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

FORM 10-K

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

For the fiscal year ended December 31, 2020

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 001-38004

Invitation Homes Inc.

(Exact name of registrant as specified in its charter)

Maryland	**90-0939055**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1717 Main Street, Suite 2000	
Dallas, Texas	**75201**
(Address of principal executive offices)	(Zip Code)

(972) 421-3600

(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, $0.01 par value	INVH	New York Stock Exchange

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

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

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

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

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

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

Large Accelerated Filer	☑	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

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

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

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

As of June 30, 2020, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $15.4 billion (based upon the closing sale price of the common stock on that date on the New York Stock Exchange).

As of February 15, 2021, there were 567,220,432 shares of common stock, par value $0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Items 10, 11, 12, 13, and 14 of Part III incorporate information by reference from the registrant's definitive proxy statement relating to its 2021 annual meeting of stockholders (the "2021 Proxy Statement") to be filed with the Securities and Exchange Commission within 120 days after the close of the registrant's fiscal year to which this report relates.

INVITATION HOMES INC.

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, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, and other non-historical statements. In some cases, you can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "projects," "predicts," "intends," "plans," "estimates," "anticipates," or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties as summarized below in "Summary Risk Factors." These risks and uncertainties include among others, risks inherent to the single-family rental industry and our business model, macroeconomic factors beyond our control, competition in identifying and acquiring properties, competition in the leasing market for quality residents, increasing property taxes, homeowners' association ("HOA") and insurance costs, our dependence on third parties for key services, risks related to the evaluation of properties, poor resident selection and defaults and non-renewals by our residents, performance of our information technology systems, risks related to our indebtedness, and risks related to the potential negative impact of the ongoing COVID-19 pandemic on our financial condition, results of operations, cash flows, business, associates, and residents. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Many of these factors have been heightened as a result of the ongoing and numerous adverse impacts of COVID-19. We believe these factors include but are not limited to, those described under Part I. Item 1A. "Risk Factors" as such factors may be updated from time to time in our periodic filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at http://www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Annual Report on Form 10-K and in our other periodic filings. The forward-looking statements speak only as of the date of this Annual Report on Form 10-K, and we expressly disclaim any obligation or undertaking to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except to the extent otherwise required by law.

Summary Risk Factors

Our ability to successfully operate our business is subject to numerous risks, including those that are generally associated with operating in the real estate industry. Some of the more significant challenges and risks are summarized below. This summary contains only a select portion of the risks set forth in Part I. Item 1A. "Risk Factors" and throughout this Annual Report on Form 10-K.

- Our operating results are subject to general economic conditions and risks associated with our real estate assets;
- The ongoing COVID-19 pandemic and other future epidemics and public health crises could have an adverse effect on our results of operations and financial condition;
- We are employing a business model with a limited track record, which may make our business difficult to evaluate, and we have a limited operating history;
- A significant portion of our costs and expenses are fixed, including increasing property taxes, HOA fees, and insurance costs, and we may not be able to adapt our costs structure to offset declines in our revenue;
- Timing and costs of renovating our properties, and the cost of maintaining rental properties may negatively affect our financial results;
- Concentration of our investments in certain markets and in the single-family properties sector of the real estate industry exposes us to seasonal fluctuations in rental demand and downturns in our markets or in the single-family properties sector;
- We face significant competition in the leasing market for quality residents, which may limit our ability to lease our single-family homes on favorable terms;

- We face risks associated with acquisitions and dispositions of properties which could lead to material losses on our investments in our properties and adversely impact anticipated yields, including risks related to:
    - competition in identifying and acquiring our properties;
    - possible title defects;
    - bulk portfolio acquisitions and dispositions;
    - acquisitions through an auction process;
    - evaluation of properties based on potentially inaccurate assumptions; and
    - acquisitions of properties consistent with our investment strategy regardless of favorability of rental and housing markets;
- Our dependence upon third parties for key services may have an adverse effect on our operating results or reputation if the third parties fail to perform;
- We are highly dependent on information systems and systems failures, security breaches and other disruptions could significantly disrupt our business and expose us to liability;
- Compliance with governmental laws, regulations, and covenants that are applicable to our properties, including tenant relief laws, rent control laws, affordability covenants, permit, license, and zoning requirements may negatively impact our rental income and profitability;
- Legal demands, litigation, and negative publicity by tenant and consumer rights organizations could directly limit and constrain our operations and may result in significant litigation expenses and reputational harm;
- A significant number of our residential properties are part of HOAs and we and our residents are subject to the rules of such HOAs, which are subject to change, and violations of such rules may subject us to additional fees and penalties and litigation with such HOAs, which would be costly;
- Our reliance on information supplied by prospective residents, which may be inaccurate, may lead to poor leasing decisions and our portfolio may contain more risk than we believe;
- If a significant number of our residents fail to meet their lease obligations or fail to renew their leases, our reputation, financial performance, and ability to make distributions to our stockholders may be adversely affected;
- Relatively short lease terms expose us to the risk that we may have to re-lease our properties frequently, which we may be unable to do on attractive terms, on a timely basis, or at all;
- Fluctuations of rent rates in our markets could adversely affect our financial condition, operating results, and ability to make distributions to our stockholders;
- Declining real estate valuations and impairment charges could adversely affect our financial condition and operating results;
- Our participation in joint venture investments may limit our ability to invest in certain markets, and we may be adversely affected by our lack of sole decision-making authority, our reliance on joint venture partners' financial condition, and disputes between us and our joint venture partners;
- We may suffer losses that are not covered by insurance;
- The impact of climate change in areas where our communities are located, including significant damage to or destruction of our properties, may adversely affect our business;
- We may have difficulty selling our real estate investments and our ability to distribute all or a portion of the net proceeds from any such sale to our stockholders may be limited;
- We may be unable to obtain financing through the debt and equity markets, which would have a material adverse effect on our growth strategy and our financial condition and operating results;

- We utilize a significant amount of indebtedness in the operation of our business and 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;
- Provisions of Maryland law and certain provisions in our charter may limit the ability of a third party to acquire control of us, even if such change in control would be in the best interests of our stockholders or would result in receipt of a premium to the price of our common stock; and
- If we do not maintain our qualification as a real estate investment trust ("REIT"), we will be subject to tax as a regular corporation and could face a substantial tax liability and maintaining our REIT status may hinder our ability to operate solely on the basis of maximizing profits.

This summary is qualified in its entirety by the more complete statement of risks and uncertainties in Part I. Item 1A. "Risk Factors." You should carefully read the entire statement together with all of the other information in this Annual Report on Form 10-K when considering the risks and uncertainties in evaluating our company and our business.

DEFINED TERMS

Invitation Homes Inc. ("INVH"), a REIT, conducts its operations through Invitation Homes Operating Partnership LP ("INVH LP"). THR Property Management L.P., a wholly owned subsidiary of INVH LP (the "Manager"), provides all management and other administrative services with respect to the properties we own. On November 16, 2017 (the "Merger Date"), INVH and certain of its affiliates entered into a series of transactions with Starwood Waypoint Homes ("SWH") and certain SWH affiliates which resulted in SWH and its operating partnership being merged into INVH and INVH LP, respectively, with INVH and INVH LP being the surviving entities (the "Mergers").

Unless the context suggests otherwise, references in this Annual Report on Form 10-K to "Invitation Homes," the "Company," "we," "our," and "us" refer to INVH and its consolidated subsidiaries.

In this Annual Report on Form 10-K:

- "average monthly rent" represents average monthly rental income per home for occupied properties in an identified population of homes over the measurement period and reflects the impact of non-service rent concessions and contractual rent increases amortized over the life of the related lease. We believe average monthly rent reflects pricing trends that significantly impact rental revenues over time, making average monthly rent useful to management and external stakeholders as a means of evaluating changes in rental revenues across periods;
- "average occupancy" for an identified population of homes represents (i) the total number of days that the homes in such population were occupied during the measurement period, divided by (ii) the total number of days that the homes in such population were owned during the measurement period. We believe average occupancy significantly impacts rental revenues in a given period, making comparisons of average occupancy across different periods helpful to management and external stakeholders in evaluating changes in rental revenues across periods;
- "Carolinas" includes Charlotte, NC, Greensboro, NC, Raleigh, NC, and Fort Mill, SC;
- "days to re-resident" for an individual home represents the number of days between (i) the date the prior resident moves out of a home, and (ii) the date the next resident is granted access to the same home, which is deemed to be the earlier of the next resident's contractual lease start date and the next resident's move-in date. Days to re-resident impacts our average occupancy and thus our rental revenues, making comparisons of days to re-resident helpful to management and external stakeholders in evaluating changes in rental revenues across periods;
- "in-fill" refers to markets, MSAs, submarkets, neighborhoods or other geographic areas that are typified by significant population densities and low availability of land suitable for development into competitive properties, resulting in limited opportunities for new construction;
- "historical average" is the simple average of each of the six months beginning October 2019 and to and including March 2020;
- "Metropolitan Statistical Area" or "MSA" is defined by the United States Office of Management and Budget as a region associated with at least one urbanized area that has a population of at least 50,000 and comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting;
- "net effective rental rate growth" for any home represents the percentage difference between the monthly rent from an expiring lease and the monthly rent from the next lease and, in each case, reflects the impact of non-service rent concessions and contractual rent increases amortized over the life of the related lease. Leases are either renewal leases, where our current resident chooses to stay for a subsequent lease term, or a new lease, where our previous resident moves out and a new resident signs a lease to occupy the same home. Net effective rental rate growth drives changes in our average monthly rent, making net effective rental rate growth useful to management and external stakeholders as a means of evaluating changes in rental revenues across periods;
- "Northern California" includes Sacramento-Arden-Arcade-Roseville, CA, San Francisco-Oakland-Hayward, CA, Stockton-Lodi, CA, Vallejo-Fairfield, CA, and Yuba City, CA;

