after the end of our fiscal year ended December 31, 2022 (the “Proxy Statement”) and is incorporated herein by reference.

Code of Business Conduct and Ethics

We have a written Code of Business Conduct and Ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of our Code of Business Conduct and Ethics is posted on our investor relations website, *investor.opendoor.com*. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics, as well as Nasdaq’s requirement to disclose waivers with respect to directors and executive officers, by posting such information on our website at the address and location specified above. The information on any of our websites is deemed not to be incorporated in this Annual Report on Form 10-K or to be part of this Annual Report on Form 10-K.

Item 11. Executive Compensation.

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item will be included in the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information required by this item about our principal accountant, Deloitte & Touche LLP (PCAOB ID No. 34), will be included in the Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibit and Financial Statement Schedules.

(a) Documents files as part of this Annual Report on Form 10-K:

1. Financial Statements

Refer to Index to Consolidated Financial Statements in “Part II – Item 8. Financial Statements and Supplementary Data” herein.

2. Financial Statement Schedules

Pursuant to the requirements of Rule 5-04(c) of Regulation S-X, the following schedule is filed as part of this Annual Report on Form 10-K and should be read in conjunction with the financial statements contained in “Part II – Item 8. Financial Statements and Supplementary Data” herein.

Schedule I – Condensed Financial Information of Opendoor Technologies Inc. (Parent Company)

All other financial statement schedules for the Company have been included in the consolidated financial statements or the related footnotes, or are either inapplicable or not required.

3. Exhibits †

The following is a list of exhibits filed as part of this Annual Report on Form 10-K.

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1	Agreement and Plan of Merger, dated as of September 15, 2020, by and among Social Capital Hedosophia Corp. II, Hestia Merger Sub Inc. and Opendoor Labs Inc.	8-K	001-39253	2.1	09/17/2020	
3.1	Certificate of Incorporation of Opendoor Technologies Inc.	8-K	001-39253	3.1	12/18/2020	
3.2	Amended and Restated Bylaws of Opendoor Technologies Inc.	8-K	001-39253	3.1	01/24/2023	
4.1	Specimen Common Stock Certificate of Opendoor Technologies Inc.	S-4/A	333-249302	4.5	11/06/2020	
4.2	Warrant Agreement, dated April 27, 2020, between Social Capital Hedosophia Holdings Corp. II. and Continental Stock Transfer & Trust Company, as warrant agent	8-K	001-39253	4.1	04/30/2020	
4.3	Amendment to Warrant Agreement, dated March 22, 2021, between Opendoor Technologies Inc. and American Stock Transfer & Trust Company, LLC, as warrant agent	10-Q	001-39253	4.3	05/12/2021	
4.4	Warrant to Purchase Shares of Common Stock of Opendoor Technologies Inc., dated July 28, 2022, to Zillow, Inc.	8-K	001-39253	99.2	08/05/2022	
4.5	Indenture, dated as of August 20, 2021, between Opendoor Technologies Inc. and U.S. Bank National Association, as trustee	8-K	001-39253	4.1	08/24/2021	
4.6	Description of Securities	10-K	001-39253	4.3	03/04/2021	
10.1	Sponsor Support Agreement, dated September 15, 2020, by and among SCH Sponsor II LLC, the Company, each officer and director of the Registrant and Opendoor Labs Inc.	8-K/A	001-39253	10.2	09/17/2020	
10.2	Opendoor Holders Support Agreement, dated September 15, 2020, by and among the Company, Opendoor Labs Inc. and certain stockholders of Opendoor Labs Inc.	8-K/A	001-39253	10.3	09/17/2020	

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.3	Form of Subscription Agreement, by and between the Registrant and the undersigned subscriber party thereto	8-K/A	001-39253	10.1	09/17/2020	
10.4	Amended and Restated Registration Rights Agreement, dated December 18, 2020, by and among the Company, SCH Sponsor II LLC, certain former stockholders of Opendoor Labs Inc., Cipora Herman, David Spillane and ChaChaCha SPAC B, LLC, Hedosophia Group Limited and 010118 Management, L.P.	8-K	001-39253	10.14	12/18/2020	
10.5	Convertible Notes Exchange Agreement, dated as of September 14, 2020, by and among Opendoor Labs Inc. and the holders party thereto	S-4	333-249302	10.5	10/05/2020	
10.6 #	Form of Indemnification Agreement	8-K	001-39253	10.1	12/18/2020	
10.7 #	Opendoor Labs Inc. 2014 Stock Plan	S-4	333-249302	10.18	10/05/2020	
10.8 #	Form of Notice of Restricted Stock Unit Grant and RSU Terms and Conditions Under 2014 Stock Plan	S-4	333-249302	10.19	10/05/2020	
10.9 #	Form of Notice of Stock Option Grant and Stock Option Agreement under 2014 Stock Plan	S-4/A	333-249302	10.20	11/25/2020	
10.10 #	Opendoor Technologies Inc. 2020 Incentive Award Plan	8-K	001-39253	10.3	12/18/2020	
10.11 #	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under 2020 Incentive Award Plan	8-K	001-39253	99.1	04/02/2021	
10.12 #	Form of Option Agreement under the 2020 Incentive Award Plan	10-Q	001-39253	10.1	11/10/2021	
10.13 #	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Canada) under 2020 Incentive Award Plan	10-Q	001-39253	10.1	08/11/2021	
10.14 #	Opendoor Technologies Inc. 2020 Employee Stock Purchase Plan	8-K	001-39253	10.4	12/18/2020	
10.15 #	Opendoor Technologies Inc. Amended and Restated 2020 Employee Stock Purchase Plan (effective as of February 8, 2023)					*
10.16 #	Offer Letter, dated as of October 20, 2020, by and between Opendoor Labs Inc. and Daniel Morillo	10-K	001-39253	10.16	02/24/2022	
10.17 #	Amended and Restated Continued Employment Letter Agreement, dated as of September 14, 2020, by and between Opendoor Labs Inc. and Eric Wu	S-4/A	333-249302	10.24	11/27/2020	
10.18 #	Amendment of Letter Agreement, dated as of December 1, 2022, by and between Opendoor Technologies Inc. and Eric Wu					*
10.19 #	Offer Letter Agreement, dated as of April 13, 2014, by and between Opendoor Labs Inc. and Ian Wong (as amended September 1, 2020)	S-4/A	333-249302	10.28	11/27/2020	
10.20 #	Amendment to Offer Letter Agreement, entered into as of April 13, 2014, by and between Opendoor Labs Inc. and Ian Wong, dated as of September 1, 2020	S-4/A	333-249302	10.29	11/27/2020	
10.21 #	Offer Letter Agreement, dated as of September 3, 2020, by and between Opendoor Labs Inc. and Carrie Wheeler	S-4/A	333-249302	10.32	11/27/2020	
10.22 #	Amendment of Letter Agreement, dated as of December 1, 2022, by and between Opendoor Technologies Inc. and Carrie Wheeler					*
10.23 #	Opendoor Technologies Inc. Non-Employee Director Compensation Policy	8-K	001-39253	10.13	12/18/2020	

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.24 #	Opendoor Technologies Inc. Executive Severance Plan					*
10.25 #	Change in Control Letter Agreement, dated as of January 31, 2022, by and between Opendoor Technologies Inc. and Eric Wu	10-Q	001-39253	10.2	05/05/2022	
10.26 #	Change in Control Letter Agreement, dated as of January 31, 2022, by and between Opendoor Technologies Inc. and Carrie Wheeler	10-Q	001-39253	10.3	05/05/2022	
10.27 #	Change in Control Letter Agreement, dated as of January 31, 2022, by and between Opendoor Technologies Inc. and Daniel Morillo	10-Q	001-39253	10.5	05/05/2022	
10.28 #	Opendoor Technologies Inc. 2022 Inducement Award Plan	S-8	333-266877	99.1	08/15/2022	
10.29 #	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement Under 2022 Inducement Award Plan	S-8	333-266877	99.2	08/15/2022	
10.30 #	Form of Stock Option Grant Notice and Stock Option Agreement Under 2022 Inducement Award Plan	S-8	333-266877	99.3	08/15/2022	
10.31	Form of Confirmation of Call Option Transaction	8-K	001-39253	10.1	08/24/2021	
10.32	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (India) under 2020 Incentive Award Plan					*
21.1	List of subsidiaries of Opendoor Technologies Inc.					*
23.1	Consent of Deloitte & Touche LLP					*
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 and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
101.INS	Inline 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 (as formatted as Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.
** Furnished herewith.
# Indicates management contract or compensatory plan.
† Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

OPENDOOR TECHNOLOGIES INC.

Date: February 23, 2023

By: /s/ Carrie Wheeler
Name: Carrie Wheeler
Title: *Chief Executive Officer*

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

Signature	Title	Date
/s/ Carrie Wheeler Carrie Wheeler	Chief Executive Officer and Director (Principal Executive Officer)	February 23, 2023
/s/ Christina Schwartz Christina Schwartz	Interim Chief Financial Officer (Principal Financial and Accounting Officer)	February 23, 2023
/s/ Adam Bain Adam Bain	Director	February 23, 2023
/s/ Cipora Herman Cipora Herman	Director	February 23, 2023
/s/ Jonathan Jaffe Jonathan Jaffe	Director	February 23, 2023
/s/ Pueo Keffer Pueo Keffer	Director	February 23, 2023
/s/ Jason Kilar Jason Kilar	Director	February 23, 2023
/s/ John Rice John Rice	Director	February 23, 2023
/s/ Glenn Solomon Glenn Solomon	Director	February 23, 2023
/s/ Eric Wu Eric Wu	Director	February 23, 2023

OPENDOOR TECHNOLOGIES INC.
2020 EMPLOYEE STOCK PURCHASE PLAN

(amended and restated effective as of February 8, 2023)

ARTICLE I
PURPOSE

1.1 The Plan's purpose is to assist employees of the Company and its Designated Subsidiaries in acquiring a stock ownership interest in the Company, and to help such employees provide for their future security and to encourage them to remain in the employment of the Company and its Subsidiaries.

The Plan consists of two components: the Section 423 Component and the Non-Section 423 Component. The Section 423 Component is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code and shall be administered, interpreted and construed in a manner consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes the grant of Options under the Non-Section 423 Component, which need not qualify as Options granted pursuant to an "employee stock purchase plan" under Section 423 of the Code; such Options granted under the Non-Section 423 Component shall be granted pursuant to separate Offerings containing such sub-plans, appendices, rules or procedures as may be adopted by the Administrator and designed to achieve tax, securities laws or other objectives for Eligible Employees and the Designated Subsidiaries in locations outside of the United States. Except as otherwise provided herein, the Non-Section 423 Component will operate and be administered in the same manner as the Section 423 Component. Offerings intended to be made under the Non-Section 423 Component will be designated as such by the Administrator at or prior to the time of such Offering.

For purposes of this Plan, the Administrator may designate separate Offerings under the Plan, the terms of which need not be identical, in which Eligible Employees will participate, even if the dates of the applicable Offering Period(s) in each such Offering is identical, provided that the terms of participation are the same within each separate Offering under the Section 423 Component as determined under Section 423 of the Code. Solely by way of example and without limiting the foregoing, the Company could, but shall not be required to, provide for simultaneous Offerings under the Section 423 Component and the Non-Section 423 Component of the Plan.

ARTICLE 2
DEFINITIONS

As used in the Plan, the following words and phrases have the meanings specified below, unless the context clearly indicates otherwise:

2.1 "***Administrator***" means the Committee, or such individuals to which authority to administer the Plan has been delegated under Section 7.1 hereof.

2.2 "***Agent***" means the brokerage firm, bank or other financial institution, entity or person(s), if any, engaged, retained, appointed or authorized to act as the agent of the Company or an Employee with regard to the Plan.

2.3 "***Board***" means the Board of Directors of the Company.

2.4 "***Code***" means the U.S. Internal Revenue Code of 1986, as amended, and all regulations, guidance, compliance programs and other interpretative authority issued thereunder.

2.5 “***Committee***” means the Compensation Committee of the Board.

2.6 “***Common Stock***” means the common stock of the Company.

2.7 “***Company***” means Opendoor Technologies Inc., a Delaware corporation, or any successor.