- "PSF" means per square foot. When comparing homes or cohorts of homes, we believe PSF calculations help management and external stakeholders normalize metrics for differences in property size, enabling more meaningful comparisons based on characteristics other than property size;
- "revenue collections as a percentage of billings" represents the total cash received in a given period for rental revenues and other property income (including receipt of late payments that were billed in prior months) divided by the total amounts billed in that period. When a payment plan is in place with a resident, amounts are considered to be billed at the time they would have been billed based on the terms of the original lease, not the terms of the payment plan. We believe this provides management and external stakeholders with meaningful information about our success in collecting amounts due under our lease agreements;
- "Same Store" or "Same Store portfolio" includes, for a given reporting period, homes that have been stabilized and seasoned, excluding homes that have been sold, homes that have been identified for sale to an owner occupant and have become vacant, homes that have been deemed inoperable or significantly impaired by casualty loss events or force majeure, homes acquired in portfolio transactions that are deemed not to have undergone renovations of sufficiently similar quality and characteristics as the existing Invitation Homes Same Store portfolio, and homes in markets that we have announced an intent to exit where we no longer operate a significant number of homes for the primary purpose of income generation. Homes are considered stabilized if they have (i) completed an initial renovation and (ii) entered into at least one post-initial renovation lease. An acquired portfolio that is both leased and deemed to be of sufficiently similar quality and characteristics as the existing Invitation Homes Same Store portfolio may be considered stabilized at the time of acquisition. Homes are considered to be seasoned once they have been stabilized for at least 15 months prior to January 1st of the year in which the Same Store portfolio was established. We believe information about the portion of our portfolio that has been fully operational for the entirety of a given reporting period and its prior year comparison period provides management and external stakeholders with meaningful information about the performance of our comparable homes across periods and about trends in our organic business;
- "Southeast United States" includes our Atlanta and Carolinas markets;
- "South Florida" includes Miami-Fort Lauderdale-West Palm Beach, FL, and Port St. Lucie, FL;
- "Southern California" includes Los Angeles-Long Beach-Anaheim, CA, Oxnard-Thousand Oaks-Ventura, CA, Riverside-San Bernardino-Ontario, CA, and San Diego-Carlsbad, CA;
- "total homes" or "total portfolio" refers to the total number of homes we own, whether or not stabilized, and excludes any properties previously acquired in purchases that have been subsequently rescinded or vacated. Unless the context otherwise requires, all measures in this Annual Report on Form 10-K are presented on a total portfolio basis;
- "turnover rate" represents the number of instances that homes in an identified population become unoccupied in a given period, divided by the number of homes in such population. To the extent the measurement period shown is less than 12 months, the turnover rate may be reflected on an annualized basis. We believe turnover rate impacts average occupancy and thus our rental revenues, making comparisons of turnover rate helpful to management and external stakeholders in evaluating changes in rental revenues across periods. In addition, turnover can impact our cost to maintain homes, making changes in turnover rate useful to management and external stakeholders in evaluating changes in our property operating and maintenance expenses across periods; and
- "Western United States" includes our Southern California, Northern California, Seattle, Phoenix, Las Vegas, and Denver markets.

PART I

ITEM 1. BUSINESS

Overview

Invitation Homes is a leading owner and operator of single-family homes for lease, offering residents high-quality homes in sought-after neighborhoods across America. With over 80,000 homes for lease in 16 markets across the country as of December 31, 2020, Invitation Homes is meeting changing lifestyle demands by providing residents access to updated homes with features they value, such as close proximity to jobs and access to good schools. Our mission statement, “Together with you, we make a house a home,” reflects our commitment to high-touch service that continuously enhances residents’ living experiences and provides homes where individuals and families can thrive.

We operate in markets with strong demand drivers, high barriers to entry, and high rent growth potential, primarily in the Western United States, Florida, and the Southeast United States. Through disciplined market and asset selection, as well as through strategic mergers and acquisitions, we designed our portfolio to capture the operating benefits of local density as well as economies of scale that we believe cannot be readily replicated. Since our founding in 2012, we have built a proven, vertically integrated operating platform that enables us to effectively and efficiently acquire, renovate, lease, maintain, and manage our homes.

We invest in markets that we expect will exhibit lower new supply, stronger job and household formation growth, and superior net operating income (“NOI”) growth relative to the broader United States housing and rental markets. Within our 16 markets, we target attractive neighborhoods in in-fill locations with multiple demand drivers, such as proximity to major employment centers, desirable schools, and transportation corridors. Our homes average approximately 1,870 square feet with three bedrooms and two bathrooms, appealing to a resident base that we believe is less transitory than the typical multifamily resident. We invest in the upfront renovation of homes in our portfolio in order to address capital needs, reduce ongoing maintenance costs, and drive resident demand. The in-fill locations and high quality of our homes and service further differentiate our resident experience, which we continue to refine.

History

Through certain of the six holding entities that owned our business prior to our initial public offering (the “IH Holding Entities”), we commenced operations in 2012. On January 31, 2017, we effected certain reorganization transactions that resulted in INVH LP holding, directly or indirectly, all of the assets, liabilities, and results of operations of the Manager and the full portfolio of homes held by the IH Holding Entities. As a result of the reorganization transactions, INVH LP became a consolidated subsidiary of INVH. A wholly owned subsidiary of INVH, Invitation Homes OP GP LLC, serves as INVH LP’s sole general partner.

Invitation Homes Inc., a Maryland corporation, was incorporated in Delaware on October 4, 2016. On February 6, 2017, Invitation Homes Inc. changed its jurisdiction of incorporation to Maryland and completed an initial public offering of its shares of common stock (the “IPO”).

On November 16, 2017, we completed the Mergers with SWH, whereby we acquired all outstanding SWH common shares.

As of December 31, 2020, INVH owns a 99.4% partnership interest in INVH LP and has the full, exclusive, and complete responsibility for and discretion over the day to day management and control of INVH LP.

Our principal executive offices are located at 1717 Main Street, Suite 2000, Dallas, Texas 75201 and our telephone number is (972) 421-3600.

Our Platform

Our vertically integrated, scalable platform allows greater influence over the experience of our residents while enabling us to better control operating costs and continuously share best practices across functional areas of the business. Our differentiated platform is built upon:

- *Resident-centric focus*. Our high-touch business model enables us to continuously solicit and integrate resident feedback into our operations and tailor our approach to address their preferences, providing a superior living experience and fostering customer loyalty. We believe this, in turn, drives rent growth, occupancy, and low turnover rates and will enable us to develop significant brand equity in the longer term.
- *Local presence and expertise*. In-market managers oversee the operations of local leasing management, property management, and maintenance teams, enabling us to provide outstanding resident service, leverage local expertise in managing rental, occupancy, and turnover rates, and improve cost and oversight over renovations and ongoing maintenance. As a result of our concentrated footprint within our markets, our regional managers and in-market teams are able to realize local-operator advantages, while still benefiting from significant economies of scale.
- *Scalable, centralized infrastructure*. We support local market operations with national strategy, infrastructure, and standards to drive efficiency, consistency, and cost savings. We utilize our extensive scale to ensure the consistent quality of our resident experience and maximize cost efficiencies and purchasing power. On a national level we are also able to standardize resident leases, employ a consistent approach to resident screening and leasing operations, and utilize dynamic, rules-based pricing tools informed by local market conditions.

Our approach to investment and asset management similarly combines local presence and expertise with national oversight. Our investment and asset management teams are located in-market and apply their local market knowledge within the framework of a proprietary and consistent underwriting methodology, with support from national leadership based in our corporate headquarters focused on investment and asset management strategy. Through the integration of investment and asset management and property management functions, our platform enables our teams to incorporate real-time information regarding leasing activity, property operations, maintenance, and capital spending into asset selection. We believe the advantages of our integrated acquisition platform and local market expertise have driven the quality of our existing portfolio of 80,177 homes as of December 31, 2020. We believe that employing experienced, in-house acquisitions teams at the local level gives us a competitive advantage in selectively acquiring homes that will maximize risk-adjusted total return.

Our Business Activities

Since our founding in 2012, we have built a proven, vertically integrated operating platform that allows us to effectively and efficiently acquire, renovate, lease, maintain, and manage our homes. Our differentiated approach, which combines a resident-centric focus, local market presence and expertise, and national strategy, infrastructure, and standards, informs all areas of our operations.

Property Operations

Property operations encompasses the in-house local market management and execution of marketing, leasing, resident relations, and maintenance functions. We have developed and employ a highly scalable, vertically integrated, and resident-centric property management service platform, referred to as "ProCare." All of our property management functions have been internally managed since our founding in 2012, and we have implemented an extensive property management infrastructure, including an online resident portal, Smart Home technology, a technology suite to manage work orders and personnel, dedicated in-market personnel, and local offices in each of our markets. All of our local market personnel are supported by our centralized national infrastructure, which allows us to deploy best practices and standardization where appropriate. The combination of our local market presence and national infrastructure enables us to exercise greater control over our property management service platform, allowing us to enhance the experience of our residents, better manage operating costs, and share best practices across various functional areas of our business.

We have organized our in-house property management personnel and operating structure whereby Vice Presidents of Operations in each of our markets are responsible for the operations of local leasing management, property management, and maintenance teams. We believe our operating model differentiates our approach to local market operations and enables us to provide superior, high-touch resident service, maximize the effectiveness of our in-market personnel in managing rental, occupancy, and turnover rates and improve our cost management and oversight over both upfront renovations and ongoing maintenance.

Marketing and Leasing

Our in-house personnel are responsible for establishing rental rates, marketing and leasing properties, and collecting and processing rent. We establish rental rates based on a dynamic, rules-based pricing tool that is informed by local market conditions, including a competitive analysis of market rents for institutional single-family rental properties, growth in single-family and multifamily market rents since a specific home's last lease commenced, the size, fit and finish, and location of the home, the number of applications received and/or showings a property has experienced since becoming available, and the number of days a home has been available on the market, as well as qualitative factors, such as neighborhood characteristics, community amenities, and proximity to employment centers, desirable schools, transportation corridors, and local services.

We typically begin pre-marketing properties 30 to 60 days in advance of their becoming vacant to maintain high occupancy rates and reduce vacancy losses. We advertise available properties through multiple channels, including our proprietary website, internet listing services (such as Zillow, Trulia, HotPads, and Realtor.com), MLS, yard signs, search engine marketing, social and other digital media, and local brokers. We offer flexible showing options for convenience, including virtual tours and floor plans on our website, self-showings that leverage the home's smart home technology, and in-person agent showings. We own internal brokerages to serve each state in which we operate and primarily utilize in-market leasing agents who work with us to lease our homes. In some markets, we also utilize a network of local real estate agents to show homes to prospective residents and offer those agents limited co-broker fees.

Prospective residents may submit an application through the application portal on our website or in person. In order to maintain brand consistency and better track compliance with leasing requirements, we utilize standardized online applications, national lease agreements, move-in and move-out documents, resident communications, and other ancillary documents. We evaluate prospective residents in a standardized manner through the use of a third party resident screening partner. Our resident screening process includes obtaining appropriate identification, a thorough evaluation of credit history and household income, a review of the applicant's rental history, and a background check for criminal activity. Although we require a minimum income to rent ratio, many additional factors are also taken into consideration during the resident evaluation process, including eviction history, criminal history, and rental and other payment history.

Our disciplined investment strategy and local, in-market approach have given us scale and density of homes in desirable neighborhoods, enabling us to execute cost-effective advertising, targeting potential residents whose online behaviors indicate interest in these neighborhoods. We believe this increases our likelihood of capturing and retaining residents, enhancing our opportunity to develop and market other programs and services.

Digital Marketing Initiatives and Branding

We encourage meaningful community interaction across our digital platforms by continuously refreshing the content of our website, blog, and social media accounts with articles, home maintenance advice, contests, and incentives designed to enrich the lives of our residents and protect our homes. For example, we alert our residents to prepare for storms, incentivize them to pay their rent online, offer "Lease Friendly" "Make It Home" design tips and contests, and hold an annual Resident Appreciation Day. Resident engagement and social following continue to grow, and we receive positive feedback from residents, who specifically mention our approachable lifestyle and home maintenance content that helps them make a house a home.