2.8 “***Compensation***” of an Employee means, unless otherwise determined by the Administrator, the regular earnings or base salary paid to the Employee from the Company on each Payday as compensation for services to the Company or any Designated Subsidiary, before deduction for any salary deferral contributions made by the Employee to any tax-qualified or nonqualified deferred compensation plan, including overtime, shift differentials, vacation pay, salaried production schedule premiums, holiday pay, jury duty pay, funeral leave pay, paid time off, military pay, prior week adjustments and weekly bonus, but excluding education or tuition reimbursements, imputed income arising under any group insurance or benefit program, travel expenses, business and moving reimbursements, including tax gross ups and taxable mileage allowance, income received in connection with any stock options, restricted stock, restricted stock units or other compensatory equity awards and all contributions made by the Company or any Designated Subsidiary for the Employee’s benefit under any employee benefit plan now or hereafter established. Such Compensation shall be calculated before deduction of any income or employment tax withholdings, but shall be withheld from the Employee’s net income.

2.9 “***Designated Subsidiary***” means each Subsidiary, including any Subsidiary in existence on the Effective Date and any Subsidiary formed or acquired following the Effective Date, that has been designated by the Board or Committee from time to time in its sole discretion as eligible to participate in the Plan, in accordance with Section 7.2 hereof, such designation to specify whether such participation is in the Section 423 Component or Non-Section 423 Component. A Designated Subsidiary may participate in either the Section 423 Component or Non-Section 423 Component, but not both, *provided* that a Subsidiary that, for U.S. tax purposes, is disregarded from the Company or any Subsidiary that participates in the Section 423 Component shall automatically constitute a Designated Subsidiary that participates in the Section 423 Component.

2.10 “***Effective Date***” means the date the Plan is approved by the Company’s stockholders.

2.11 “***Eligible Employee***” means an Employee:

(a) who is customarily scheduled to work at least 20 hours per week;

(b) whose customary employment is more than five months in a calendar year; and

(c) who, after the granting of the Option, would not be deemed for purposes of Section 423(b)(3) of the Code to possess 5% or more of the total combined voting power or value of all classes of stock of the Company or any Subsidiary.

(d) For purposes of clause (c), the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock which an Employee may purchase under outstanding options shall be treated as stock owned by the Employee.

(e) Notwithstanding the foregoing, the Administrator may exclude from participation in the Section 423 Component as an Eligible Employee:

(f) (x) any Employee that is a “highly compensated employee” of the Company or any Designated Subsidiary (within the meaning of Section 414(q) of the Code), or that is such a “highly compensated employee” (A) with compensation above a specified level, (B) who is an officer or (C) who is subject to the disclosure requirements of Section 16(a) of the Exchange Act; or

(g) (y) any Employee who is a citizen or resident of a foreign jurisdiction (without regard to whether they are also a citizen of the United States or a resident alien (within the meaning of Section 7701(b)(1)(A) of the Code)) if either (A) the grant of the Option is prohibited under the laws of the jurisdiction governing such Employee, or (B) compliance with the laws of the foreign jurisdiction would cause the Section 423 Component, any Offering thereunder or an Option granted thereunder to violate the requirements of Section 423 of the Code; *provided* that any exclusion in clauses (x) or (y) shall be applied in an identical manner under each Offering to all Employees of the Company and all Designated Subsidiaries, in accordance with Treas. Reg. § 1.423-2(e). Notwithstanding the foregoing, with respect to the Non-Section 423 Component, the first sentence in this definition shall apply in determining who is an “Eligible Employee,” except (a) the Administrator may limit eligibility further within the Company or a Designated Subsidiary so as to only designate some Employees of the Company or a Designated Subsidiary as Eligible Employees, and (b) to the extent the restrictions in the first sentence in this definition are not consistent with applicable local laws, the applicable local laws shall control.

2.12 “***Employee***” means any person who renders services to the Company or a Designated Subsidiary in the status of an employee within the meaning of Section 3401(c) of the Code. “Employee” shall not include any director of the Company or a Designated Subsidiary who does not render services to the Company or a Designated Subsidiary in the status of an employee within the meaning of Section 3401(c) of the Code. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on military leave, sick leave or other leave of absence approved by the Company or a Designated Subsidiary and meeting the requirements of Treas. Reg. § 1.421-1(h)(2). Where the period of leave exceeds three months, or such other period specified in Treas. Reg. § 1.421-1(h)(2), and the individual’s right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period, or such other period specified in Treas. Reg. § 1.421-1(h)(2).

2.13 “***Enrollment Date***” means the first date of each Offering Period.

2.14 “***Exchange Act***” means the Securities Exchange Act of 1934, as amended.

2.15 “***Exercise Date***” means the last Trading Day of each Purchase Period, except as provided in Section 5.2 hereof.

2.16 “***Fair Market Value***” means, as of any date, the value of Common Stock determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange or Nasdaq Stock Market), (ii) listed on any national market system or (iii) listed, quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a share of Common Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Common Stock on the date in question, the closing sales price for a share of Common Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Common Stock on such date, the high bid and low asked prices for a share of Common Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

2.17 "***Grant Date***" means the first Trading Day of an Offering Period.

2.18 "***New Exercise Date***" has the meaning set forth in Section 5.2(b) hereof.

2.19 "***Non-Section 423 Component***" means those Offerings under the Plan, together with the sub-plans, appendices, rules or procedures, if any, adopted by the Administrator as a part of this Plan, in each case, pursuant to which Options may be granted solely to non-U.S. Eligible Employees and U.S. Eligible Employees who are employed by a Subsidiary other than a subsidiary corporation of the Company within the meaning of Section 424 of the Code that need not satisfy the requirements for Options granted pursuant to an "employee stock purchase plan" that are set forth under Section 423 of the Code.

2.20 "***Offering***" means an offer under the Plan of an Option that may be exercised during an Offering Period as further described in Article 4 hereof. Unless otherwise specified by the Administrator, each Offering to the Eligible Employees of the Company or a Designated Subsidiary shall be deemed a separate Offering, even if the dates of the applicable Offering Periods and the other terms of each such Offering are identical, and the provisions of the Plan will separately apply to each Offering. To the extent permitted by Treas. Reg. § 1.423-2(a)(1), the terms of each separate Offering under the Section 423 Component need not be identical, provided that the terms of the Section 423 Component and an Offering thereunder together satisfy Treas. Reg. § 1.423-2(a)(2) and (a)(3).

2.21 "***Offering Document***" has the meaning given to such term in Section 4.1.

2.22 "***Offering Period***" means a period, which may be consecutive or overlapping with any other Offering Period, commencing on such date(s) as determined by the Board or Committee, in its sole discretion, and with respect to which Options shall be granted to Participants. The duration and timing of Offering Periods may be established or changed by the Board or Committee at any time, in its sole discretion. Notwithstanding the foregoing, in no event may an Offering Period exceed twenty-seven (27) months.

2.23 "***Option***" means the right to purchase shares of Common Stock pursuant to the Plan during each Offering Period.

2.24 "***Option Price***" means the purchase price of a share of Common Stock hereunder as provided in Section 4.2 hereof.

2.25 "***Parent***" means any entity that is a parent corporation of the Company within the meaning of Section 424 of the Code.

2.26 "***Participant***" means any Eligible Employee who elects to participate in the Plan.

2.27 "***Payday***" means the regular and recurring established day for payment of Compensation to an Employee of the Company or any Designated Subsidiary.

2.28 “***Plan***” means this 2020 Employee Stock Purchase Plan, including both the Section 423 Component and Non-Section 423 Component and any other sub-plans or appendices hereto, as amended from time to time.

2.29 “***Plan Account***” means a bookkeeping account established and maintained by the Company in the name of each Participant.

2.30 “***Purchase Period***” means such period of time commencing on such dates as determined by the Board or Committee, in its discretion, within each Offering Period. The duration and timing of Purchase Periods may be established or changed by the Board or Committee at any time, in its sole discretion. Notwithstanding the foregoing, in no event may a Purchase Period exceed the duration of the Offering Period under which it is established.

2.31 “***Section 409A***” means Section 409A of the Code.

2.32 “***Section 423 Component***” means those Offerings under the Plan that are intended to meet the requirements under Section 423(b) of the Code.

2.33 “***Subsidiary***” means any entity that is a subsidiary corporation of the Company within the meaning of Section 424 of the Code. In addition, with respect to the Non-Section 423 Component, Subsidiary shall include any corporate or noncorporate entity in which the Company has a direct or indirect equity interest or significant business relationship, to the extent the entity also qualifies as a subsidiary for purposes of Form S-8 of the Securities Act of 1933, as amended.

2.34 ***“Trading Day”*** means a day on which the Nasdaq Stock Market is open for trading.

2.35 “***Treas. Reg.***” means U.S. Department of the Treasury regulations.

2.36 “***Withdrawal Election***” has the meaning set forth in Section 6.1(a) hereof.

ARTICLE 3
PARTICIPATION

3.1 Eligibility.

(a) Any Eligible Employee who is employed by the Company or a Designated Subsidiary on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of Articles 4 and 5 hereof, and, for the Section 423 Component, the limitations imposed by Section 423(b) of the Code.

(b) No Eligible Employee shall be granted an Option under the Section 423 Component which permits the Participant’s rights to purchase shares of Common Stock under the Plan, and to purchase stock under all other employee stock purchase plans of the Company, any Parent or any Subsidiary subject to Section 423 of the Code, to accrue at a rate which exceeds $25,000 of fair market value of such stock (determined at the time such Option is granted) for each calendar year in which such Option is outstanding at any time. The limitation under this Section 3.1(b) shall be applied in accordance with Section 423(b)(8) of the Code.

3.2 Election to Participate; Payroll Deductions

(a) Except as provided in Sections 3.2(e) and 3.3 hereof, an Eligible Employee may become a Participant in the Plan only by means of payroll deduction. Each individual who is an Eligible Employee as of an Offering Period's Enrollment Date may elect to participate in such Offering Period and the Plan by delivering to the Company a payroll deduction authorization no later than the period of time prior to the applicable Enrollment Date that is determined by the Administrator, in its sole discretion.

(b) Subject to Section 3.1(b) hereof and except as may otherwise be determined by the Administrator, payroll deductions (i) shall equal at least 1% of the Participant's Compensation as of each Payday of the Offering Period following the Enrollment Date, but not more than 15% of the Participant's compensation as of each Payday of the Offering Period following the Enrollment Date; and (ii) may be expressed either as (A) a whole number percentage, or (B) a fixed dollar amount. Amounts deducted from a Participant's Compensation with respect to an Offering Period pursuant to this Section 3.2 shall be deducted each Payday through payroll deduction and credited to the Participant's Plan Account; provided that for the first Offering Period under this Plan, payroll deductions shall not begin until such date determined by the Board or Committee, in its sole discretion.

(c) Unless otherwise determined by the Board or the Committee and/or as set forth in the Offering Document, following at least one payroll deduction, a Participant may decrease (to as low as 1%) the amount deducted from such Participant's Compensation only once during a Purchase Period by delivering written notice of such decrease in such form as may be established by the Administrator to be effective no later than ten calendar days after the Company's receipt of such notice (or such shorter or longer period of time determined by the Administrator and/or as set forth in the Offering Document). Unless otherwise determined by the Board or the Committee, a Participant may not increase the amount deducted from such Participant's Compensation during an Offering Period.

(d) Unless determined otherwise by the Board or the Committee, upon the completion of an Offering Period, each Participant in such Offering Period shall automatically participate in the immediately following Offering Period at the same payroll deduction percentage or fixed amount as in effect at the termination of such Offering Period, unless such Participant delivers to the Company a different election with respect to the successive Offering Period in accordance with Section 3.2(a) hereof, or unless such Participant becomes ineligible for participation in the Plan.

(e) Notwithstanding any other provisions of the Plan to the contrary, in non-U.S. jurisdictions where participation in the Plan through payroll deductions is prohibited, the Administrator may provide that an Eligible Employee may elect to participate through contributions to the Participant's account under the Plan in a form acceptable to the Administrator in lieu of or in addition to payroll deductions; provided, that, for any Offering under the Section 423 Component, the Administrator must determine that any alternative method of contribution is applied on an equal and uniform basis to all Eligible Employees in the Offering.

3.3 Leave of Absence. During leaves of absence approved by the Company meeting the requirements of Treas. Reg. § 1.421-1(h)(2), a Participant may continue participation in the Plan by making cash payments to the Company on the Participant's normal payday equal to the Participant's authorized payroll deduction.

ARTICLE 4
PURCHASE OF SHARES

4.1 Grant of Option. The Company may make one or more Offerings under the Plan, which may be successive or overlapping with one another, until the earlier of: (i) the date on which the shares of Common Stock available under the Plan have been sold or (ii) the date on which the Plan is suspended or terminates. The Administrator shall designate the terms and conditions of each Offering in writing, including without limitation, the Offering Period and the Purchase Periods, as set forth in an offering document (the "***Offering Document***"). Each Participant shall be granted an Option with respect to an Offering Period on the applicable Grant Date. Subject to the limitations of Section 3.1(b) hereof, the number of shares of Common Stock subject to a Participant's Option shall be determined by dividing (a) such Participant's payroll deductions accumulated prior to an Exercise Date and retained in the Participant's Plan Account on such Exercise Date by (b) the applicable Option Price; *provided* that, in no event shall a Participant be permitted to purchase during each Offering Period more than 10,000 shares of Common Stock (subject to any adjustment pursuant to Section 5.2 hereof). The Administrator and/or the Offering Document may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that a Participant may purchase during such future Offering Periods. Each Option shall expire on the last Exercise Date for the applicable Offering Period immediately after the automatic exercise of the Option in accordance with Section 4.3 hereof, unless such Option terminates earlier in accordance with Article 6 hereof.

4.2 Option Price. The "***Option Price***" per share of Common Stock to be paid by a Participant upon exercise of the Participant's Option on an Exercise Date for an Offering Period shall equal 85% of the lesser of the Fair Market Value of a share of Common Stock on (a) the applicable Grant Date and (b) the applicable Exercise Date, or such other price designated by the Administrator; *provided* that in no event shall the Option Price per share of Common Stock be less than the par value per share of the Common Stock; *provided further*, that no Option Price shall be designated by the Administrator that would cause the Section 423 Component to fail to meet the requirements under Section 423(b) of the Code.

4.3 Purchase of Shares.

(a) On each Exercise Date for an Offering Period, each Participant shall automatically and without any action on such Participant's part be deemed to have exercised the Participant's Option to purchase at the applicable per share Option Price the largest number of whole shares of Common Stock which can be purchased with the amount in the Participant's Plan Account. Any balance less than the per share Option Price that is remaining in the Participant's Plan Account (after exercise of such Participant's Option) as of the Exercise Date shall be promptly refunded to the applicable Participant. In no event shall an amount greater than or equal to the per share Option Price as of an Exercise Date be carried forward to the next Offering Period.

(b) As soon as practicable following each Exercise Date, the number of shares of Common Stock purchased by such Participant pursuant to Section 4.3(a) hereof shall be delivered (either in share certificate or book entry form), in the Company's sole discretion, to either (i) the Participant or (ii) an account established in the Participant's name at a stock brokerage or other financial services firm designated by the Company. If the Company is required to obtain from any commission or agency authority to issue any such shares of Common Stock, the Company shall seek to obtain such authority. Inability of the Company to obtain from any such commission or agency authority which counsel for the Company deems necessary for the lawful issuance of any such shares shall relieve the Company from liability to any Participant except to refund to the Participant such Participant's Plan Account balance, without interest thereon.

4.4 Automatic Termination of Offering Period. If the Fair Market Value of a share of Common Stock on any Exercise Date (except the final scheduled Exercise Date of any Offering Period) is lower than the Fair Market Value of a share of Common Stock on the Grant Date for an Offering Period, then such Offering Period shall terminate on such Exercise Date after the automatic exercise of the Option in accordance with Section 4.3 hereof, and each Participant shall automatically be enrolled in the subsequent Offering Period, which shall commence on such Exercise Date, unless provided otherwise by the Administrator, and such Participant's payroll deduction authorization shall remain in effect for such Offering Period.

4.5 Transferability of Rights. An Option granted under the Plan shall not be transferable, other than by will or the applicable laws of descent and distribution, and is exercisable during the Participant's lifetime only by the Participant. No option or interest or right to the Option shall be available to pay off any debts, contracts or engagements of the Participant or the Participant's successors in interest or shall be subject to disposition by pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempt at disposition of the Option shall have no effect.

ARTICLE 5
PROVISIONS RELATING TO COMMON STOCK

5.1 Common Stock Reserved. Subject to adjustment as provided in Section 5.2 hereof, the maximum number of shares of Common Stock that shall be made available for sale under the Plan shall be the sum of (a) 5,438,506 shares of Common Stock and (b) an annual increase on the first day of each year beginning in 2022 with such last year being 2030 equal to the lesser of (i) 1% of the shares of Common Stock outstanding on the last day of the immediately preceding fiscal year and (ii) such number of shares of Common Stock as may be determined by the Board; *provided*, that, no more than 54,385,060 shares may be issued under the Plan. Shares made available for sale under the Plan may be authorized but unissued shares, treasury shares of Common Stock, or reacquired shares reserved for issuance under the Plan.

5.2 Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under Option, as well as the price per share and the number of shares of Common Stock covered by each Option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; *provided*, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Periods then in progress shall be shortened by setting a new Exercise Date (the "***New Exercise Date***"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date shall be before the date of the Company's proposed dissolution or liquidation. The Administrator shall notify each Participant in writing, at least ten business days prior to the New Exercise Date, that the Exercise Date for the Participant's Option has been changed to the New Exercise Date and that the Participant's Option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 6.1 hereof or the Participant has ceased to be an Eligible Employee as provided in Section 6.2 hereof.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding Option shall be assumed or an equivalent Option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. If the successor corporation refuses to assume or substitute for the Option, any Offering Periods then in progress shall be shortened by setting a New Exercise Date and any Offering Periods then in progress shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Administrator shall notify each Participant in writing, at least ten business days prior to the New Exercise Date, that the Exercise Date for the Participant's Option has been changed to the New Exercise Date and that the Participant's Option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 6.1 hereof or the Participant has ceased to be an Eligible Employee as provided in Section 6.2 hereof.

5.3 Insufficient Shares. If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which Options are to be exercised may exceed the number of shares of Common Stock remaining available for sale under the Plan on such Exercise Date, the Administrator shall make a pro rata allocation of the shares of Common Stock available for issuance on such Exercise Date in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising Options to purchase Common Stock on such Exercise Date, and unless additional shares are authorized for issuance under the Plan, no further Offering Periods shall take place and the Plan shall terminate pursuant to Section 7.4 hereof. If an Offering Period is so terminated, then the balance of the amount credited to the Participant's Plan Account which has not been applied to the purchase of shares of Common Stock shall be paid to such Participant in one lump sum in cash within 30 days after such Exercise Date, without any interest thereon.

5.4 Rights as Stockholders. With respect to shares of Common Stock subject to an Option, a Participant shall not be deemed to be a stockholder of the Company and shall not have any of the rights or privileges of a stockholder. A Participant shall have the rights and privileges of a stockholder of the Company when, but not until, shares of Common Stock have been deposited in the designated brokerage account following exercise of the Participant's Option.

ARTICLE 6
TERMINATION OF PARTICIPATION

6.1 Cessation of Contributions; Voluntary Withdrawal.

(a) A Participant may cease payroll deductions during an Offering Period and elect to withdraw from the Plan by delivering written notice of such election to the Company in such form and at such time prior to an Exercise Date for such Offering Period as may be established by the Administrator (a "***Withdrawal Election***"). A Participant electing to withdraw from the Plan may elect to either (i) withdraw all of the funds then credited to the Participant's Plan Account as of the date on which the Withdrawal Election is received by the Company, in which case amounts credited to such Plan Account shall be returned to the Participant in one lump-sum payment in cash within 30 days after such election is received by the Company, without any interest thereon, and the Participant shall cease to participate in the Plan and the Participant's Option for such Offering Period shall terminate; or (ii) exercise the Option for the maximum number of whole shares of Common Stock on the applicable Exercise Date with any remaining Plan

Account balance returned to the Participant in one lump-sum payment in cash within 30 days after such Exercise Date, without any interest thereon, and after such exercise cease to participate in the Plan. Upon receipt of a Withdrawal Election, the Participant's payroll deduction authorization and the Participant's Option shall terminate.

(b) A Participant's withdrawal from the Plan shall not have any effect upon the Participant's eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the Participant withdraws.

(c) A Participant who ceases contributions to the Plan during any Offering Period shall not be permitted to resume contributions to the Plan during that Offering Period.

6.2 Termination of Eligibility. Upon a Participant's ceasing to be an Eligible Employee, for any reason, such Participant's Option for the applicable Offering Period shall automatically terminate, the Participant shall be deemed to have elected to withdraw from the Plan, and such Participant's Plan Account shall be paid to such Participant or, in the case of the Participant's death, to the person or persons entitled thereto pursuant to applicable law, as soon as practicable after such cessation of being an Eligible Employee, without any interest thereon. If a Participant transfers employment from the Company or any Designated Subsidiary participating in the Section 423 Component to any Designated Subsidiary participating in the Non-Section 423 Component, such transfer shall not be treated as a termination of employment, but the Participant shall immediately cease to participate in the Section 423 Component; however, any contributions made for the Offering Period in which such transfer occurs shall be transferred to the Non-Section 423 Component, and such Participant shall immediately join the then-current Offering under the Non-Section 423 Component upon the same terms and conditions in effect for the Participant's participation in the Section 423 Component, except for such modifications otherwise applicable for Participants in such Offering. A Participant who transfers employment from any Designated Subsidiary participating in the Non-Section 423 Component to the Company or any Designated Subsidiary participating in the Section 423 Component shall not be treated as terminating the Participant's employment and shall remain a Participant in the Non-Section 423 Component until the earlier of (i) the end of the current Offering Period under the Non-Section 423 Component, or (ii) the Enrollment Date of the first Offering Period in which the Participant is eligible to participate following such transfer. Notwithstanding the foregoing, the Administrator may establish different rules to govern transfers of employment between companies participating in the Section 423 Component and the Non-Section 423 Component, consistent with the applicable requirements of Section 423 of the Code.

ARTICLE 7
GENERAL PROVISIONS

7.1 Administration.

(a) The Plan shall be administered by the Committee, which shall be composed of members of the Board. The Committee may delegate administrative tasks under the Plan to the services of an Agent or Employees to assist in the administration of the Plan, including establishing and maintaining an individual securities account under the Plan for each Participant.

(b) It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with the provisions of the Plan. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To establish and terminate Offerings;

(ii) To determine when and how Options shall be granted and the provisions and terms of each Offering (which need not be identical);

(iii) To select Designated Subsidiaries in accordance with Section 7.2 hereof; and

(iv) To construe and interpret the Plan, the terms of any Offering and the terms of the Options and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, any Offering or any Option, in a manner and to the extent it shall deem necessary or expedient to administer the Plan, subject to Section 423 of the Code for the Section 423 Component.

(c) The Administrator may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding handling of participation elections, payroll deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which vary with local requirements. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan.

(d) The Administrator may adopt sub-plans applicable to particular Designated Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 5.1 hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan.

(e) All expenses and liabilities incurred by the Administrator in connection with the administration of the Plan shall be borne by the Company. The Administrator may, with the approval of the Committee, employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Administrator, the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Board or Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the options, and all members of the Board or Administrator shall be fully protected by the Company in respect to any such action, determination, or interpretation.

7.2 <u>Designation of Subsidiary Corporations</u>. The Board or Administrator shall designate from time to time the Subsidiaries that shall constitute Designated Subsidiaries, and determine whether such Designated Subsidiaries shall participate in the Section 423 Component or Non-Section 423 Component. The Board or Administrator may designate a Subsidiary, or terminate the designation of a Subsidiary, without the approval of the stockholders of the Company.

7.3 <u>No Right to Employment</u>. Nothing in the Plan shall be construed to give any person (including any Participant) the right to remain in the employ of the Company, a Parent or a Subsidiary or to affect the right of the Company, any Parent or any Subsidiary to terminate the employment of any person (including any Participant) at any time, with or without cause, which right is expressly reserved.

7.4 Amendment and Termination of the Plan.

(a) The Board may, in its sole discretion, amend, suspend or terminate the Plan at any time and from time to time. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision), with respect to the Section 423 Component, or any other applicable law, regulation or stock exchange rule, the Company shall obtain stockholder approval of any such amendment to the Plan in such a manner and to such a degree as required by Section 423 of the Code or such other law, regulation or rule.

(b) If the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may in its discretion modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) altering the Option Price for any Offering Period including an Offering Period underway at the time of the change in Option Price;

(ii) shortening any Offering Period so that the Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the Administrator action; and

(iii) allocating shares of Common Stock.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

(c) Upon termination of the Plan, the balance in each Participant's Plan Account shall be refunded as soon as practicable after such termination, without any interest thereon.