Resident Relations and Property Maintenance

Our in-house personnel in each of our markets are also responsible for property repairs and maintenance and resident relations. In coordination with a third party vendor, we offer a 24/7 emergency telephone line to handle after hours maintenance issues on an expedited basis as needed, and our residents can also contact us through our online resident portal, our call centers, or our local property management offices. As part of our ongoing property management process, we seek to conduct routine repairs and maintenance in a timely manner, as appropriate, by appointment at the resident's convenience. We seek to utilize quality materials to minimize the recurrence of maintenance requests and maximize long-term rental income and cash flows from our portfolio.

We typically utilize our in-house maintenance personnel in each of our markets to provide ordinary course, “handyman” services, and outsource more complex or extensive repairs, such as roofing, heating, ventilation, and air conditioning (“HVAC”) systems, plumbing, and electrical work to vetted, pre-approved third party vendor partners. We strive to maximize the number of maintenance calls that are addressed by our in-house maintenance technicians. In cases where we outsource more complex or extensive repairs, our in-house maintenance personnel provide oversight to ensure quality control and cost effectiveness. In addition, our in-house maintenance personnel conduct periodic visits to our properties to help foster positive, long-term relationships with our residents, track and report maintenance needs effectively, conduct preventative maintenance, and ensure compliance with lease terms, local laws, and HOA rules and regulations. We have temporarily paused a portion of these visits due to the ongoing pandemic.

ProCare service, our property management service platform, includes several touchpoints over the term of a resident’s lease designed to enhance their satisfaction with our service model, improve the efficiency of our service, and ensure that each resident is properly educated regarding the home and their responsibilities. When a new resident moves into one of our homes, our in-house personnel conduct a resident orientation (sometimes virtual due to the ongoing pandemic), during which we revisit the terms of the lease, outline what aspects of the home’s upkeep are the resident’s responsibility, walk through all of the home’s major systems in order to familiarize the resident with their safe and proper operation, and inform the resident that we will be conducting a post move-in maintenance visit. Following the move-in orientation, each resident is encouraged to keep a record of any non-emergency service items noted after moving into the home. At the time of the post move-in maintenance visit approximately 45 days after move-in (sometimes virtual due to the ongoing pandemic), our in-house property maintenance personnel will address any non-emergency service needs the resident has noted. We believe this process has a number of benefits. First, by conducting an in-person move-in orientation, we are able to ensure that residents understand their obligations under the terms of their lease, as well as how to safely and properly operate the home’s systems, reducing both the likelihood of misaligned expectations and unnecessary wear and tear on the property. Second, by scheduling a post move-in maintenance visit, we are able to address multiple service requests in a single visit, improving the resident experience by avoiding the inconvenience of multiple service appointments and improving the efficiency and productivity of our in-house property maintenance personnel. Finally, the post move-in maintenance visit allows us to more quickly identify residents who may not be adhering to the terms of their lease or may be subjecting the home to undue wear and tear and/or damages as a result of their treatment of the property.

Following the regularly scheduled post move-in maintenance visit described above, our in-house property maintenance personnel in each of our markets also conduct mid-lease preventive maintenance visits. During preventive maintenance visits, our in-house property maintenance personnel inspect the home’s systems, paying particular attention to potential safety hazards as well as potential causes of damage that could result in us incurring significant maintenance costs if left unaddressed. Examples of areas of focus for preventive maintenance visits include smoke and carbon monoxide detectors, air filters, hot water heaters, toilet valves, under-sink plumbing, and garbage disposals, among others.

We also conduct pre move-out visits 15 to 30 days prior to scheduled resident move-outs. These visits allow us to notify residents of any repairs they may need to undertake prior to moving out of the property, such as carpet cleaning or landscaping maintenance, in order to avoid forfeiture of part or all of their security deposit. In addition, these visits allow our in-house property maintenance personnel to begin preparing a scope of work and budget for the turnover work we undertake between residents to prepare our homes to be re-leased to a new resident. These visits also increase our ability to pre-market our homes.

Regardless of the purpose or timing of the visit, our in-house property maintenance personnel are required to conduct a general property condition assessment (“GPCA”) every time they visit one of our homes. The GPCA requires our in-house property maintenance personnel to assess and document interior and exterior conditions, whether the resident is adhering to the terms of their lease, as well as any potential safety hazards or potential causes of damage that could result in us incurring significant maintenance costs if left unaddressed. If a deficiency is identified by our in-house property maintenance personnel we endeavor to take prompt action to correct it.

Investment and Asset Management

Acquisition Strategy

We have a disciplined acquisition platform that is capable of deploying capital across multiple acquisition channels and markets simultaneously. Our markets were generally selected through a robust process utilizing an analysis of housing and rental market supply and demand fundamentals, macroeconomic and demographic trends, and risk-adjusted total return potential. Specifically, the process we use to select and, on an ongoing basis, evaluate our markets ranks these markets based on relative weightings of factors that include, but are not limited to, forecast population and employment growth, household formation, historical and forecast deliveries of new residential housing supply, discounts to replacement cost for single-family residential housing, size of the addressable market, volume of new and existing home sales, potential yields implied by the relationship between market rental rates and the price of single-family residential housing, forecast home price appreciation, and forecast rental rate growth.

We have amassed significant scale within our 16 markets. In these markets, our acquisition strategy has been, and will continue to be, focused on buying, renovating, and operating high quality single-family homes for lease that we believe will appeal to and attract a high quality resident base, that will experience robust long-term demand, and that will benefit from capital appreciation. In evaluating acquisitions, we analyze numerous factors, including neighborhood desirability, proximity to employment centers, schools, and transportation corridors, community amenities, construction type, and required ongoing capital needs, among others.

We target submarkets and neighborhoods in undersupplied high-growth markets and leverage our in-house acquisition and operations teams' local market expertise to acquire homes in in-fill locations that we believe will experience above average rental rate growth and home price appreciation. Our in-house acquisition teams are comprised of dedicated professionals located in our markets and at our corporate headquarters who provide strategic direction and broad oversight. Our acquisition teams have significant local market experience and expertise in single-family investments and sales, which enables us to target specific submarkets, neighborhoods, individual streets, and homes that meet our selection and underwriting criteria. To date, we have underwritten more than one million individual homes which gives us a substantial proprietary database on which we can draw as we evaluate future acquisition opportunities in our markets. The number of homes underwritten represents the total number of acquisition opportunities that we have considered and of which we have conducted preliminary analysis, including acquisition opportunities that were ultimately not pursued or completed. As a result of our selective and disciplined investment approach, we have analyzed and considered a far greater number of potential acquisitions than the number of homes we have actually acquired. As a result of our large existing portfolio and volume of acquisitions to date, we believe we have a high degree of visibility into rental rates and fixed and controllable operating expenses, which allows us to more accurately underwrite expected net yields of homes prior to acquisition. We also collaborate with local market real estate brokers and others, and leverage these relationships to source off-market acquisition opportunities. Within our markets, our approach allows us to screen broadly and rapidly to identify potential acquisitions in highly targeted submarkets at the neighborhood and street levels. Our in-house team of acquisition professionals coordinates with our in-house renovation, maintenance, and property management teams to ensure that feedback from historical acquisitions is shared across functions so that our ongoing investment activities are informed by, and benefit from, insight from prior experience.

Property Renovations

We have an in-house team of dedicated personnel located in our markets who oversee our upfront property renovation process and the ongoing maintenance of our homes, with support from centralized construction experts and infrastructure. This team works in collaboration with our in-house investment and property management teams to maximize the total return of our upfront investment and minimize ongoing maintenance costs. To this end, our professionals evaluate: the structural needs and major systems of a property (e.g., examining roofs, HVAC systems, and siding); other maintenance-reducing improvements and repairs (e.g., installing durable hard-surface flooring, removing carpet from high-traffic areas, and testing plumbing and pipes both in the home and out to the street); and the level of fit and finish required to maintain consistency with our brand standards and maximize rental demand (e.g., selecting cabinet and countertop finishes and appliances designed to improve resident demand).

In general, before a home is acquired or when an acquired home first becomes vacant, our in-house teams begin the renovation process by preparing a detailed renovation budget and scope of work based on an assessment of each property's major systems and structural features. These include HVAC, roofs, pools, and plumbing and electrical systems. In addition, we also evaluate other features of our homes' fit and finish, including appliances, landscaping, decks and/or patios, and fixtures. During our initial assessment, we also determine the potential for, and potential return on, any value-additive upgrades that may reduce future operating costs or enhance rental demand and, by extension, our ability to realize more attractive rental, occupancy, or turnover rates.

Through local oversight by in-house personnel of the entire process of renovating our homes, we are able to drive cost efficiencies. Each property's detailed budget and scope of work prepared by our in-house team of renovation professionals is reviewed and vetted by our in-house asset management and operations teams, and in the case of work we contract directly, presented for bid to one or more of our pre-approved vendor partners in each of our markets. In the case of work for which we rely upon general contractors, we set prices based on the scope of work involved. By establishing and enforcing best practices and quality consistency, and through a constant process of evaluating and grading our vendor partners, we believe that we are able to reduce the costs of both materials and labor. For example, we have negotiated discounts and extended warranties for products that we regularly use during the renovation process, including appliances, HVAC systems and components, carpet and flooring, and paint, among others. We are also able to reduce general contractor fees by working directly with vendors. We believe this approach results in both a larger proportion of our upfront renovation expenditures going toward actual investment in our homes as well as lower overall expenditures than if we were to outsource all elements of vendor selection and oversight to third party general contractors.

Portfolio Optimization

We maintain a sophisticated process to identify and efficiently dispose of homes that no longer fit our investment objectives. We believe we have a proven ability to optimize sales prices while reducing both time to sale and selling costs by utilizing multiple distribution channels, including bulk portfolio sales, our "Resident First Look" program (which facilitates home sales to our current residents), direct-to-market sales, and MLS. We believe the significant local density of our portfolio, which averages approximately 5,000 homes per market as of December 31, 2020, allows us to selectively sell properties without sacrificing the operating efficiency of our concentrated scale.

Environmental, Social, and Governance Initiatives

At Invitation Homes, we are committed to creating an exceptional leasing experience for our residents and leading the single-family industry by example. As the nation's premier home leasing company, we have an opportunity to make a profound impact by offering quality homes where our residents can feel safe and careers where our associates can thrive. Our mission, vision, and values define our daily actions in delivering on our pledge to be a responsible corporate citizen. Our mission statement "Together with you, we make a house a home" reflects our commitment to a resident-centric business philosophy. It is important that each day, we live out our values of Unshakeable Integrity, Genuine Care, Continuous Excellence, and Standout Citizenship as we strive to benefit our residents, our associates, our communities, and our shareholders while at the same time advancing efforts that make us more innovative and our processes more sustainable.

We believe that integrating environmental, social, and governance initiatives into our strategic business objectives is critical to our long-term success. In the fourth quarter of 2020, we launched a formal Environmental, Social, and Governance ("ESG") materiality assessment to identify opportunities for us to make the biggest impact in the areas that our stakeholders prioritize. In order to ensure consistent attention and focus on ESG matters, we have created a dedicated, cross-functional ESG task force of associates led by executive management. As a part of their role as stewards of our company's long-term performance, our Board of Directors plays a critical role in understanding how ESG issues affect our business strategy and performance and provides oversight with respect to our ESG initiatives and policies. This responsibility is assigned to the Nominating and Corporate Governance Committee of the Board of Directors. The Nominating and Corporate Governance Committee works closely with management and regularly meets with and reports to the Board of Directors on our ESG strategy, initiatives, and policies. We also believe in the value of feedback, and we hold ourselves accountable. To that end, we participate in the GRESB Real Estate Assessment for a third-party evaluation of our ESG performance, and have linked this performance to the pricing of our revolving credit facility, whereby improvements in our GRESB score over time can benefit our borrowing costs under the facility. Through our integrated and ongoing approach to sustainability and corporate responsibility, we seek to drive positive change and create value for our stakeholders.