7.5 Use of Funds; No Interest Paid. All funds received by the Company by reason of purchase of shares of Common Stock under the Plan shall be included in the general funds of theCompany free of any trust or other restriction and may be used for any corporate purpose. No interest shall be paid to any Participant or credited under the Plan.

7.6 Term; Approval by Stockholders. No Option may be granted during any period of suspension of the Plan or after termination of the Plan. The Plan shall be submitted for the approval of the Company's stockholders within 12 months after the date of the Board's initial adoption of the Plan. Options may be granted prior to such stockholder approval; *provided*, *however*, that such Options shall not be exercisable prior to the time when the Plan is approved by the stockholders; *provided*, *further* that if such approval has not been obtained by the end of the 12-month period, all Options previously granted under the Plan shall thereupon terminate and be canceled and become null and void without being exercised.

7.7 Effect Upon Other Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company, any Parent or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company, any Parent or any Subsidiary (a) to establish any other forms of incentives or compensation for Employees of the Company or any Parent or any Subsidiary, or (b) to grant or assume Options otherwise than under the Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

7.8 Conformity to Securities Laws. Notwithstanding any other provision of the Plan, the Plan and the participation in the Plan by any individual who is then subject to Section 16 of the Exchange Act shall be subject to any additional limitations set forth in any applicable exemption rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

7.9 Notice of Disposition of Shares. Each Participant shall give the Company prompt notice of any disposition or other transfer of any shares of Common Stock, acquired pursuant to the exercise of an Option granted under the Section 423 Component, if such disposition or transfer is made (a) within two years after the applicable Grant Date or (b) within one year after the transfer of such shares of Common Stock to such Participant upon exercise of such Option. The Company may direct that any certificates evidencing shares acquired pursuant to the Plan refer to such requirement.

7.10 Tax Withholding. The Company or any Parent or any Subsidiary shall be entitled to require payment in cash or deduction from other compensation payable to each Participant of any sums required by federal, state or local tax law to be withheld with respect to any purchase of shares of Common Stock under the Plan or any sale of such shares.

7.11 Governing Law. The Plan and all rights and obligations thereunder shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of law rules thereof or of any other jurisdiction.

7.12 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

7.13 Conditions To Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing shares of Common Stock pursuant to the exercise of an Option by a Participant, unless and until the Board or the Committee has determined, with advice of counsel, that the issuance of such shares of Common Stock is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any securities exchange or automated quotation system on which the shares of Common Stock are listed or traded, and the shares of Common Stock are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Board or the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Board or the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements.

(b) All certificates for shares of Common Stock delivered pursuant to the Plan and all shares of Common Stock issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state, or foreign securities or other laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the shares of Common Stock are listed, quoted, or traded. The Committee may place legends on any certificate or book entry evidencing shares of Common Stock to reference restrictions applicable to the shares of Common Stock.

(c) The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Option, including a window-period limitation, as may be imposed in the sole discretion of the Committee.

(d) Notwithstanding any other provision of the Plan, unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company may, in lieu of delivering to any Participant certificates evidencing shares of Common Stock issued in connection with any Option, record the issuance of shares of Common Stock in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

7.14 Equal Rights and Privileges. All Eligible Employees of the Company (or of any Designated Subsidiary) granted Options pursuant to an Offering under the Section 423 Component shall have equal rights and privileges under this Plan to the extent required under Section 423 of the Code so that the Section 423 Component qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code. Any provision of the Section 423 Component that is inconsistent with Section 423 of the Code shall, without further act or amendment by the Company or the Board, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code. Eligible Employees participating in the Non-Section 423 Component need not have the same rights and privileges as Eligible Employees participating in the Section 423 Component.

7.15 Rules Particular to Specific Countries. Notwithstanding anything herein to the contrary, the terms and conditions of the Plan with respect to Participants who are tax residents of a particular non-U.S. country or who are foreign nationals or employed in non-U.S. jurisdictions may be subject to an addendum to the Plan in the form of an appendix or sub-plan (which appendix or sub-plan may be designed to govern Offerings under the Section 423 Component or the Non-Section 423 Component, as determined by the Administrator). To the extent that the terms and conditions set forth in an appendix or sub-plan conflict with any provisions of the Plan, the provisions of the appendix or sub-plan shall govern. The adoption of any such appendix or sub-plan shall be pursuant to Section 7.1 above. Without limiting the foregoing, the Administrator is specifically authorized to adopt rules and procedures, with respect to Participants who are foreign nationals or employed in non-U.S. jurisdictions, regarding the exclusion of particular Subsidiaries from participation in the Plan, eligibility to participate, the definition of Compensation, handling of payroll deductions or other contributions by Participants, payment of interest, conversion of local currency, data privacy security, payroll tax, withholding procedures, establishment of bank or trust accounts to hold payroll deductions or contributions.

7.16 Section 409A. The Section 423 Component of the Plan and the Options granted pursuant to Offerings thereunder are intended to be exempt from the application of Section 409A. Neither the Non-Section 423 Component nor any Option granted pursuant to an Offering thereunder is intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Section 409A. Notwithstanding any provision of the Plan to the contrary, if the Administrator determines that any Option granted under the Plan may be or become subject to Section 409A or that any provision of the Plan may cause an Option granted under the Plan to be or become subject to Section 409A, the Administrator may adopt such amendments to the Plan and/or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions as the Administrator determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, either through compliance with the requirements of Section 409A or with an available exemption therefrom.

* * * * *

OPENDOOR TECHNOLOGIES INC.
1 Post Street, 11th Floor
San Francisco, California 94104

December 1, 2022

Eric Wu
VIA EMAIL

Re: Amendment of Letter Agreement

Dear Eric:

Reference is hereby made to the continued employment letter agreement between you and Opendoor Labs Inc. dated as of September 14, 2020 (the "Agreement"). This letter agreement amends the Agreement, effective as of December 1, 2022 (the "Effective Date"), in the manner set forth herein, to reflect that, as of the Effective Date, you shall resign as Chief Executive Officer and Chairperson of the Board of Directors of Opendoor Technologies Inc. (the "Company") and transition to your new role as the Company's President, Marketplace.

1. Section 1 of the Agreement is amended and restated in its entirety to read as follows:

1. **Employment & Board Position**. Effective as of the Effective Date, you shall resign your position as Chief Executive Officer of the Company and its subsidiaries, and you shall remain employed with the Company as the Company's President, Marketplace, reporting to the Chief Executive Officer of the Company. As President of Marketplace, you will be responsible for developing and overseeing the Company's third-party marketplace product and other responsibilities consistent with your title as may from time to time be assigned to you by the Chief Executive Officer of the Company. By signing this Agreement, you confirm with the Company that you are under no contractual or other legal obligations that would prohibit you from performing your duties to the Company. You will be expected to continue to adhere to the general employment policies and practices of the Company that may be in effect from time to time, except that when the terms of this Agreement conflict with the Company's general employment policies or practices, this Agreement will control. You and the Company acknowledge and agree that you currently work in the greater Los Angeles metropolitan area and that such location shall be considered your principal place of employment for purposes of the Agreement.

Effective as of the Effective Date, you shall resign from your position as Chairperson of the Board of Directors of the Company ("Board"), and you will continue to serve on the Board in a non-Chairperson capacity. In the event you are no longer President, Marketplace of the Company, you shall and hereby do resign your position as a member of the Board, effective as of the date you are no longer President, Marketplace of the Company.

2. Section 4(b) of the Agreement is amended to renumber the second clause (i) ("**Post-Listing Restricted Stock Units**") to (ii) and to add a new clause (iii) to read as follows:

(iii) **Cancellation of Certain Restricted Stock Units**. The Company has granted you (x) the Post-Listing RSU on December 17, 2020, a portion of which has vested as set forth on Schedule I hereto, and (y) time-vesting restricted stock units on March 30, 2021 (the "2021 TRSUs"), a portion of which has vested as set forth on Schedule I hereto. On the Effective Date, you voluntarily and knowingly agree to forfeit and relinquish any outstanding unvested portion of the Post-Listing RSU and any outstanding unvested 2021 TRSUs in their entirety, all of which are set forth on Schedule II hereto. Further, you acknowledge and understand that, as of the Effective Date, the unvested Post-Listing RSU and unvested 2021 TRSUs as set forth on Schedule II hereto will be cancelled, terminated, and of no further force or effect, and neither you nor the Company will have any further rights or obligations with respect to the Post-Listing RSU and 2021 TRSUs or with respect to any Shares that could have been issued thereunder.

3. The final paragraph of Section 4 is revised to delete “following the first release of shares from the Lockup (as defined on Exhibit A), if any”.

4. Section 6 of the Agreement is amended by adding a new sentence at the end thereof to read as follows:

The Company intends to adopt a severance program for employees and executive officers of the Company and its subsidiaries. You shall be entitled to participate in such severance program and, in the event of a qualifying termination of your employment under the terms of such program, you will have the right to receive severance payments and benefits under such program at a level consistent with (and no less favorable than) the severance payments and benefits provided to executive officers at the same level in the organization, subject to your satisfaction of any conditions to be set forth therein.

5. Section 5 of the Agreement is amended and restated in its entirety to read as follows:

5. **Confidential Information and Invention Assignment Agreement**. You must continue to comply with the terms of the Confidential Information and Invention Assignment Agreement that you previously executed with the Company, effective June 23, 2016, as amended and restated effective as of the Effective Date, which remains in full force and effect.

6. Section 7 of the Agreement is amended and restated in its entirety to read as follows:

7. **Outside Activities**. Throughout your employment with the Company, you may engage in civic and not-for-profit activities so long as such activities do not interfere with the performance of your duties hereunder. During your employment by the Company, except on behalf of the Company, you will not directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint venturer, associate, representative or consultant of any other person, corporation, firm, partnership or other entity whatsoever known by you to compete with the Company (or is planning or preparing to compete with the Company), anywhere in the world, in any line of business engaged in (or planned to be engaged in) by the Company; provided, however, that you may purchase or otherwise acquire up to (but not more than) 1% of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange. The Company hereby consents to you continuing to render services to Culdesac and DivvyHomes pursuant to the advisory agreements you currently have with such companies, so long as such activities continue not to interfere with the performance of your duties to the Company. Nothing in this Agreement shall prohibit or restrict you from managing your personal investments in companies that are not competitive with the Company or engaging in civic, charitable, religious or political activities, sitting on a non-profit, professional, or industry boards, conducting personal speaking engagements, or serving as a member of the board of directors of up to two publicly traded corporations (other than, for the avoidance of doubt, any corporation that is known by you to compete with the Company (or is planning or preparing to compete with the Company), in any line of business engaged in (or planned to be engaged in) by the Company), in each case, provided such endeavors or service do not materially interfere with your obligations under this Agreement. Nothing in this Agreement shall prohibit or restrict you from investing in a fund (i) for which you do not have any direction or control over the investment decisions, (ii) that is not formed for the purpose of making investments in entities that are known by you to compete with the Company (or are planning or preparing to compete with the Company), and (iii) that is a bona fide “fund” and is not earmarked for one investment.

7. The Company shall reimburse you for your attorneys’ fees and expenses incurred in connection with the negotiation and drafting of this letter agreement, up to a maximum of $25,000.

8. The Company has assumed the obligations of Opendoor Labs Inc. under the Agreement to the extent necessary and applicable and shall cause Opendoor Labs Inc. to perform any obligations under the Agreement, as amended by this letter agreement, to the extent necessary and applicable. Except as otherwise specifically amended by this letter agreement, the Agreement shall remain in full force and effect. This letter agreement and the Agreement constitute the entire understanding of the parties hereto, with respect to the subject matter hereof, and, in the interest of clarity, you acknowledge and agree to all of the terms hereof. In the event of any conflict between the Agreement and this letter, the terms of this letter agreement shall control.

To indicate your acceptance of your new role on the terms set forth herein, please sign and date this letter and return to me within two business days of the date of this letter.

Very truly yours,

OPENDOOR TECHNOLOGIES INC.

By: __________
Glenn Solomon
On behalf of the Board of Directors

ACCEPTED AND AGREED:

____
Eric Wu

SCHEDULE I

	Grant Date	Vesting terms	Shares which have Vested as of the Effective Date
Post-Listing RSU	December 17, 2020	Vests upon achievement of 6 share price milestones, in equal 1/6th installments	2,480,963
2021 TRSUs	March 30, 2021	Vests in equal quarterly installments over four years following January 15, 2021, subject to continued service through each vesting date	2,379,346.38

SCHEDULE II

	Grant Date	Vesting terms	Shares which remain Unvested as of the Effective Date
Post-Listing RSU	December 17, 2020	Vests upon achievement of 6 share price milestones, in equal 1/6th installments	12,404,811
2021 TRSUs	March 30, 2021	Vests in equal quarterly installments over four years following January 15, 2021, subject to continued service through each vesting date	3,059,159.63

OPENDOOR TECHNOLOGIES INC.
1 Post Street, 11th Floor
San Francisco, California 94104

December 1, 2022

Carrie Wheeler
VIA EMAIL

Re: Amendment of Letter Agreement

Dear Carrie:

It is with great pleasure that I confirm our offer to appoint you as Chief Executive Officer of Opendoor Technologies Inc., a Delaware corporation (the "Company"), reporting to the Board of Directors of the Company. If you accept our offer, you will start in your new role effective December 1, 2022 (the "Effective Date").

Reference is hereby made to your employment offer letter from Opendoor Labs Inc. dated as of September 3, 2020, in connection with your appointment as its Chief Financial Officer (the "Agreement"). This letter amends the Agreement, effective as of the Effective Date, in the manner set forth herein, to reflect your new role and the compensation and benefits to which you are entitled in such role.

1. Section 1 of the Agreement is amended and restated in its entirety to read as follows:

1. **Employment & Board Position**. Effective as of December 1, 2022 (the "Effective Date"), you shall and hereby do resign from your position as Chief Financial Officer of the Company and commence service as Chief Executive Officer ("CEO") of the Company with such responsibilities, duties and authority normally associated with such position and as may from time to time be assigned to you by the Board of Directors of the Company (the "Board"), to whom you will report. During the term of your employment with the Company, you will devote your best efforts and substantially all of your business time and attention to the business of the Company, except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company's general employment policies. Your primary office location will be in San Francisco, California, and you shall be required to work from such office location to the extent required under Company policy in effect from time to time. Reasonable business travel will be required from time to time in the performance of your duties hereunder.

Commencing on the Effective Date and for so long as you are employed as CEO of the Company, you will be a member of the Board. In the event you are no longer CEO of the Company, you shall and hereby do resign your position as a member of the Board, effective as of the date you are no longer CEO of the Company.

2. Section 2 of the Agreement is amended and restated in its entirety to read as follows:

2. **Salary; Annual Bonus**.

(a) You will be paid a base salary at the annual rate of $750,000 (the "Annual Base Salary"), to be paid (net of applicable taxes, withholding and any other deductions) in accordance with the Company's regular payroll practices.

(b) You will be eligible to participate in an annual cash incentive program established by the Compensation Committee of the Board (the "Committee"). Your annual cash incentive compensation under such program (the "Annual Bonus") shall be targeted at $250,000 (the "Target Bonus") , with the actual amount of the Annual Bonus to be determined based on the attainment of performance goals to be determined by the Committee and net of applicable taxes, withholding and any other deductions. Notwithstanding the foregoing, for the 2023 calendar year, your Annual Bonus shall be $250,000.

The payment of any Annual Bonus pursuant to the incentive program shall be subject to your continued employment with the Company through the date of payment.

3. Section 5 of the Agreement is amended by adding new subsections (e) and (f) to read as follows:

(e) In connection with your appointment as the CEO, the Company shall grant you an award of restricted stock units under the Company's 2020 Incentive Award Plan (the "Plan") covering a number of shares of the Company's common stock ("Common Stock") equal to $25,000,000 divided by (i) the average closing price per share of Common Stock over the 20 trading day period commencing with the trading day that is ten days preceding the Effective Date, or (ii) $1.65, if greater than the amount in clause (i), or (iii) $2.00, if lesser than the amount in clause (i) (the "Promotion RSUs"). The Promotion RSUs shall be subject to a time-based vesting requirement, which shall be satisfied quarterly over a four-year period commencing (regardless of the date of grant) on the Effective Date, in all cases subject to your employment with the Company on each such vesting date, except as otherwise stated herein. The date of grant of the Promotion RSUs shall be the third business day following the last trading day in the above-mentioned trading-day period, provided, that the Committee may determine, following consultation with you, that some portion of the Promotion RSUs shall instead be granted by the Company on January 2, 2023. Notwithstanding anything to the contrary in this paragraph, the Promotion RSUs shall not be granted unless you remain employed as of the date of grant and have not as of such date given or received notice of termination of your employment. The Promotion Award will be made pursuant to an award agreement that shall have, except as expressly provided herein, terms and conditions no less favorable to you than the Company's form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under the Plan and on file with the Company's 2021 Form 10-K. The Company will make arrangements to allow you to satisfy any tax withholding obligation arising in connection with the settlement of the Promotion RSUs by delivery (including electronically or telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to satisfy such tax obligations, subject to Company insider trading policy (including blackout periods) and applicable law.

(f) Your performance in your position as CEO, and the performance of the additional members of your senior leadership team, will be reviewed annually by the Committee, with input from the full Board, and, in connection with each such review, you and each of the members of your team shall be considered for annual equity-based compensatory awards, whether under the Plan or any other equity-based compensation plan of the Company, it being the expectation and intent of the Company that annual refresh equity awards will be made to you and the members of the team each year. The magnitude and terms of such equity awards shall be informed by the pay practices of the Company's peer set of companies, and the Company intends that a portion of each annual equity award to you and to the members of your team shall include only time-based vesting criteria and a portion shall include both time- and performance-based vesting criteria. For the avoidance of doubt, the Company is not committing in this clause (f) to make a grant of any particular size, with particular vesting terms, to you or any other individual, or to make any grant at all, it being within the sole discretion of the Committee and/or the Board to administer the Plan and approve grants thereunder, and all terms and conditions thereof.

4. Section 8 of the Agreement is amended by adding a new subsection (f) to read as follows, and renumbering the remaining subsections thereof accordingly:

(f) If your employment is terminated by the Company without Cause or you resign for Good Reason (in each case, as defined in this Section 8, except that any references to the chief executive officer of the Company or Opendoor shall be deemed to refer instead to the Board), then, subject to your signing the Company's standard release of claims for executives (which shall not include additional restrictive covenants) (the "Release") on or before the 21st day following the date of your termination (the "Date of Termination"), or in the event that your termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967, as amended) on or before the 45th day following the Date of Termination, as the case may be, and provided that you do not revoke the Release and your continued compliance with Section 6, you shall receive, in addition to any accrued salary and paid time off, the following:

(i) an amount in cash equal to one times the Annual Base Salary plus the Target Bonus, payable in the form of salary continuation in regular installments over the 12-month period following the Date of Termination (the "Severance Period") in accordance with the Company's normal payroll practices;

(ii) if you timely elect to receive continued medical, dental or vision coverage under one or more of the Company's group medical, dental or vision plans pursuant to COBRA, then the Company shall directly pay, or reimburse you for, the COBRA premiums for you and your covered dependents under such plans during the period commencing on your Date of Termination and ending upon the earliest of (X) the last day of the Severance Period, (Y) the date that you and/or your covered dependents become no longer eligible for COBRA or (Z) the date you become eligible to receive medical, dental or vision coverage, as applicable, from a subsequent employer (and you agree to promptly notify the Company of such eligibility). Notwithstanding the foregoing, if the Company determines in its sole discretion that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or incurring an excise tax, the Company shall in lieu thereof provide to you a taxable monthly payment in an amount equal to the monthly COBRA premium that you would be required to pay to continue your and your covered dependents' group health coverage in effect on the Date of Termination (which amount shall be based on the premium for the first month of COBRA coverage), which payments shall commence in the month following the month in which the Date of Termination occurs and shall end on the earlier of (X) the last day of the Severance Period, or (Y) the date you become eligible to receive healthcare coverage from a subsequent employer (and you agrees to promptly notify the Company of such eligibility); and

(iii) the portion of your then-outstanding Promotion RSUs and any other equity awards you hold that are subject solely to time-based vesting requirements that would otherwise vest within the 12-month period following the Date of Termination shall become fully vested, provided, that, if, as of the Date of Termination, the Company has not yet granted to you the total number of Promotion RSUs set forth in Section 5(e) hereof, then you shall become fully vested in a number of Promotion RSUs equal to the number of Promotion RSUs that would have otherwise vested within the 12-month period following the Date of Termination assuming such total number of Promotion RSUs had been granted prior to the Date of Termination.

5. Section 11 is amended by adding a new subsection (k) at the end thereof to read as follows:

(k) **Section 409A**.

(i) *General*. The intent of the parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith.

(ii) *Separation from Service*. Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that constitutes nonqualified deferred compensation and is designated under this Agreement as payable upon your termination of employment shall be payable only upon your "separation from service" with the Company within the meaning of Section 409A (a "Separation from Service") and, except as provided below, any such compensation or benefits described in Section 8(f) shall not be paid, or, in the case of installments, shall not commence payment, until the 60th day following your Separation from Service (the "First Payment Date"). Any installment payments that would have been made to you during the 60 day period immediately following your Separation from Service but for the preceding sentence shall be paid to you on the First Payment Date and the remaining payments shall be made as provided in this Agreement.

(iii) *Specified Employee*. Notwithstanding anything in this Agreement to the contrary, if you are deemed by the Company at the time of your Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which you are entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of your benefits shall not be provided to you prior to the earlier of (i) the expiration of the six-month period measured from the date of your Separation from Service with the Company or (ii) the date of your death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to you (or your estate or beneficiaries), and any remaining payments due to you under this Agreement shall be paid as otherwise provided herein.

(iv) *Expense Reimbursements*. To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements payable to you shall be paid to you no later than December 31 of the year following the year in which the expense was incurred. You will submit your reimbursement request promptly following the date the expense is incurred, and the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code. Your right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) *Installments*. Your right to receive any installment payments under this Agreement, including without limitation any continuation salary payments that are payable on Company payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

6. The Company has assumed the obligations of Opendoor Labs Inc. under the Agreement to the extent necessary and applicable and shall cause Opendoor Labs Inc. to perform any obligations under the Agreement, as amended by this letter agreement, to the extent necessary and applicable. Except as otherwise specifically amended by this letter agreement, the Agreement shall remain in full force and effect. In the event of any conflict between the Agreement and this letter agreement, the terms of this letter agreement shall control.

To indicate your acceptance of your new role on the terms set forth herein, please sign and date this letter and return to me within two business days of the date of this letter.

Very truly yours,

OPENDOOR TECHNOLOGIES INC.

By: ___________
Glenn Solomon
On behalf of the Board of Directors

ACCEPTED AND AGREED:

____
Carrie Wheeler

OPENDOOR TECHNOLOGIES INC. EXECUTIVE SEVERANCE PLAN

The purpose of this Opendoor Technologies Inc. Executive Severance Plan (the "Plan") is to encourage employees of Opendoor Technologies Inc. (together with any successor, the "Company") and its subsidiaries to remain in the employ of the Employer (defined below) by providing, among other things, severance protections to such employees in the event their employment is terminated under the circumstances described in this Plan.

SECTION 1. DEFINITIONS. As hereinafter used:

1.1 "Affiliate" means, with respect to any individual or entity, any other individual or entity who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such individual or entity. For purposes of this definition, "control," when used with respect to any person or entity, means the power to direct the management and policies of such person or entity, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

1.2 "Base Salary" means a Participant's annual base salary at the rate in effect on the Severance Date (disregarding any decrease in such annual base salary that constitutes a Good Reason event).

1.3 "Board" means the Board of Directors of the Company.

1.4 "Bonus" means the Participant's target annual performance-based cash bonus for the fiscal year in which the Severance Date occurs, if any, as set forth under an agreement between the Participant and the Employer or the Company, or in any written bonus plan, program or arrangement approved by the Board or the Committee.