Sustainability and corporate social responsibility are vitally important to who we are as a company. Our guiding social responsibility, business, and workplace policies apply to our directors, officers, associates, and vendors, and they are posted on our website. These policies apply to all activities undertaken by or on behalf of Invitation Homes anywhere we operate. Among other things, these policies encompass areas of community and associate engagement, diversity and inclusion, human rights, corporate governance and ethics, and environmental initiatives that reflect existing and emerging standards of corporate social responsibility.

Environmental Stewardship

Protecting the environment is critically important to us, and our corporate responsibility initiatives help limit the company's carbon footprint and the environmental impact of our homes. We take our responsibility around carbon emissions very seriously, and we continue to look for ways to lower the level of emissions from our homes.

While our residents are responsible for utilities that control energy and water usage, we take a proactive approach to improving the environmental footprint of our portfolio by, among other things:

- using energy-efficient ENERGY STAR® certified appliances when feasible;
- utilizing Smart Home technology to help residents manage their homes and reduce their energy bills;
- installing low-flow plumbing fixtures and greater efficiency HVAC units;
- installing water-saving landscape designs in arid locations;
- educating residents about energy-efficient practices;
- maintaining stocked vehicles to reduce trips to hardware stores and eliminate unnecessary travel;
- reducing drive times for our repair technicians by optimizing routes and triaging maintenance issues; and
- launching an HVAC air filter home delivery program for our residents, which may prolong the life of our HVAC systems, may reduce expenses associated with repairs, may minimize downtime associated with system failure, and may provide better air quality in the home.

As the climate continues to change, and with a portfolio located in a variety of United States markets that include coastal areas, we recognize the increased likelihood of acute weather events and other climate-related impacts to our business, operations, and homes. We take a proactive approach to protect our properties against potential risks related to climate change and business interruptions, and we recognize that we must continue to adapt our policies, objectives, and processes to improve the resiliency of our physical properties and our business.

Social Responsibility

Residents

Our success is fueled by the growing demand for high-quality, single-family homes for lease. Many things contribute to an exceptional experience for our residents – the speed and effectiveness of our service, the quality of our portfolio through our ongoing commitment to maintaining our homes, the Genuine Care we provide in each interaction, and much more. By offering quality homes in attractive neighborhoods, we believe we give residents the choice to lease a home in a community that may not have otherwise been attainable. We strive to provide our residents with a worry-free leasing lifestyle through service that includes welcoming them with an in-person home orientation at move-in, making their lives easier with our Smart Home technology offering, and providing 24/7 maintenance combined with our best-in-class ProCare property management service platform. ProCare is an innovative platform designed to provide regular opportunities for us to inspect our assets, proactively address issues, and ensure each home continues to meet our standards.

With the safety and well-being of our residents and associates being our highest priority during the ongoing COVID-19 pandemic, we continue to follow protocols that enable teams to safely provide outstanding service to residents. These protocols include: implementing a safety training program and providing personal protective equipment for all associates; adhering to strict safety protocols for maintenance service trips; leveraging self-show and virtual-tour technology; and offering virtual options for resident move-in orientations and pre-move-out visits.

Additionally, while the COVID-19 outbreak has required us to modify our property improvement and maintenance procedures to accommodate resident safety preferences, as a currently designated "essential business" we are completing all maintenance work orders unless a resident reports symptoms of or exposure to COVID-19.

In March 2020, to act on our core values of Genuine Care and Standout Citizenship, we began to offer solutions for residents experiencing financial hardship when requested, including the ongoing creation of payment plans, without late fees, for residents requiring flexibility to meet rental obligations over time. Additionally, we continue to adhere to federal, state, and local restrictions on items such as evictions, collections, rent increases, and late fees as appropriate.

We also believe it is important to listen to our residents, and we take their feedback to heart on our quest to continuously enhance the Genuine Care we provide. We survey residents at each key step in their journey with Invitation Homes, such as at move-in and move-out, and after every in-person interaction they have with an Invitation Homes associate or vendor. We use this feedback to hold ourselves accountable, with all of our associates having a portion of their compensation tied directly to resident satisfaction survey scores. We also use feedback from surveys and focus groups to help inform new service offerings and enhancements we make to the resident experience. In addition to our website and resident surveys, we engage with our residents through monthly resident newsletters, blog posts, and social media campaigns and contests.

Human Capital

As of December 31, 2020, we had 1,149 dedicated full-time personnel, which we supplement with temporary and contract resources. None of our personnel are covered by a collective bargaining agreement.

Associates are the backbone of our company. Nothing happens without the day-to-day dedication of our invaluable associates. Whether they are a front-line brand ambassador who represents us each and every day with our residents, or a back-of-the-house support team member who ensures we continue to move forward, our associates are our greatest asset. From our focus on associates' wellbeing, health, and safety to our support for a diverse and inclusive culture, we treat each other fairly and act with honesty, integrity, and respect.

We passionately believe that diverse and inclusive companies make for more innovative, engaged, and happy teams. Our organization celebrates diversity and cultivates a culture of inclusion. In 2020, we launched a purposeful diversity and inclusion ("D&I") journey pursuant to which we hired a D&I leader and executed a campaign in which our associates were educated on our commitment to D&I.

As of December 2020, over 40% of our associates are female and over 42% of our associates are people of color. We currently have one active Employee Resource Group ("ERG"), Together With Women. In 2021, we will expand our footprint with the launch of multiple ERGs and a continued focus on ensuring significant and meaningful progress against our key D&I metrics. Our D&I stance contributes to our overall business strategy and serves as a catalyst for retaining our associates, recruiting diverse talent, and building beneficial business relationships with key stakeholders. This business imperative will help us increase our diverse workforce, retain and upskill our talent, and enhance our company's culture. In turn, this will progress our standing as an employer of choice and the nation's premier home leasing company.

We value continuous dialogue with our associates. In May 2020, we launched a new monthly associate survey tool, called "Our Family. Your Voice," which replaced a previously used annual survey. In less than eight months' time, the survey has received more than 94% participation and has provided us with manager-level actionable feedback on several key engagement dimensions. We believe that high monthly participation rates are a strong indication of high engagement and recognition that responses will lead to meaningful action.

We recognize the value of providing regular development opportunities for our associates and help them advance their skills and knowledge. In addition to our annual compliance training campaigns, we offer more than 3,000 online learning and development videos designed to help associates build their skills.

We are committed to accelerating the development of our leaders. In 2020, we created and launched a formal leadership program called "Leadership Essentials" that marks the beginning of our journey to build capable and confident leaders that can lead and inspire a diverse workforce in an ever-changing environment. As part of Leadership Essentials training and our commitment to D&I, we included both D&I and Awareness of Unconscious Bias training for our leaders.

We take considerable steps to ensure the health, safety, and well-being of our associates. We continue to evolve our health and safety processes to help significantly reduce on-the-job injuries and review and monitor our performance monthly. Our goal is to reduce Occupational Safety and Health Administration recordable incidents every year; and over the past three years, our workplace safety programs have successfully reduced annual on-the-job injuries from 79 to 40, or 49.4%. One of our significant programs in 2020 was to provide "Driving Safety" training for our fleet drivers covering topics like defensive driving techniques and vehicle condition and safety features. Additionally, in response to the COVID-19 pandemic, we established a task force that crafted a “Safe Work Playbook” and “Interim Policy Guide,” outlining a consistent way for each of our offices to return to work safely when it is appropriate to do so. We also created formal training for both our field-based and office-based associates to educate and train on these new safety practices and protocols. The majority of our office-based associates continue to work from home and will do so until we determine it is in our and their best interests to fully return to our offices.

We believe it is critically important to maintain a corporate culture that demands integrity and reflects ethical values. Everyone who works at or with Invitation Homes should feel confident about our high ethical standards, our honesty, and our integrity. We maintain a Code of Business Conduct and Ethics (the “Code of Conduct”) that is applicable to all of our directors, officers, and associates. The Code of Conduct helps guide us as we collaborate to accomplish our goals together, while holding ourselves individually responsible for our work and accountable for our actions. Our Vendor Code of Conduct is an extension of our values to our vendors and serves to highlight our commitment to ethical business practices and regulatory compliance.

Communities

Being a good neighbor is critical in the communities where we do business. This includes volunteering in our local communities and contributing dollars to non-profit organizations doing good in our markets. It also involves the full economic impact of our business on the community, through home renovations completed by local vendors, real estate taxes, HOA fees and dues, and locally purchased goods and services. We recognize that the vitality of our business is directly linked to the vitality of the communities in which we operate. We invest in upfront renovations of our homes and maintain them to high standards through timely maintenance services. As of December 31, 2020, we and our predecessors have invested approximately $2.4 billion in the upfront renovation of homes in our portfolio. We invested approximately $39,000 per home for upfront renovations completed during the year ended December 31, 2020. Further, we maintain our homes to high standards through timely maintenance services as well as through our proprietary ProCare service. We believe that these investments benefit our communities by creating jobs, enhancing neighborhood appearance and livability, and improving the overall quality of life for our residents and their neighbors. In addition, we believe such investments improve our relationships with local communities and HOAs and enhance our brand recognition and loyalty.

We believe our values of Genuine Care and Standout Citizenship should extend beyond the walls of our offices and drive our desire to be a good neighbor in each of our communities. While we have a company-wide community impact mantra of “Go Do Good,” much of our community engagement is locally driven. We believe in empowering our associates to make an impact in the communities where they work and reside by partnering with local organizations to provide support to those in need. In addition, each year Invitation Homes associates receive 20 hours of paid time to volunteer in their communities and help their local neighbors. During 2020, many of our nonprofit partners and local organizations offered virtual volunteer experiences that provided safe social distancing options while still enabling us to make an impact, including card and gift showers for the residents and staff of senior living residences and homebound elderly citizens, mentoring and reading, delivering food to veterans and elderly citizens, contributing food and school supplies, collecting and delivering toys, cleaning beaches, and providing other needed support in their communities. We also offer an annual “There’s No Place Like Home” scholarship contest, awarding scholarships for higher learning to residents, associates, and community members.

The COVID-19 pandemic has changed the lives of our associates, our residents, and our communities. We are proud of how our team has responded, showing resilience, innovating in real time, and demonstrating the tremendous value of our resident-centric business philosophy and commitment to community.

Governance and Ethical Business Practices

We take very seriously the responsibility that individuals and organizations have chosen to invest in our company, and we strive every day to ensure that our actions result in value for these investors. We believe that ethical business practices and sound governance promote the long-term interests of our shareholders, strengthen Board of Directors and management accountability, and improve our standing as a trusted member of the communities we serve. We are committed to the principles of good corporate governance and have implemented internal policies and procedures to ensure that our governance practices are best in class and align our interests with those of our shareholders.

We believe it is critically important to maintain a corporate culture that demands integrity and reflects our ethical values. We are committed to operating at the highest ethical level and serving as a responsible fiduciary for our shareholders. Everyone who works at or with Invitation Homes should feel confident about our high ethical standards, our honesty, and our integrity. Our daily decisions are driven by our Code of Conduct posted on our website, which demonstrates our commitment to be a responsible corporate citizen and a good business partner. The Code of Conduct is supported by associate conduct policies and programs and reinforced through regular associate training. We have zero tolerance in relation to illegal or unethical conduct, and this is articulated in our relevant policies, including policies on conflicts of interest, gifts and entertainment, fraud, sanctions, outside activities, political contributions, and bribery and corruption.

Our confidential compliance hotline is a critical part of our ethics and compliance program. The hotline is available 24 hours a day, 365 days a year and is operated by a third-party compliance management provider, enabling automated and anonymous reporting. We have implemented a “whistleblower” policy that allows our associates to file reports regarding any impropriety on a confidential and anonymous basis and establishes comprehensive procedures for the receipt, retention, investigation, and treatment of reports. The reports are reviewed with our Audit Committee at meetings throughout the year. Neither our company, nor any director, officer, employee, contractor, subcontractor, or agent of the company will, directly or indirectly, discharge, demote, suspend, threaten, harass, or in any manner discriminate or retaliate against any person who, in good faith, makes a report or assists in investigating a report.

Risk Management

Our board of directors and management believe that effective risk management involves our entire corporate governance framework. Both the board and management have key responsibilities in managing risk throughout the Company. Our board of directors provides overall risk oversight, both directly and through its committees, to identify and assess the major risks our Company faces, and the policies and procedures for monitoring and controlling such risks.

We face various forms of risk in our business ranging from broad economic, including those relating to the ongoing impact of the COVID-19 pandemic, housing market, and interest rate risks, to more specific factors, such as credit risk related to our residents, re-leasing of properties, and competition for properties. One of the most significant risks and uncertainties to our financial condition and results of operations is the potential adverse effect of the ongoing COVID-19 pandemic. We believe that the systems and processes developed by our experienced executive team, with the strategic counsel and stewardship of our board of directors, allow us to effectively monitor, manage, and ultimately mitigate these risks. We have created an internal task force to closely monitor the progression of COVID-19 and related developments. This team, led by our senior management, follows the guidance of local, state, and national officials, as well as the Centers for Disease Control and Prevention and the World Health Organization as the COVID-19 pandemic continues to evolve, and the task force provides regular updates to our board of directors. We have implemented a host of measures in response to the pandemic, including modifying the workplace and adopting new business practices to align with health protocols and changing operational realities. See Part II. Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — COVID-19.” As the COVID-19 pandemic continues to disrupt business activity, our board of directors plays a critical role by guiding and supporting management as they adapt our operations in response to the pandemic and ensuring that the Company positions itself to emerge from the crisis stronger and more resilient. Further, we seek to maximize revenue collections through our robust, standardized resident screening process (which includes credit checks, evaluations of household income, and criminal background checks), as well as by utilizing Automated Clearing House, which includes an auto-pay feature, to facilitate the collection of a majority of our rental payments. In addition, we track resident delinquency on a daily basis and assess any late fees promptly in accordance with the terms of our lease (typically between the third and fifth calendar day of the month).

Our operations are also highly dependent upon information systems that support our business processes. Cyber intrusions could seriously compromise our networks and the information stored therein could be accessed, publicly disclosed, misused, lost, or stolen. In the face of ever-changing and increasing cyber threats, our board of directors is well-positioned to guide management in the development of an effective cybersecurity risk program for our Company. The board or its Audit Committee typically meets no less often than semi-annually with senior information technology personnel to discuss recent trends in cyber risks and reviews our strategy to defend our business systems and information against cyber attacks.

Insurance

We maintain property, casualty, and corporate-level insurance coverage related to our business, including general liability, business auto, umbrella, commercial crime, directors' and officers' liability, fiduciary liability, cyber liability, employment practices liability, and workers' compensation insurance. We believe the policy specifications and insured limits under our insurance program are appropriate and adequate for our business and properties given the relative risk of loss, the cost of the coverage and industry practice. However, our insurance coverage is subject to deductibles and coverage exclusions, and we are self-insured up to the amount of such deductibles and exclusions. See Part I. Item 1A. "Risk Factors — Risks Related to Our Business and Industry — We may suffer losses that are not covered by insurance."

Systems and Technology

Effective systems and technology are essential components of our business. We have made significant investments in our lease management, construction management, property and corporate accounting, and asset management systems. These systems have been designed to be scalable to accommodate continued growth in our portfolio of single-family homes for lease. Our website is fully integrated into our resident accounting and leasing system. From our website, which is accessible from mobile devices, prospective residents can browse homes available for lease, take virtual tours, request additional information, and apply to lease a specific home. Through online resident portals and native mobile applications, existing residents can set up automatic payments and request maintenance service. Our system is designed to handle the accounting requirements of residential property accounting, including accounting for security deposits and paying property-level expenses. The system also interfaces with our third party resident screening vendor partner to expedite evaluations of prospective residents' rental applications. We have worked with a search engine optimization firm to ensure we place high in search engine results and will continue to monitor our placement on search engines. In addition, sponsored key words are generally purchased in selected markets as needed.

Competition

We face competition from different sources in each of our two primary activities: acquiring properties and leasing our properties. We believe our competitors in acquiring properties for investment purposes are individual investors, small private investment partnerships looking for one-off acquisitions of investment properties that can either be leased or restored and sold, and larger investors, including private equity funds and other REITs, that are seeking to capitalize on the same market opportunity that we have identified. Our primary competitors in acquiring portfolios include large and small private equity investors, public and private REITs, and other sizable private institutional investors. These same competitors may also compete with us for residents. Competition may increase the prices for properties that we would like to purchase, reduce the amount of rent we may charge for our properties, reduce the occupancy of our portfolio, and adversely impact our ability to achieve attractive total returns. However, we believe that our acquisition platform, our extensive in-market property operations infrastructure, and local expertise in our markets provide us with competitive advantages.

Seasonality

Our business and related operating results have been, and we believe that they will continue to be, impacted by seasonal factors throughout the year. In particular, we have experienced higher levels of resident move-outs during the summer months, which impacts both our rental revenues and related turnover costs. Further, our property operating costs are seasonally impacted in certain markets by increases in expenses such as HVAC repairs and landscaping expenses during the summer season.

Regulation

General

Our business operations and properties are subject to various covenants, laws, ordinances, and rules. We believe that we are in material compliance with such covenants, laws, ordinances, and rules, and we also require that our residents agree to comply with such covenants, laws, ordinances, and rules in their leases with us.

Fair Housing Act

The Fair Housing Act ("FHA") and its state law counterparts, and the regulations promulgated by the United States Department of Housing and Urban Development and various state agencies, prohibit discrimination in housing on the basis of race or color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people in the process of adopting a child or securing custody of children under the age of 18), disability or, in some states, financial capability. We train our associates on a regular basis regarding such laws and regulations and we believe that our properties are in compliance with the FHA and other such regulations.

Municipal Regulations and Homeowners' Associations

Our properties are subject to various municipal regulations and orders, and county and city ordinances, including without limitation, use, operation and maintenance of our properties. Certain of our properties are subject to the rules of the various HOAs where such properties are located. HOA rules and regulations are commonly referred to as "covenants, conditions and restrictions," or CC&Rs, and typically consist of various restrictions or guidelines regarding use and maintenance of the property, including, among others, noise restrictions or guidelines as to how many cars may be parked on the property.

Broker Licensure

We own internal brokerages to serve each state in which we operate, and primarily utilize in-market leasing agents who work with us to lease our homes. Our internal brokerages are subject to numerous federal, state, and local laws and regulations that govern the licensure of real estate brokers and affiliate brokers and set forth standards for, and prohibitions on, the conduct of real estate brokers. Such standards and prohibitions include, among others, those relating to fiduciary and agency duties, administration of trust funds, collection of commissions, and advertising and consumer disclosures, as well as compliance with federal, state, and local laws and programs for providing housing to low-income families. Under applicable state law, we generally have a duty to supervise and are responsible for the conduct of our internal brokerages.

Environmental Matters

As a current or prior owner of real estate, we are subject to various federal, state, and local environmental laws, regulations, and ordinances, and we could be liable to third parties as a result of environmental contamination or noncompliance at our properties, even if we no longer own such properties. We are not aware of any environmental matters that would have a material adverse effect on our financial position. See Part I. Item 1A. "Risk Factors — Risks Related to Our Business and Industry — Contingent or unknown liabilities could adversely affect our financial condition, cash flows, and operating results."

Laws and Regulations Regarding Privacy and Data Protection

We are subject to a variety of laws and regulations that involve matters such as privacy, data protection, content, consumer protection, and other matters. For example, the California Consumer Privacy Act and the Nevada Privacy Law, which took effect in January 2020, establish certain transparency rules and create new data privacy rights for users, including more ability to control how their data is shared with third parties. See Part I. Item 1A. "Risk Factors — Risks Related to Our Business and Industry — Our business is subject to laws and regulations regarding privacy, data protection, consumer protection, and other matters." Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, or otherwise harm our business.

Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. Our CODM is the Chief Executive Officer.

Under the provisions of ASC 280, *Segment Reporting*, we have determined that we have one reportable segment related to acquiring, renovating, leasing, and operating single-family homes as rental properties. The CODM evaluates operating performance and allocates resources on a total portfolio basis. The CODM utilizes NOI as the primary measure to evaluate performance of the total portfolio. The aggregation of individual homes constitutes the total portfolio. Decisions regarding acquisitions and dispositions of homes are made at the individual home level with a focus on growing accretively in high-growth locations where we have greater scale and density.

REIT Qualification

We have elected to qualify as a REIT for United States federal income tax purposes. So long as we qualify as a REIT, we generally will not be subject to United States federal income tax on net taxable income that we distribute annually to our stockholders. In order to qualify as a REIT for United States federal income tax purposes, we must continually satisfy tests concerning, among other things, the real estate qualification of sources of our income, the composition and values of our assets, the amounts we distribute to our stockholders, and the diversity of ownership of our stock. In order to comply with REIT requirements, we may need to forego otherwise attractive opportunities and limit our expansion opportunities and the manner in which we conduct our operations.

Website and Availability of SEC filings

We file annual, quarterly, and current reports, proxy statements, and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's website at http://www.sec.gov.

We maintain an internet site at IR.InvitationHomes.com, where we make our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act available free of charge as soon as reasonably practicable after they are filed with or furnished to the SEC. Our website and the information contained on or through that site are not incorporated into this Annual Report on Form 10-K. We use our website IR.InvitationHomes.com as a channel of distribution of material company information. For example, financial and other material information regarding our company is routinely posted on and accessible at IR.InvitationHomes.com. Accordingly, investors should monitor the website, in addition to following our press releases, SEC filings, and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about Invitation Homes when you enroll your email address by visiting the Email Notification section at IR.InvitationHomes.com under the Investor Resources tab. The contents of our website and social media channels are not, however, a part of this Annual Report on Form 10-K and are not incorporated by reference herein.