1.5 "Cause" with respect to a Participant shall have the meaning set forth in such Participant's offer letter agreement, employment agreement or similar agreement with the Employer, or, in the absence of such agreement, or if such agreement does not have a definition of "Cause," shall mean: (A) the Participant's commission of any act that constitutes a felony or any crime involving dishonesty or moral turpitude, (B) the Participant's engaging in any act of fraud or embezzlement, whether or not related to the business of the Company, or any other act of material dishonesty against the Company or any of its Affiliates, (C) any material breach by the Participant of any offer letter agreement, employment agreement or similar agreement with the Employer, or of the Employee Confidential Information and Invention Assignment Agreement or similar agreement or of any material written policy of the Company and, if curable, the Participant's failure to cure such breach within 30 days after receiving written notice thereof; (D) the willful and continued failure by the Participant to substantially perform the Participant's duties to the Company (other than any such failure resulting from the Participant's incapacity due to physical or mental illness), after written demand for substantial performance is delivered by the Company that identifies with reasonable specificity the manner in which the Company believes the Participant has not substantially performed the Participant's duties, which is not cured within 30 days after notice of such failure has been given to the Participant by the Company; (E) the willful engaging by the Participant in misconduct or gross neglect (including any conduct that is in violation of the written employee workplace policies of the Company) that is injurious to the Company, monetarily, in reputation or otherwise; or (F) any other intentional act causing material damage to the Company's business, property or reputation.

1.6 "Change in Control" shall have the meaning given to such term in the Company's 2020 Incentive Award Plan. Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any amount which constitutes or provides for the deferral of compensation and is subject to Section 409A, the transaction or event with respect to such amount must also constitute a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Section 409A.

1.7 "CIC Qualifying Termination" means (i) a termination by a Participant of the Participant's employment with the Employer for Good Reason or (ii) a termination by the Employer of a Participant's employment without Cause, in either case, that occurs within 3 months prior to or on or within 12 months following a Change in Control.

1.8 "CIC Severance Period" means a period commencing on the Participant's Severance Date and ending (i) in the case of any Tier 1 Executive, 18 months from the Severance Date, and (ii) in the case of any Tier 2 Executive, 12 months from the Severance Date.

1.9 "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

1.10 "Code" means the Internal Revenue Code of 1986, as amended.

1.11 "Committee" means the Compensation Committee of the Board.

1.12 "Company" means Opendoor Technologies Inc. and any successors thereto and, where the context requires, its subsidiaries.

1.13 "Company Equity Plans" means, collectively, the Opendoor Labs Inc. 2014 Stock Plan, the Company 2020 Incentive Award Plan and any successor thereto, and the Company 2022 Inducement Award Plan.

1.14 "Effective Date" shall mean December 22, 2022.

1.15 "Employer" means, with respect to a Participant, the Company, or applicable Affiliate of the Company that employs the Participant, if different.

1.16 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.17 "Good Reason" with respect to a Participant, shall have the meaning set forth in such Participant's offer letter agreement, employment agreement or similar agreement with the Employer, or, in the absence of such agreement, or if such agreement does not have a definition of "Good Reason," means the occurrence of any of the following events without the Participant's written consent: (a) a reduction by the Company or its successor of more than 20% in the Participant's rate of annual base salary, unless such reduction is in connection with and proportional to reductions to the base salary reductions of other executives of the Company; (b) a material reduction in the Participant's job responsibilities, duties or authority (provided that a mere change in title to an employment position that is substantially similar to the prior employment position shall not constitute a material reduction in job responsibilities, duty or authority); or (c) a change in the geographic location of the Participant's principal place of employment to any location more than 50 miles from the Participant's current principal place of employment. Notwithstanding the foregoing, Good Reason shall not exist unless, within 30 days after the initial occurrence of a circumstance that the Participant believes in good faith to constitute Good Reason, the Participant delivers written notice to the Company setting forth with specificity such circumstance the Participant believes in good faith constitutes Good Reason, the Company shall have failed to cure any claimed event of Good Reason (if capable of cure) within 30 days after receipt of such notice, and the Participant must actually terminate the Participant's employment no later than 30 days following the expiration of the Company's cure period.

1.18 "Non-CIC Qualifying Termination" means (i) a termination by a Participant of the Participant's employment with the Employer for Good Reason or (ii) a termination by the Employer of a Participant's employment without Cause, in either case, that does not occur within 3 months prior to or on or within 12 months following a Change in Control.

1.19 "Partial Acceleration Period" means a period commencing on the Severance Date and ending, (i) in the case of any Tier 1 Executive, 12 months from the Severance Date, and (ii) in the case of any Tier 2 Executive, 6 months from the Severance Date, or, if the Participant has been employed with the Employer for less than 12 months, 12 months from the Severance Date.

1.20 "Participant" shall mean the executives of the Company at an employment level of E3 or above designated by the Committee as eligible for the Plan as either a "Tier 1 Executive" or "Tier 2 Executive" and who have executed and returned to the Committee the Notice of Participation in the form attached hereto as Appendix A.

1.21 "Plan" means the Opendoor Technologies Executive Severance Plan, as set forth herein, as it may be amended from time to time.

1.22 "Pro-Rata Bonus" means an amount equal to the Bonus multiplied by a fraction, the numerator of which is the number of days in the fiscal year in which the Severance Date occurs that the Participant was employed by the Employer and the denominator of which is 365.

1.23 "Qualifying Termination" means either (i) a CIC Qualifying Termination or (ii) a Non-CIC Qualifying Termination.

1.24 "Severance Date" means the date on which a Participant's Qualifying Termination is effective.

1.25 "Severance Period" means a period commencing on the Participant's Severance Date and ending, (i) in the case of any Tier 1 Executive, 12 months from the Severance Date, and (ii) in the case of any Tier 2 Executive, 6 months from the Severance Date.

SECTION 2. SEVERANCE BENEFITS

2.1 Severance Upon a CIC Qualifying Termination. Subject to the provisions of Section 2.3 through Section 2.9, if a Participant experiences a CIC Qualifying Termination, the Participant shall be entitled to receive, in addition to any accrued salary and paid time off, the following payments and benefits:

(a) Severance Payments. The Employer shall pay to the Participant an amount in cash determined as follows:

Tier 1 Executive: (i) 1.5 times the Participant's Base Salary and (ii) a Pro-Rata Bonus

Tier 2 Executive: (i) one times the Participant's Base Salary and (ii) a Pro-Rata Bonus

Any cash severance payable under this Section 2.1(a) shall be paid, subject to Section 2.5, in substantially equal installments over the CIC Severance Period in accordance with the Employer's normal payroll practices, commencing on the first Employer payroll date on or following the 60th day following the Severance Date. The first payment shall include any portion of the cash severance payments that would have otherwise been payable following the Severance Date and prior to such date of the first payment;

(b) Health Benefits Continuation. If the Participant timely elects to receive continued medical, dental or vision coverage under one or more of the Employer's group medical, dental or vision plans pursuant to COBRA, then the Employer shall directly pay, or reimburse the Participant for, the COBRA premiums for the Participant and his or her covered dependents under such plans during the period commencing on the Participant's Severance Date and ending upon the earliest of (X) the last day of the CIC Severance Period, (Y) the date that the Participant and/or his or her covered dependents become no longer eligible for COBRA or (Z) the date the Participant become eligible to receive medical, dental or vision coverage, as applicable, from a subsequent employer. Notwithstanding the foregoing, if the Employer determines in its sole discretion that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or incurring an excise tax, the Employer shall in lieu thereof provide to the Participant a taxable monthly payment in an amount equal to the monthly COBRA premium that the Participant would be required to pay to continue his or her and his or her covered dependents' group health coverage in effect on the Participant's Severance Date (which amount shall be based on the premium for the first month of COBRA coverage), which payments shall commence in the month following the month in which the Participant's Severance Date occurs and shall end on the earlier of (X) the last day of the CIC Severance Period, or (Y) the date the Participant become eligible to receive healthcare coverage from a subsequent employer; and

(c) Equity Acceleration. The Participant's then-outstanding equity awards granted under any of the Company Equity Plans that are subject solely to time-based vesting requirements shall become fully vested as of the Severance Date.

2.2 Severance Upon a Non-CIC Qualifying Termination. Subject to the provisions of Section 2.3 through Section 2.9, if a Participant experiences a Non-CIC Qualifying Termination, the Participant shall be entitled to receive, in addition to any accrued salary and paid time off, the following payments and benefits:

(a) Severance Payments. The Employer shall pay to the Participant an amount in cash determined as follows:

Tier 1 Executive: one times the sum of Participant's (i) Base Salary plus (ii) Bonus

Tier 2 Executive: 0.5 times the Participant's Base Salary

Any cash severance payable under this Section 2.2(a) shall be paid, subject to Section 2.5, in substantially equal installments over the Severance Period in accordance with the Employer's normal payroll practices, commencing on the first Employer payroll date on or following the 60th day following the Severance Date. The first payment shall include any portion of the cash severance payments that would have otherwise been payable following the Severance Date and prior to such date of the first payment;

(b) Health Benefits Continuation. If the Participant timely elects to receive continued medical, dental or vision coverage under one or more of the Employer's group medical, dental or vision plans pursuant to COBRA, then the Employer shall directly pay, or reimburse the Participant for, the COBRA premiums for the Participant and his or her covered dependents under such plans during the period commencing on the Participant's Severance Date and ending upon the earliest of (X) 12 months from the Severance Date, (Y) the date that the Participant and/or his or her covered dependents become no longer eligible for COBRA or (Z) the date the Participant become eligible to receive medical, dental or vision coverage, as applicable, from a subsequent employer. Notwithstanding the foregoing, if the Employer determines in its sole discretion that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or incurring an excise tax, the Employer shall in lieu thereof provide to the Participant a taxable monthly payment in an amount equal to the monthly COBRA premium that the Participant would be required to pay to continue his or her and his or her covered dependents' group health coverage in effect on the Participant's Severance Date (which amount shall be based on the premium for the first month of COBRA coverage), which payments shall commence in the month following the month in which the Severance Date occurs and shall end on the earlier of (X) 12 months from the Participant's Severance Date, or (Y) the date the Participant become eligible to receive healthcare coverage from a subsequent employer; and

(c) Equity Acceleration. The portion of the Participant's then-outstanding equity awards granted under any of the Company Equity Plans that are subject solely to time-based vesting requirements that would otherwise vest within the Partial Acceleration Period shall become fully vested as of the Severance Date.

2.3 Coordination with other Agreements. If a Participant is party to an offer letter agreement, employment agreement or similar agreement with the Employer (an "Employment Agreement") and experiences a termination of employment that entitles such Participant to severance payments and/or benefits under the terms of such Employment Agreement, then such Participant shall receive severance payments and/or benefits pursuant the Employment Agreement and not pursuant to the Plan, unless the Plan would provide more favorable benefits to such Participant than the Employment Agreement, taken as a whole. In no case shall payments or benefits received under this Plan and an Employment Agreement be duplicative.

2.4 No Mitigation. A Participant shall not be required to seek other employment or attempt in any way to reduce or mitigate any severance payments or benefits payable under the Plan.

2.5 Release. As a condition to a Participant's receipt of any amounts set forth in Section 2.1 or Section 2.2, the Participant shall execute and deliver (without revoking) to the Company a release of claims in favor of the Company on the Company's standard form of release of claims for executives (which shall not include additional restrictive covenants) (the "Release") on or before the 21st day following the Participant's receipt of the Release from the Company, which shall be provided to the Participant no later than 10 days following the Severance Date, or in the event that the Participant's Qualifying Termination is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967, as amended), on or before the 45th day following the Participant's receipt of the Release from the Company, as the case may be.

2.6 Restrictive Covenants. A Participant's right to receive and/or retain the severance payments and benefits payable under this Plan is conditioned upon and subject to the Participant's continued compliance with the Employee Confidential Information and Invention Assignment Agreement entered into with the Company or any similar agreement.

2.7 Return of Company Property. A Participant's right to receive and/or retain the severance payments and benefits payable under the Plan is conditioned upon the Participant's return to the Employer of all Company documents (and all copies thereof) and other Company property (in each case, whether physical, electronic or otherwise) in the Participant's possession or control.

2.8 Cooperation. By accepting the severance payments and benefits payable under the Plan, subject to the Participant's other commitments, the Participant agrees to be reasonably available to cooperate (but only truthfully) with the Employer and the Company and provide information as to matters which the Participant was personally involved, or has information on, during the Participant's employment with the Employer and which are or become the subject of litigation or other dispute.