ITEM 1A. RISK FACTORS

The risk factors noted in this section and other factors noted throughout this Annual Report on Form 10-K, describe certain risks and uncertainties that could cause our actual results to differ materially from those contained in any forward-looking statement and should be considered carefully in evaluating our company and our business. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Moreover, many risk factors set forth in this Annual Report on Form 10-K have been heightened as a result of the impact of the COVID-19 pandemic.

Risks Related to Our Business and Industry

Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic.

Pandemics, such as the current COVID-19 pandemic, and outbreaks of infectious disease may adversely impact our business, results of operations, financial condition, and cash flows. The ongoing COVID-19 outbreak in the United States has led entities directed by, or notionally affiliated with, the Federal government as well as certain states and cities, including those in which we own properties and where our principal places of business are located, to impose and continue to implement measures intended to control the spread of COVID-19, including instituting quarantines, restrictions on travel, "shelter in place" rules, and restrictions on types of business that may continue to operate. We depend on rental revenues and other property income from residents for substantially all of our revenues. The COVID-19 outbreak, as well as continuing measures taken by governmental authorities and private actors to limit the spread of this virus or mitigate its impact, are interfering with the ability of some of our residents to meet their lease obligations and make their rent payments on time or at all.

In addition, entities directed by, or notionally affiliated with, the Federal government as well as some state and local jurisdictions across the United States, have imposed temporary eviction moratoriums if certain criteria are met by residents, are allowing residents to defer missed rent payments without incurring late fees, and are prohibiting rent increases. Jurisdictions and other local and national authorities may expand or extend measures imposing restrictions on our ability to enforce residents' contractual rental obligations and limiting our ability to increase rents. While such measures are likely to enable residents to stay in their homes despite an inability to pay because of financial or other hardship stemming from the pandemic, they are likely to continue to result in loss of rental income and other property income. We cannot predict if states, municipalities, local, and/or national authorities will expand existing restrictions, if additional states or municipalities will implement similar restrictions, or when restrictions currently in place will expire.

Additionally, COVID-19 and related containment measures may also continue to interfere with the ability of our associates, suppliers, and other business partners to carry out their assigned tasks or supply materials, services, or funding (in the case of our Revolving Facility (see definition in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources")) at ordinary levels of performance relative to the conduct of our business.

Business continuity and disaster recovery issues which may result from the current COVID-19 pandemic or any future pandemic could materially interrupt our business operations. In accordance with phased re-opening guidelines and the ongoing spread of COVID-19 cases in certain states where we operate, the majority of our associates based at our headquarters and local offices continue working remotely. An extended period of remote work arrangements could strain our business continuity plans, introduce operational risk, including, but not limited to cybersecurity risks, and impair our ability to manage our business.

A significant outbreak of infectious disease in the human population or pandemic may result, and the COVID-19 pandemic has resulted, in a widespread health crisis adversely affecting the economies and financial markets of many countries, resulting in an economic downturn that could negatively affect our business, results of operations, and financial condition.

The COVID-19 pandemic, or a future pandemic, could also have material and adverse effects on our ability to successfully operate our business and on our financial condition, results of operations and cash flows due to, among other factors:

- demand for single-family rental properties decreasing substantially and/or occupancy decreasing materially;
- inability of our residents to meet their lease obligations has reduced and may continue to reduce our cash flows, and the resulting impact on rental and other property income could impact our ability to make all required debt service payments and to continue paying dividends to our stockholders at expected levels or at all. For example, our securitized financings require that monthly cash collections from their respective property collateral pools be controlled by the servicer until monthly debt service payments and property management fees are paid and escrow reserves are funded. So long as we remain in compliance with certain covenants contained in the underlying loan agreements, after such monthly payments are made the servicer releases all residual net cash flow to us. This residual net cash flow represents a material portion of our cash flows. If the property collateral pools experience higher rates of resident defaults or delinquencies, these covenants may not be achieved. This would result in the servicer holding all residual net cash flow from any collateral pool that does not meet the covenant requirements, net of a monthly funding to us for budgeted operating expenses, in blocked collateral accounts for the benefit of the securitized lender rather than being made available to us. Our lack of access to the net cash flow from securitized collateral pools could have a material adverse effect on our business, results of operations and financial condition;
- a general decline in business activity and demand for real estate transactions could adversely affect (1) our ability to acquire or dispose of single-family homes on terms that are attractive or at all and (2) the value of our homes and our business such that we may recognize impairment on the carrying value of our investments in single-family residential properties and other assets subject to impairment review, including, but not limited to, goodwill;
- difficulty accessing debt and equity capital on attractive terms, or at all, impacts to our credit ratings, and a severe disruption of, and/or instability in, the global financial markets or deteriorations in credit and financing conditions may affect our access to capital necessary to fund business operations, including acquisitions, or address maturing liabilities on a timely basis;

- the financial impact of the COVID-19 pandemic could negatively impact our future compliance with financial covenants of our Credit Facility (see definition in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources") and other debt agreements and result in a default and potentially an acceleration of indebtedness, which non-compliance could negatively impact our ability to make additional borrowings under our Revolving Facility or to exercise extension options on our mortgage loans and our Credit Facility;
- a deterioration in our ability to operate in affected areas or delays in the supply of products or services by vendors that are needed for our efficient operations; and
- the potential negative consequences for the health of our associates, particularly if a significant number of them are impacted, could result in a deterioration in our ability to ensure business continuity during this disruption.

The extent to which the COVID-19 pandemic ultimately impacts our operations depends on ongoing developments, which remain highly uncertain and cannot be predicted with confidence, including the scope, severity, and duration of the pandemic, the extent and duration of actions taken to contain the pandemic or mitigate its impact, the availability of an effective vaccine and therapeutic drugs and the effectiveness of the distribution of any such vaccines and therapeutic drugs, and the direct and indirect economic effects of the pandemic, containment measures, monetary and/or fiscal policies implemented to provide support or relief to businesses and/or residents, and other government, regulatory, and/or legislative changes precipitated by the COVID-19 pandemic, among others.

The ongoing development and fluidity of this situation precludes any prediction as to the full adverse impact of the COVID-19 pandemic. Nevertheless, the COVID-19 pandemic presents material uncertainty and risk with respect to our financial condition, results of operations, cash flows and performance. While we have taken steps to mitigate the impact of the pandemic on our results of operations, there can be no assurance that these efforts will be successful.

Our operating results are subject to general economic conditions and risks associated with our real estate assets.

Our operating results are subject to risks generally incident to the ownership and rental of residential real estate, in many cases heightened as a result of the impact of the COVID-19 pandemic (see "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic"), many of which are beyond our control, including, without limitation:

- changes in national, regional, or local economic, demographic, or real estate market conditions;
- changes in job markets and employment levels on a national, regional, and local basis;
- declines in the value of residential real estate;
- overall conditions in the housing market, including:
    - macroeconomic shifts in demand for rental homes;
    - inability to lease or re-lease homes to residents on a timely basis, on attractive terms or at all;
    - failure of residents to pay rent when due or otherwise perform their lease obligations;
    - unanticipated repairs, capital expenditures, weather related damages, or other costs;
    - uninsured damages; and
    - increases in property taxes, HOA fees, and insurance costs;
- level of competition for suitable rental homes;
- terms and conditions of purchase contracts;
- costs and time period required to convert acquisitions to rental homes;
- changes in interest rates and availability of financing that may render the acquisition of any homes difficult or unattractive;

- the liquidity of real estate investments, generally;
- the short-term nature of most residential leases and the costs and potential delays in re-leasing;
- changes in laws, including those that increase operating expenses or limit our ability to increase rental rates. See "— Tenant relief laws, including laws regulating evictions, rent control laws, and other regulations that limit our ability to increase rental rates may negatively impact our rental income and profitability";
- the impact of potential reforms relating to government-sponsored enterprises involved in the home finance and mortgage markets;
- rules, regulations and/or policy initiatives by government and private actors, including HOAs, to discourage or deter the purchase of single-family properties by entities owned or controlled by institutional investors;
- disputes and potential negative publicity in connection with eviction proceedings;
- construction of new supply;
- costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems, such as indoor mold;
- fraud by borrowers, originators, and/or sellers of mortgage loans;
- undetected deficiencies and/or inaccuracies in underlying mortgage loan documentation and calculations;
- casualty or condemnation losses;
- the geographic mix of our properties;
- the cost, quality, and condition of the properties we are able to acquire; and
- our ability to provide adequate management, maintenance, and insurance.

Any one or more of these factors could adversely affect our business, financial condition, and results of operations.

We are employing a business model with a limited track record, which may make our business difficult to evaluate.

Until recently, the single-family rental business consisted primarily of private and individual investors in local markets and was managed individually or by small, non-institutional owners and property managers. Our business strategy involves purchasing, renovating, maintaining, and managing a large number of residential properties and leasing them to qualified residents. Entry into this market by large, well-capitalized investors is a relatively recent trend, so few peer companies exist and none have yet established long-term track records that might assist us in predicting whether our business model and investment 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, which may adversely affect our results of operations and ability to make distributions to our stockholders and cause our stock price to decline significantly.

We have a limited operating history and may not be able to operate our business successfully or generate sufficient cash flows to make or sustain distributions to our stockholders.

We have a limited operating history. As a result, an investment in our common stock may entail more risk than an investment in the common stock of a real estate company with a substantial operating history. If we are unable to operate our business successfully, we would not be able to generate sufficient cash flow to make or sustain distributions to our stockholders, and you could lose all or a portion of the value of your ownership in our common stock. Our ability to successfully operate our business and implement our operating policies and investment strategy depends on many factors, including:

- our ability to effectively manage renovation, maintenance, marketing, and other operating costs for our properties;

- economic conditions in our markets, including changes in employment and household earnings and expenses, as well as the condition of the financial and real estate markets and the economy, in general;
- our ability to maintain high occupancy rates and target rent levels;
- the availability of, and our ability to identify, attractive acquisition opportunities consistent with our investment strategy;
- our ability to compete with other investors entering the single-family rental industry;
- costs that are beyond our control, including title litigation, litigation with residents or tenant organizations, legal compliance, property taxes, HOA fees, and insurance;
- judicial and regulatory developments affecting landlord-tenant relations that may affect or delay our ability to dispossess or evict occupants or increase rental rates;
- reversal of population, employment, or homeownership trends in our markets; and
- interest rate levels and volatility, which may affect the accessibility of short-term and long-term financing on desirable terms.

In addition, we face significant competition in acquiring attractive properties on advantageous terms, and the value of the properties that we acquire may decline substantially after we purchase them.

We may not be able to effectively manage our growth, and any failure to do so may have an adverse effect on our business and operating results.

Since commencing operations in 2012, we have grown rapidly, assembling a portfolio of over 80,000 homes as of December 31, 2020. Our future operating results may depend on our ability to effectively manage our growth, which is dependent, in part, upon our ability to:

- stabilize and manage an increasing number of properties and resident relationships across our geographically dispersed portfolio while maintaining a high level of resident satisfaction and building and enhancing our brand;
- identify and supervise a number of suitable third parties on which we rely to provide certain services outside of property management to our properties;
- attract, integrate, and retain new management and operations personnel; and
- continue to improve our operational and financial controls and reporting procedures and systems.