2.9 Potential Reduction of Certain "Parachute Payments."

(a) Notwithstanding any other provisions of this Plan, in the event that any payment or benefit by the Company or otherwise to or for the benefit of a Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan (all such payments and benefits, including the payments and benefits under Section 2.2 of the Plan, being hereinafter referred to as the "Total Payments"), would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (in the order provided in subsection (b) below) to the minimum extent necessary to avoid the imposition of the Excise Tax on the Total Payments, but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income and employment taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income and employment taxes on such Total Payments and the amount of the Excise Tax to which the Participant would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) The Total Payments shall be reduced in the following order: (i) reduction on a pro-rata basis of any cash severance payments that are exempt from Section 409A, (ii) reduction on a pro-rata basis of any non-cash severance payments or benefits that are exempt from Section 409A, and (iii) reduction of any payments or benefits otherwise payable to the Participant on a pro-rata basis or such other manner that complies with Section 409A; provided, in case of clauses (ii) and (iii), that reduction of any payments attributable to the acceleration of vesting of Company equity awards shall be first applied to Company equity awards that would otherwise vest last in time.

(c) All determinations regarding the application of this Section 2.9 shall be made by an accounting firm or consulting group with experience in performing calculations regarding the applicability of Section 280G of the Code and the Excise Tax selected by the Company (the "Independent Advisors"). For purposes of determinations, no portion of the Total Payments shall be taken into account which, in the opinion of the Independent Advisors, (i) does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) or (ii) constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation. The costs of obtaining such determination and all related fees and expenses (including related fees and expenses incurred in any later audit) shall be borne by the Company.

In the event it is later determined that a greater reduction in the Total Payments should have been made to implement the objective and intent of this Section 2.9, the excess amount shall be returned promptly by the Participant to the Company.

SECTION 3. PLAN ADMINISTRATION.

3.1. The Committee shall administer the Plan and may interpret the Plan, prescribe, amend and rescind rules and regulations under the Plan and make all other determinations necessary or advisable for the administration of the Plan, subject to all of the provisions of the Plan.

3.2. The Committee may delegate any of its duties hereunder to such person or persons from time to time as it may designate.

3.3. The Committee is empowered to engage accountants, legal counsel and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. The functions of any such persons engaged by the Committee shall be limited to the specified services and duties for which they are engaged, and such persons shall have no other duties, obligations or responsibilities under the Plan. Such persons shall exercise no discretionary authority or discretionary control respecting the management of the Plan. All reasonable expenses thereof shall be borne by the Company.

SECTION 4. PLAN MODIFICATION OR TERMINATION.

The Plan may be terminated or amended by the Committee at any time; provided, that during the 12-month period following a Change in Control, (a) the Plan may not be terminated and (b) the Plan may not be amended if such amendment would in any manner be adverse to the interests of any Participant, unless the affected Participant consents in writing to such amendment, as applied to such Participant. For the avoidance of doubt, (a) any action taken by the Company or the Committee to cause a Participant to no longer be designated as a Participant or to decrease the benefits under the Plan for which a Participant is eligible, and (b) any amendment to this Section 4 within the 12-month period following a Change in Control shall be treated as an amendment to the Plan which is adverse to the interests of any Participant.

SECTION 5. NOTICES.

All notices or other communications required or permitted by this Plan will be made in writing and all such notices or communications will be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company: Opendoor Technologies Inc.
410 N. Scottsdale Road, Suite 1600

Tempe, AZ 85281
Attention: Chief Legal Officer

If to the Participant: The Participant's last known address as set forth in the Company's records.

SECTION 6. GENERAL PROVISIONS.

6.1. Except as otherwise provided herein or by law, no right or interest of any Participant under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Participant under the Plan shall be liable for, or subject to, any obligation or liability of such Participant. When a payment is due under this Plan to a severed employee who is unable to care for his or her affairs, payment may be made directly to his or her legal guardian or personal representative.

6.2. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

6.3. This Plan shall inure to the benefit of and shall be binding upon the Company and its successors and assigns. Any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume and perform the obligations of the Company under the Plan. This Plan shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the Participant, and in the event that the Participant shall die after the Severance Date but while any amount would still be payable to such Participant hereunder if the Participant had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executor, personal representative or administrators of the Participant's estate.

6.4. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

6.5. The Plan shall not be required to be funded unless such funding is authorized by the Board. Regardless of whether the Plan is funded, no Participant shall have any right to, or interest in, any assets of any Company which may be applied by the Company to the payment of benefits or other rights under this Plan.

6.6. This Plan shall be construed and enforced according to the laws of the State of Delaware to the extent not preempted by federal law, which shall otherwise control.

6.7. The Company and any of its Affiliates may deduct and withhold from any amounts payable under this Plan such federal, state, local, foreign or other taxes as are required to be withheld pursuant to any applicable law or regulation. All benefits hereunder shall be reduced by applicable withholding and shall be subject to applicable tax reporting, as determined by the Committee.

6.8. The Plan, as a “severance pay arrangement” within the meaning of Section 3(2)(B)(i) of ERISA, is intended to be excepted from the definitions of “employee pension benefit plan” and “pension plan” set forth under section 3(2) of ERISA, and is intended to meet the descriptive requirements of a plan constituting a “severance pay plan” within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations §2510.3-2(b).

6.9. WARN Act. Severance payments and benefits payable under the Plan are intended to satisfy, where applicable, any Employer notice obligations under the federal Worker Adjustment and Retraining Notification Act and any similar obligations that the Employer may have under any successor severance pay statute.

6.10. Section 409A.

(a) The payments and benefits under this Plan are intended to comply with or be exempt from Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder (together, “Section 409A”) and, accordingly, to the maximum extent permitted, this Plan shall be interpreted to be in compliance therewith. Notwithstanding any provision of this Plan to the contrary, the Committee may (without any obligation to do so or to indemnify the Participant for failure to do so) (A) adopt such amendments to this Plan or adopt such other policies and procedures (including amendments, policies and procedures with retroactive effect) that it determines to be necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Plan or the economic benefits of this Plan and (B) take such other actions it determines to be necessary or appropriate to exempt the amounts payable hereunder from Section 409A or to comply with the requirements of Section 409A and thereby avoid the application of penalty taxes thereunder.

(b) Notwithstanding anything in this Plan to the contrary, any payments subject to Section 409A that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this Plan may only be made upon the Participant’s “separation from service” within the meaning of Section 409A (“Separation from Service”).

(c) Notwithstanding any provision of this Plan to the contrary, if a Participant is deemed by the Company at the time of the Participant’s Separation from Service to be a “specified employee” for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which the Participant is entitled under this Plan is required in order to avoid a prohibited distribution under Section 409A, such portion of the Participant's benefits will not be provided to the Participant prior to the earlier of (i) the expiration of the six-month period measured from the date of the Participant's Separation from Service or (ii) the date of the Participant's death. As promptly as possible following the expiration of the applicable Section 409A period, all payments and benefits deferred pursuant to the preceding sentence will be paid in a lump sum to a Participant (or the Participant's estate), and any remaining payments due to the Participant under this Plan will be paid as otherwise provided herein.

(d) A Participant's right to receive any installment payments under this Plan shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A.

APPENDIX A

FORM OF
NOTICE OF PARTICIPATION

Opendoor Technologies Inc.
410 N. Scottsdale Road, Suite 1600
Tempe, AZ 85281

[Name of Participant]
c/o Opendoor Technologies Inc.
410 N. Scottsdale Road, Suite 1600
Tempe, AZ 85281

Dear :

Reference is hereby made to the Opendoor Technologies Inc. Executive Severance Plan, effective as of [ ] (the "Plan"). Any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan.

The purpose of this Notice of Participation is to inform you that effective as of [insert date], subject to the terms of the Plan, you are hereby eligible to participate in the Plan as a Tier [1/2] Executive. [This Notice of Participation shall supersede and replace any prior Notice of Participation provided to you.]

Sincerely,

OPENDOOR TECHNOLOGIES INC.

By: ____________________________________
Name:
Title:

ACCEPTED AND AGREED:

____
[Name of Participant]

Date:

Exhibit 10.32

OPENDOOR TECHNOLOGIES INC.

2020 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Opendoor Technologies Inc., a Delaware corporation (the "***Company***"), has granted to the participant listed below ("***Participant***") the Restricted Stock Units (the "***RSUs***") described in this Restricted Stock Unit Grant Notice (this "***Grant Notice***"), subject to the terms and conditions of the Opendoor Technologies Inc. 2020 Incentive Award Plan (as amended from time to time, the "***Plan***") and the Restricted Stock Unit Agreement attached hereto as **Exhibit A** (the "***Agreement***"), both of which are incorporated into this Grant Notice by reference. Capitalized terms not specifically defined in this Grant Notice or the Agreement have the meanings given to them in the Plan.

Participant:
Grant Date:
Number of RSUs:
Vesting Commencement Date:
Vesting Schedule:

Two-year vesting with 50% of the total number of RSUs vesting on the one-year anniversary of the Vesting Commencement Date and 1/8th of the total number of RSUs vesting on a quarterly basis thereafter.

By accepting (whether in writing, electronically or otherwise) the RSUs, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

OPENDOOR TECHNOLOGIES INC.	**PARTICIPANT:**
By:____________________________	
Signature	__
Name: Carrie Wheeler	Signature
Title: CEO	

Exhibit A

FORM OF RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I.
GENERAL

1.1 Award of RSUs. The Company has granted the RSUs to Participant effective as of the Grant Date set forth in the Grant Notice (the "***Grant Date***"). Each RSU represents the right to receive one Share as set forth in this Agreement. Participant will have no right to the distribution of any Shares until the time (if ever) the RSUs have vested.

1.2 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The RSUs will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

ARTICLE II.
VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture. The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. In the event of Participant's Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company.

2.2 Settlement.

(a) The RSUs will be paid in Shares as soon as administratively practicable after the vesting of the applicable RSU, but in no event later than the March 15 of the year following the year in which the RSU's vesting date occurs.

(b) Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)); provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

ARTICLE III.
TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the

Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) Participant must pay the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by Applicable Law to be withheld in connection with such Participant's Awards by the date of the event creating the tax liability. In this regard, Participant authorizes the Company, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to the RSUs by any of the methods set forth in Section 9.5 of the Plan.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and its Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

ARTICLE IV.
OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the RSUs, and the Shares subject to the RSUs, are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2. Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the Designated Beneficiary) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement or the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the RSUs will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

4.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the RSUs, as and when settled pursuant to the terms of this Agreement.

4.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.11 Country Addendum. Notwithstanding any provisions in this Agreement, the RSU grant shall be subject to any special terms and conditions set forth in an appendix (if any) to this Agreement for any country whose laws are applicable to Participant and this grant of RSUs (as determined by the Administrator in its sole discretion) (the "***Country Addendum***"). Moreover, if Participant relocates to one of the countries included in the Country Addendum (if any), the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Addendum constitutes part of this Agreement.

4.12 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

4.13 Restrictions. In the event the Shares are no longer registered with the Securities and Exchange Commission (as determined by the Administrator), any Shares acquired in respect of the RSUs shall be subject to such terms and conditions as the Administrator shall determine, including, without limitation, restrictions on the transferability, repurchase rights, the right of the Company to require that Shares be transferred in the event of certain transactions, rights of first refusal, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements. Such terms and conditions may be additional to those contained in the Plan and may, as determined by the Administrator, be contained in an exercise notice, securityholders' agreement or in such other agreement as the Administrator shall determine, in each case in a form determined by the Administrator. The Administrator may condition the issuance of such Shares on Participant's consent to such terms and conditions and Participant's entering into such agreement or agreements.

* * * * *

OPENDOOR TECHNOLOGIES INC.

2020 INCENTIVE AWARD PLAN

FORM OF RESTRICTED STOCK UNIT AGREEMENT

COUNTRY ADDENDUM

Terms and Conditions

This Country Addendum includes additional terms and conditions that govern the RSUs granted to Participant under the Plan if Participant works in one of the countries listed below. If Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which he or she is currently working or if Participant relocates to another country after receiving the grant of RSUs, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to Participant.

Certain capitalized terms used but not defined in this Country Addendum shall have the meanings set forth in the Plan, and/or the Agreement to which this Country Addendum is attached.

Notifications

This Country Addendum also includes notifications relating to exchange control and other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the countries listed in this Country Addendum, as of ***December 2022***. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the notifications herein as the only source of information relating to the consequences of his or her participation in the Plan because the information may be outdated when Participant vests in the RSUs and acquires Shares, or when Participant subsequently sells Shares acquired under the Plan. Participant also should review any tax summary for his or her country which the Company may provide as a supplement to the Plan prospectus.