We can provide no assurance that we will be able to manage our properties or grow our business efficiently or effectively, or without incurring significant additional expenses. Any failure to do so may have an adverse effect on our business and operating results.

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.

Many of the expenses associated with our business, such as property taxes, HOA fees, insurance, utilities, acquisition, renovation and maintenance costs, and other general corporate expenses are relatively inflexible and will not necessarily decrease with a reduction in revenue from our business. Some components of our fixed assets depreciate more rapidly and require ongoing capital expenditures. Our expenses and ongoing capital expenditures are also affected by inflationary increases, and certain of our cost increases may exceed the rate of inflation in any given period or market. Our rental income is affected by many factors beyond our control, such as the availability of alternative rental housing and economic conditions in our markets. In addition, state and local regulations may require us to maintain properties that we own, even if the cost of maintenance is greater than the value of the property or any potential benefit from renting the property, or pass regulations that limit our ability to increase rental rates. As a result, we may not be able to fully offset rising costs and capital spending by increasing rental rates, which could have a material adverse effect on our results of operations and cash available for distribution.

Increasing property taxes, HOA fees, and insurance costs may negatively affect our financial results.

As a result of our substantial real estate holdings, the cost of property taxes and insuring our properties is a significant component of our expenses. Our properties are subject to real and personal property taxes that may increase as tax rates change and as the real properties are assessed or reassessed by taxing authorities. As the owner of our properties, we are ultimately responsible for payment of the taxes to the applicable government authorities. If real property taxes increase, our expenses will increase. If we fail to pay any such taxes, the applicable taxing authority may place a lien on the real property and the real property may be subject to a tax sale.

In addition, a significant portion of our properties are located within HOAs and we are subject to HOA rules and regulations. HOAs have the power to increase monthly charges and make assessments for capital improvements and common area repairs and maintenance. Property taxes, HOA fees, and insurance premiums are subject to significant increases, which can be outside of our control. If the costs associated with property taxes, HOA fees and assessments, or insurance rise significantly and we are unable to increase rental rates due to rent control laws or other regulations to offset such increases, our results of operations would be negatively affected.

We recorded net losses in the past and we may experience net losses in the future.

We recorded consolidated net losses for the year ended December 31, 2018. These net losses were inclusive in each period of significant non-cash charges, consisting primarily of depreciation and amortization expense. We expect such non-cash charges to continue to be significant in future periods and, as a result, we may record net losses in future periods.

We are dependent on our executive officers and dedicated personnel, and the departure of any of our key personnel could materially and adversely affect us. We also face intense competition for the employment of highly skilled managerial, investment, financial, and operational personnel.

We rely on a small number of persons to carry out our business and investment strategies, and the loss of the services of any of our key management personnel, or our inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial results.

In addition, the implementation of our business plan may require that we employ additional qualified personnel. Competition for highly skilled managerial, investment, financial, and operational personnel is intense. As additional large real estate investors enter into and expand their scale within the single-family rental business, we have faced increased challenges in hiring and retaining personnel, and we cannot assure our stockholders that we will be successful in attracting and retaining such skilled personnel. If we are unable to hire and retain qualified personnel as required, our growth and operating results could be adversely affected.

Our ability to meet our labor needs while controlling our labor costs is subject to numerous external factors, including unemployment levels, prevailing wage rates, changing demographics, and changes in employment legislation. If we are unable to retain qualified personnel or our labor costs increase significantly, our business operations and our financial performance could be adversely impacted.

Our investments are and will continue to be concentrated in our markets and in the single-family properties sector of the real estate industry, which exposes us to seasonal fluctuations in rental demand and downturns in our markets or in the single-family properties sector.

Our investments in real estate assets are and will continue to be concentrated in our markets and in the single-family properties sector of the real estate industry. A downturn or slowdown in the rental demand for single-family housing caused by adverse economic, regulatory, or environmental conditions, or other events, in our markets may have a greater impact on the value of our properties or our operating results than if we had more fully diversified our investments. We believe that there are seasonal fluctuations in rental demand with demand higher in the spring and summer than in the late fall and winter. Such seasonal fluctuations may impact our operating results. The COVID-19 pandemic, or a future pandemic, could also result in demand for single-family rental properties decreasing substantially and/or occupancy decreasing materially. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

In addition to general, regional, national, and international economic conditions, our operating performance will be impacted by the economic conditions in our markets. We base a substantial part of our business plan on our belief that property values and operating fundamentals for single-family properties in our markets will continue to improve over the near to intermediate term. However, these markets have experienced substantial economic downturns in recent years and could experience similar or worse economic downturns in the future. Additionally, a significant outbreak of infectious disease in the human population or pandemic may result, and the COVID-19 pandemic has resulted, in a widespread health crisis adversely affecting the economies and financial markets of many countries, resulting in an economic downturn that could negatively affect our business, results of operations, and financial condition. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic." We can provide no assurance as to the extent property values and operating fundamentals in these markets will improve, if at all. If the recent economic downturn in these markets returns or if we fail to accurately predict the timing of economic improvement in these markets, the value of our properties could decline and our ability to execute our business plan may be adversely affected to a greater extent than if we owned a real estate portfolio that was more geographically diversified, which could adversely affect our financial condition, operating results, and ability to make distributions to our stockholders and cause the value of our common stock to decline.

We may not be able to effectively control the timing and costs relating to the renovation and maintenance of our properties, which may adversely affect our operating results and ability to make distributions to our stockholders.

Nearly all of our properties require some level of renovation either immediately upon their acquisition or in the future following expiration of a lease or otherwise. We may acquire properties that we plan to extensively renovate. We may also acquire properties that we expect to be in good condition only to discover unforeseen defects and problems that require extensive renovation and capital expenditures. To the extent properties are leased to existing residents, renovations may be postponed until the resident vacates the premises, and we will pay the costs of renovating. In addition, from time to time, we may perform ongoing maintenance or make ongoing capital improvements and replacements and perform significant renovations and repairs that resident deposits and insurance may not cover. Because our portfolio consists of geographically dispersed properties, our ability to adequately monitor or manage any such renovations or maintenance may be more limited or subject to greater inefficiencies than if our properties were more geographically concentrated.

Our properties have infrastructure and appliances of varying ages and conditions. Consequently, we routinely retain independent contractors and trade professionals to perform physical repair work and are exposed to all of the risks inherent in property renovation and maintenance, including potential cost overruns, increases in labor and materials costs, delays by contractors in completing work, delays in the timing of receiving necessary work permits, certificates of occupancy, and poor workmanship. Additionally, COVID-19 and related containment measures may also continue to interfere with the ability of our associates, suppliers, and other business partners to carry out their assigned tasks or supply materials, services, or funding at ordinary levels of performance relative to the conduct of our business. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic." If our assumptions regarding the costs or timing of renovation and maintenance across our properties prove to be materially inaccurate, our operating results and ability to make distributions to our stockholders may be adversely affected.

We face significant competition in the leasing market for quality residents, which may limit our ability to lease our single-family homes on favorable terms.

We depend on rental income from residents for substantially all of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified residents for our properties. We face competition for residents from other lessors of single-family properties, apartment buildings, and condominium units. Competing properties may be newer, better located, and more attractive to residents. Potential competitors may have lower rates of occupancy than we do or may have superior access to capital and other resources, which may result in competing owners more easily locating residents and leasing available housing at lower rental rates than we might offer at our homes. Many of these competitors may successfully attract residents with better incentives and amenities, which could adversely affect our ability to obtain quality residents and lease our single-family properties on favorable terms. Additionally, some competing housing options may qualify for government subsidies that may make such options more accessible and therefore more attractive than our properties. This competition may affect our ability to attract and retain residents and may reduce the rental rates we are able to charge.

In addition, increases in unemployment levels and other adverse changes in economic conditions in our markets may adversely affect the creditworthiness of potential residents, which may decrease the overall number of qualified residents for our properties within such markets. We could also be adversely affected by overbuilding or high vacancy rates of homes in our markets, which could result in an excess supply of homes and reduce occupancy and rental rates. Continuing development of apartment buildings and condominium units in many of our markets will increase the supply of housing and exacerbate competition for residents.

In addition, improving economic conditions, along with the availability of low residential mortgage interest rates and government sponsored programs to promote home ownership, have made home ownership more accessible for potential renters who have strong credit. These factors may encourage potential renters to purchase residences rather than lease them, thereby causing a decline in the number and quality of potential residents available to us.

No assurance can be given that we will be able to attract and retain suitable residents. If we are unable to lease our homes to suitable residents, we would be adversely affected and the value of our common stock could decline.

We intend to continue to acquire properties from time to time consistent with our investment strategy even if the rental and housing markets are not as favorable as they have been in the recent past, which could adversely impact anticipated yields.

We intend to continue to acquire properties from time to time consistent with our investment strategy, even if the rental and housing markets are not as favorable as they have been in the recent past. Future acquisitions of properties may be more costly than those we have acquired previously. The following factors, among others, may make acquisitions more expensive:

- improvements in the overall economy and employment levels;
- greater availability of consumer credit;
- improvements in the pricing and terms of mortgages;
- the emergence of increased competition for single-family properties from private investors and entities with similar investment objectives to ours; and
- tax or other government incentives that encourage homeownership.

Additionally, a general decline in business activity and demand for real estate transactions, resulting from COVID-19 pandemic, could adversely affect our ability to acquire or dispose of single-family homes on terms that are attractive or at all. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

We plan to continue acquiring properties as long as we believe such properties offer an attractive total return opportunity. Accordingly, future acquisitions may have lower yield characteristics than recent past and present opportunities and, if such future acquisitions are funded through equity issuances, the yield and distributable cash per share will be reduced, and the value of our common stock may decline.

Competition in identifying and acquiring our properties could adversely affect our ability to implement our business and growth strategies, which could materially and adversely affect us.

In acquiring our properties, we compete with a variety of institutional investors, including other REITs, specialty finance companies, public and private funds, savings and loan associations, banks, mortgage bankers, insurance companies, institutional investors, investment banking firms, financial institutions, governmental bodies, and other entities. We also compete with individual private home buyers and small scale investors.

Certain of our competitors may be larger in certain of our markets and may have greater financial or other resources than we do. Some competitors may have a lower cost of funds and access to funding sources that may not be available to us. In addition, any potential competitor may have higher risk tolerances or different risk assessments and may not be subject to the operating constraints associated with qualification for taxation as a REIT, which could allow them to consider a wider variety of investments. Competition may result in fewer investments, higher prices, a broadly dispersed portfolio of properties that does not lend itself to efficiencies of concentration, acceptance of greater risk, lower yields and a narrower spread of yields over our financing costs. In addition, competition for desirable investments could delay the investment of our capital, which could adversely affect our results of operations and cash flows. As a result, there can be no assurance that we will be able to identify and finance investments that are consistent with our investment objectives or to achieve positive investment results, and our failure to accomplish any of the foregoing could have a material adverse effect on us and cause the value of our common stock to decline.