In addition, the notifications are general in nature and may not apply to Participant's particular situation and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in Participant's country may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently working (or is considered as such for local law purposes) or if Participant moves to another country after receiving the grant of RSUs granted under the Plan, the information contained herein may not be applicable to such Participant.

Participant acknowledges that Participant has been advised to seek appropriate professional advice as to how the relevant exchange control and tax laws in Participant's country may apply to his or her individual situation.

I. GLOBAL PROVISIONS APPLICABLE TO PARTICIPANTS IN ALL COUNTRIES OTHER THAN THE UNITED STATES

Terms and Conditions

1. Foreign Exchange Considerations. Participant acknowledges, understands, and agrees that neither the Company nor any Subsidiary or service recipient shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the U.S. dollar that may affect the value of the RSUs, or of any amounts due to Participant under the Plan or as a result of vesting in his or her RSUs and/or the subsequent sale of any Shares acquired under the Plan. Participant agrees and acknowledges that he or she will bear any and all risk associated with the exchange or fluctuation of currency associated with his or her participation in the Plan. Participant acknowledges and agrees that Participant may be responsible for reporting inbound transactions or fund transfers that exceed a certain amount. Participant is advised to seek appropriate professional advice as to how the exchange control regulations apply to his or her RSUs and Participant's specific situation and understands that the relevant laws and regulations can change frequently and occasionally on a retroactive basis.

2. Foreign Asset/Account Reporting Requirements. Participant acknowledges that there may be certain foreign asset/account, exchange control and/or tax reporting requirements which may affect Participant's ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from dividends paid on Shares acquired under the Plan and any proceeds arising from the sale of Shares) derived from his or her participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside Participant's country. Applicable Laws may require that Participant report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. Participant also may be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to Participant's country through a designated bank or broker and/or within a certain time after receipt. Participant acknowledges that he or she is responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult his or her personal legal advisor on this matter.

3. Tax Withholding Considerations. Participant acknowledges and agrees that, regardless of any action taken by the Company or any Subsidiary, affiliate, or employer with respect to any or all income tax, social security, social insurances, national insurance contributions, social insurance contributions, payroll tax, fringe benefit, or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant including, without limitation, in connection with the grant of RSUs, the acquisition or sale of Shares acquired under the Plan and/or the receipt of any dividend equivalents and dividends on such Shares ("***Tax-Related Items***"), the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount actually withheld by the Company, or any Subsidiary or affiliate. Furthermore, Participant acknowledges that the Company and/or any Subsidiary, affiliate or employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs or other benefits under the Plan and (b) do not commit to and are under no obligation to structure the terms of the RSUs, other benefits or any aspect of Participant's participation in the Plan to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant becomes subject to tax in more than one jurisdiction, or changes his or her jurisdiction of primary residence or service between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the Company and/or any Subsidiary, affiliate or employer (or former service recipient, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to RSU vesting or any other relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or any Subsidiary, affiliate, employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (a) withholding Shares otherwise issuable to Participant upon vesting of the RSUs, (b) withholding from Participant's wages or other compensation paid to Participant, (c) withholding from proceeds of the sale of the Shares acquired under the Plan either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization), (d) using any other method permitted by the Plan or the Agreement. Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering maximum applicable withholding rates, in which case Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. Finally, Participant agrees to pay to the Company or any Subsidiary, affiliate or employer any amount of Tax-Related Items that the Company or any Subsidiary or affiliate may be required to withhold as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

4. <u>Additional Participant Acknowledgements</u>. By participating in the Plan, Participant acknowledges, understands, and agrees that:

(a) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(b) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;

(c) Participant is voluntarily participating in the Plan;

(d) the RSUs and the Shares subject to the RSUs are not part of normal or expected compensation or salary;

(e) the RSUs and the Shares subject to the RSUs are not intended to replace any pension rights or compensation;

(f) the RSUs and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation for purposes of including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted;

(h) for purposes of the RSUs, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and unless otherwise expressly provided in the Agreement (including by reference in the Grant Notice to other arrangements or contracts) or determined by the Administrator, Participant's right to vest in the RSUs under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant’s employment or service agreement, if any, unless Participant is providing bona fide services during such time); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the RSUs grant (including whether Participant may still be considered to be providing services while on a leave of absence and consistent with local law);

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of Participant’s status as a Service Provider (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant’s employment or service agreement, if any), and in consideration of the grant of the RSUs to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any Subsidiary, or the service recipient, waives his or her ability, if any, to bring any such claim, and releases the Company or Subsidiary and the service recipient from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(j) unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by the Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed-out or substituted for, in connection with any corporate transaction affecting the Shares; and

(k) in the event Participant is not an employee of the Company, Participant understands and agrees that neither the offer to participate in the Plan, nor his or her participation in the Plan, will be interpreted to form an employment contract or relationship with the Company, and furthermore, nothing in the Plan, the Agreement nor Participant’s participation in the Plan will be interpreted to form an employment contract with the Company.

*5. **Data Privacy. Participant acknowledges, understands, and agrees that the Company may collect, where permissible under Applicable Law certain personal information about Participant, including, but not limited to, Participant’s name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs granted under the Plan or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant’s favor (“Data”), for the exclusive purpose of implementing, administering and managing the Plan. Participant understands that Company may transfer Participant’s Data to the United States, which may have different, including less stringent, data protection laws than the laws in Participant’s country. Participant understands that the Company will transfer Participant’s Data to its designated broker, [include broker] or any affiliate thereof, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that a recipient’s country of operation (e.g., the United States) may have different, including less stringent, data privacy laws that Participant’s jurisdiction does not consider to be equivalent to the protections in Participant’s country. Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting [Participant’s local human resources representative]. Participant authorizes the Company, the Company’s designated broker and any other possible recipients which may assist the Company with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant’s participation in the Plan. Participant understands that Data will be held only as long as is***

necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing to [Participant's local human resources representative]. Further, Participant understands that he or she is providing the consent herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's employment status or career with the Company will not be adversely affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant awards under the Plan or other equity awards, or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing Participant's consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact [Participant's local human resources representative].

Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described herein and any other Plan materials by and among, as applicable, the Company or any Subsidiary for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Participant's consent will be sought and obtained for any processing or transfer of Participant's data for any purpose other than as described in the enrollment form and any other plan materials.

6. Consulting External Advisors. Participant acknowledges, understands, and agrees that neither the Company or any Subsidiary of the Company is providing any tax, legal or financial advice, nor is the Company or any Subsidiary making any recommendations or assessments regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares, or any subsequent disposal or retention of such Shares. Participant understands that he or she is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

7. Translated Documents. If Participant has received the Agreement or any other document related to the Plan translated into a language other than English, Participant understands that such translated documents were provided for convenience only, and that if the meaning of the translated version is different than the English version, the English version will control.

8. Insider Trading/Market Abuse. Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the Shares are listed and in applicable jurisdictions including the United States and Participant's country or his or her broker's country, if different, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (*e.g.*, RSUs) during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and service providers and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions and Participant should speak with his or her personal legal advisor on this matter.

II. GLOBAL PROVISIONS APPLICABLE TO PARTICIPANTS WHO PROVIDE SERVICES IN THE COUNTRIES INCLUDED BELOW

INDIA

Terms and Conditions

Repatriation Requirements. As a condition of the grant of RSUs, Participant agrees to repatriate any proceeds from the sale of Shares acquired under the Plan or the receipt of any dividend equivalents or dividends to India within 180 days of receipt (assuming Participant holds less than 10% of the Company's share capital) and convert such amounts to local currency. Participant also must obtain a foreign inward remittance certificate ("***FIRC***") from the bank where he or she deposits the foreign currency and maintains the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Company requests proof of repatriation.

Notifications

Foreign Assets Reporting Information. Participant must declare foreign bank accounts and any foreign financial assets (including Shares subject to the RSUs held outside India) in his or her annual tax return. It is Participant's responsibility to comply with this reporting obligation and he or she should consult with his or her personal tax advisor to determine such personal reporting obligations.

Exhibit 21.1

Subsidiaries

Digital Opendoor Insurance Services LLC	DE
OD Arizona D LLC	DE
OD Equity Owner D LLC	DE
OD Homes Brokerage Inc	DE
OD Intermediate Holdco C LLC	DE
OD Intermediate SUBI Holdco I LLC	DE
OD Intermediate SUBI Holdco II LLC	DE
OD Intermediate SUBI Holdco IV LLC	DE
OD Intermediate SUBI Holdco V LLC	DE
OD Intermediate SUBI Holdco VII LLC	DE
OD Intermediate SUBI Holdco X LLC	DE
OD Intermediate SUBI Holdco XI LLC	DE
OD International Holding Ltd (Cayman Islands)	Cayman Islands
OD Jetclosing LLC	DE
OD Mezzanine Borrower R2 LLC	DE
OD Nevada D LLC	DE
OD Services International Ltd (Cayman Islands)	Cayman Islands
OD Services LLC	DE
OD SUBI Holdco I LLC	DE
OD SUBI Holdco II LLC	DE
OD SUBI Holdco III LLC	DE
OD SUBI Holdco IV LLC	DE
OD SUBI Holdco V LLC	DE
OD SUBI Holdco VI LLC	DE
OD SUBI Holdco VII LLC	DE
OD SUBI Holdco VIII LLC	DE
OD SUBI Holdco IX LLC	DE
OD SUBI Holdco X LLC	DE
OD SUBI Holdco XI LLC	DE
OD Texas D LLC	DE
OD Trust Holdco LLC	DE
Open Listings Holding Company LLC	DE
Opendoor Brokerage Inc.	DE
Opendoor Brokerage LLC	DE
Opendoor Home Loans LLC	DE
Opendoor Homes Phoenix 2 LLC	DE
Opendoor Labs Inc.	DE
Opendoor Operations Canada Inc. (Canada)	DE
Opendoor Property Acquisition LLC	DE
Opendoor Property C LLC	DE
Opendoor Property D LLC	DE
Opendoor Property Holdco C LLC	DE
Opendoor Property Holdco J LLC	DE
Opendoor Property Holdco N LLC	DE
Opendoor Property J LLC	DE

Opendoor Property N LLC	DE
Opendoor Property Trust I	DE
Opendoor Title Services Holding LLC	DE
Opendoor Ventures LLC	DE
Open Exchange Brokerage LLC	DE
Open Exchange Labs Inc.	DE
OS National Alabama LLC	AL
OS National LLC	GA
OSN Escrow Inc.	CA
OSN Texas LLC	TX
OSN Title Company	CA
Pro Marketplace LLC	DE
Pro.com Home Services Colorado Inc.	DE
Pro Com Home Services LLC	DE
Pro.com Home Services Arizona LLC	DE
Pro.com Home Services California Inc.	DE
Redefined Tax Solutions LLC	TX
Services Labs Inc.	DE
Services Labs Software Private Limited (India)	India
taxProper Inc	DE
Tremont Realty LLC	TX

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-251529 on Form S-3 and 333-253993 and 333-266877 on Form S-8 of our reports dated February 23, 2023, relating to the consolidated financial statements of Opendoor Technologies Inc. and the effectiveness of Opendoor Technologies Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Opendoor Technologies Inc. for the year ended December 31, 2022. We also consent to the reference to us under the heading "Experts" in such Registration Statements.

/s/ Deloitte & Touche LLP

San Francisco, California
February 23, 2023

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Carrie Wheeler, certify that:

1. I have reviewed this Annual Report on Form 10-K of Opendoor Technologies Inc.;

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

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

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

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

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

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

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

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

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

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

Date: February 23, 2023

By: /s/ Carrie Wheeler
Carrie Wheeler
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christina Schwartz, certify that:

1. I have reviewed this Annual Report on Form 10-K of Opendoor Technologies Inc.;

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

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

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

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

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

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

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

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

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

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

Date: February 23, 2023	By:	/s/ Christina Schwartz
		Christina Schwartz
		Interim Chief Financial Officer
		(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of Opendoor Technologies Inc. (the “Company”) for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Carrie Wheeler, Chief Executive Officer of the Company, and Christina Schwartz, Interim Chief Financial Officer of the Company, each certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date:	February 23, 2023	By:	/s/ Carrie Wheeler
			Carrie Wheeler
			Chief Executive Officer
			(Principal Executive Officer)

Date:	February 23, 2023	By:	/s/ Christina Schwartz
			Christina Schwartz
			Interim Chief Financial Officer
			(Principal Financial and Accounting Officer)