Compliance with governmental laws, regulations, and covenants that are applicable to our properties or that may be passed in the future, including affordability covenants, permit, license, and zoning requirements, may adversely affect our ability to make future acquisitions, renovations, or dispositions, result in significant costs, delays, or losses, and adversely affect our growth strategy.

Rental homes are subject to various covenants and local laws and regulatory requirements, including permitting, licensing, and zoning requirements. Local regulations, including municipal or local ordinances, restrictions, and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or community standards organizations at any time with respect to our properties, including prior to acquiring any of our properties or when undertaking renovations of any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic, asbestos-cleanup, or hazardous material abatement requirements. Such local regulations may cause us to incur additional costs to renovate or maintain our properties in accordance with the particular rules and regulations. Additionally, state and local agencies may place affordability covenants on certain properties to ensure that they are used to provide affordable housing for persons or families of lower income. If any of our properties contain affordability covenants recorded in their chains of title, we will be forced to sell such properties at a maximum price limit as calculated per the applicable affordable housing covenant, which will likely result in us having to sell such properties below their market values. We cannot assure you that existing regulatory policies will not adversely affect us or the timing or cost of any future acquisitions, renovations, or dispositions, or that additional regulations will not be adopted that would increase such delays or result in additional costs or losses. Our business and growth strategies may be materially and adversely affected by our ability to obtain permits, licenses and approvals. Our failure to obtain such permits, licenses, and approvals could have a material adverse effect on us and cause the value of our common stock to decline.

Tenant relief laws, including laws regulating evictions, rent control laws, and other regulations that limit our ability to increase rental rates may negatively impact our rental income and profitability.

As the landlord of numerous properties, we are involved from time to time in evicting residents who are not paying their rent or who are otherwise in material violation of the terms of their lease. Eviction activities impose legal and managerial expenses that raise our costs and expose us to potential negative publicity. The eviction process is typically subject to legal barriers, mandatory “cure” policies, our internal policies and procedures, and other sources of expense and delay, each of which may delay our ability to gain possession and stabilize the property. Additionally, state and local landlord-tenant laws may impose legal duties to assist residents in relocating to new housing, or restrict the landlord’s ability to remove the resident on a timely basis or to recover certain costs or charge residents for damage residents cause to the landlord’s premises. Because such laws vary by state and locality, we must be familiar with and take all appropriate steps to comply with all applicable landlord-tenant laws, and need to incur supervisory and legal expenses to ensure such compliance. To the extent that we do not comply with state or local laws, we may be subjected to civil litigation filed by individuals, in class actions or actions by state or local law enforcement and our reputation and financial results may suffer. We may be required to pay our adversaries’ litigation fees and expenses if judgment is entered against us in such litigation or if we settle such litigation.

Furthermore, state and local governmental agencies may introduce rent control laws or other regulations that limit our ability to increase rental rates, which may affect our rental income. Especially in times of recession and economic slowdown, rent control initiatives can acquire significant political support. If rent controls unexpectedly became applicable to certain of our properties, our revenue from and the value of such properties could be adversely affected.

For example, in 2019, the state of California passed the Tenant Protection Act of 2019, a rent control law which limits our ability to increase rental rates for existing residents and put into place protections for the terminations of tenancies. We believe this law negatively affects our rental income from certain of the 12,198 homes we own in California as of December 31, 2020.

The COVID-19 pandemic in the United States has led entities directed by, or notionally affiliated with, the Federal government as well as certain states and cities, including those in which we own properties and where our principal places of business are located, to impose and continue to implement measures intended to control the spread of COVID-19, including instituting quarantines, restrictions on travel, "shelter in place" rules, and restrictions on types of business that may continue to operate. Entities directed by, or notionally affiliated with, the Federal government as well as some state and local jurisdictions across the United States, have imposed temporary eviction moratoriums if certain criteria are met by residents, are allowing residents to defer missed rent payments without incurring late fees, and are prohibiting rent increases. Jurisdictions and other local and national authorities may expand or extend measures imposing restrictions on our ability to enforce residents' contractual rental obligations and limiting our ability to increase rents. While such measures are likely to enable residents to stay in their homes despite an inability to pay because of financial or other hardship stemming from the pandemic, they are likely to continue to result in loss of rental income and other property income. We cannot predict if states, municipalities, local, and/or national authorities will expand existing restrictions, if additional states or municipalities will implement similar restrictions, or when restrictions currently in place will expire. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

We may become a target of legal demands, litigation (including class actions), and negative publicity by tenant and consumer rights organizations, which could directly limit and constrain our operations and may result in significant litigation expenses and reputational harm.

Numerous tenant rights and consumer rights organizations exist throughout the country and operate in our markets, and we may attract attention from some of these organizations and become a target of legal demands, litigation, and negative publicity. Many such consumer organizations have become more active and better funded in connection with mortgage foreclosure-related issues; and with the increased market for homes arising from displaced homeownership, some of these organizations may shift their litigation, lobbying, fundraising, and grass roots organizing activities to focus on landlord-resident issues. While we intend to conduct our business lawfully and in compliance with applicable landlord-tenant and consumer laws, such organizations might work in conjunction with trial and pro bono lawyers in one or multiple states to attempt to bring claims against us on a class action basis for damages or injunctive relief and to seek to publicize our activities in a negative light. We cannot anticipate what form such legal actions might take or what remedies they may seek.

Additionally, such organizations may lobby local county and municipal attorneys or state attorneys general to pursue enforcement or litigation against us, may lobby state and local legislatures to pass new laws and regulations to constrain or limit our business operations, adversely impact our business, or may generate negative publicity for our business and harm our reputation. If they are successful in any such endeavors, they could directly limit and constrain our operations and may impose on us significant litigation expenses, including settlements to avoid continued litigation or judgments for damages or injunctions.

Our business is subject to laws and regulations regarding privacy, data protection, consumer protection, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, or otherwise harm our business.

We are subject to a variety of laws and regulations that involve matters such as: privacy; data protection; personal information; rights of publicity; content; marketing; distribution; data security; data retention and deletion; electronic contracts and other communications; consumer protection; and online payment services. These laws and regulations are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations are often uncertain and may be interpreted and applied inconsistently. Additionally, as we depend on third parties for key services (see "— Our dependence upon third parties for key services may have an adverse effect on our operating results or reputation if the third parties fail to perform"), we rely on such third party service providers' compliance with laws and regulations regarding privacy, data protection, consumer protection, and other matters relating to our customers.

There are a number of legislative proposals at both the federal and state level, as well as other jurisdictions that could impose new obligations in areas affecting our business. We are subject to numerous, complex, and frequently changing laws, regulations, and contractual obligations designed to protect personal information. Various federal and state privacy and data security laws, such as the California Consumer Privacy Act and Nevada Privacy Law, or other regulatory standards create data privacy rights for users, including more ability to control how their data is shared with third parties. These laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with, result in negative publicity, require significant management time and attention, and subject us to remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

Our evaluation of properties involves a number of assumptions that may prove inaccurate, which could result in us paying too much for properties we acquire and/or overvaluing our properties or our properties failing to perform as we expect.

We are authorized to follow a broad investment policy established by our board of directors and subject to implementation by our management. Our board of directors periodically reviews and updates the investment policy and also reviews our portfolio of residential real estate, but it generally does not review or approve specific property acquisitions. Our success depends on our ability to acquire properties that can be quickly possessed, renovated, repaired, upgraded, and rented with minimal expense and maintained in quality condition. In determining whether a particular property meets our investment criteria, we also make a number of assumptions, including, among other things, assumptions related to estimated time of possession and estimated renovation costs and time frames, annual operating costs, market rental rates and potential rent amounts, time from purchase to leasing, and resident default rates. These assumptions may prove inaccurate, particularly since the properties that we acquire vary materially in terms of time to possession, renovation, quality and type of construction, geographic location, and hazards. As a result, we may pay too much for properties we acquire and/or overvalue our properties, or our properties may fail to perform as anticipated. Adjustments to the assumptions we make in evaluating potential purchases may result in fewer properties qualifying under our investment criteria, including assumptions related to our ability to lease properties we have purchased.

Our dependence upon third parties for key services may have an adverse effect on our operating results or reputation if the third parties fail to perform.

Though we are internally managed, we use local and national third party vendors and service providers to provide certain services for our properties. For example, we typically engage third party home improvement professionals with respect to certain maintenance and specialty services, such as HVAC, roofing, painting, and floor installations. Selecting, managing, and supervising these third party service providers requires significant resources and expertise, and because our portfolio consists of geographically dispersed properties, our ability to adequately select, manage, and supervise such third parties may be more limited or subject to greater inefficiencies than if our properties were more geographically concentrated.

We have entered into a multi-year contract with a third party vendor to provide certain services for our properties. Because of the large volume of services under this contract, only a limited number of companies are capable of servicing our needs on this scale. Accordingly, the inability or unwillingness of this vendor to continue to provide these services on acceptable terms or at all could have a material adverse effect on our business.

We generally do not have exclusive or long-term contractual relationships with third party providers and we can provide no assurance that we will have uninterrupted or unlimited access to their services. If we do not select, manage, and supervise appropriate third parties to provide these services, our reputation and financial results may suffer.

We rely on the systems of our third party service providers, their ability to perform key operations on our behalf in a timely manner and in accordance with agreed levels of service, and their ability to attract and retain sufficient qualified personnel to perform our work. A failure in the systems of one of our third party service providers, or their inability to perform in accordance with the terms of our contracts or to retain sufficient qualified personnel, could have a material adverse effect on our business, results of operations, and financial condition.

Additionally, COVID-19 and related containment measures may also continue to interfere with the ability of our associates, suppliers, and other business partners to carry out their assigned tasks or supply materials, services, or funding at ordinary levels of performance relative to the conduct of our business. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

Notwithstanding our efforts to implement and enforce strong policies and practices regarding service providers, we may not successfully detect and prevent fraud, misconduct, incompetence, or theft by our third party service providers. In addition, any removal or termination of third party service providers would require us to seek new vendors or providers, which would create delays and adversely affect our operations. Poor performance by such third party service providers may reflect poorly on us and could significantly damage our reputation among desirable residents. In the event of fraud or misconduct by a third party, we could also be exposed to material liability and be held responsible for damages, fines, or penalties and our reputation may suffer. In the event of failure by our general contractors to pay their subcontractors, our properties may be subject to filings of mechanics or materialmen liens, which we may need to resolve to remain in compliance with certain debt covenants, and for which indemnification from the general contractors may not be available.

We have in the past and may from time to time in the future acquire some of our homes through the auction process, which could subject us to significant risks that could adversely affect us.

We have in the past and may from time to time in the future acquire some of our homes through the auction process, including auctions of homes that have been foreclosed upon by third party lenders. Such auctions may occur simultaneously in a number of markets, including monthly auctions on the same day of the month in certain markets. As a result, we may only be able to visually inspect properties from the street and will purchase these homes without a contingency period and in "as is" condition with the risk that unknown defects in the property may exist. Upon acquiring a new home, we may have to evict residents who are in unlawful possession before we can secure possession and control of the home. The holdover occupants may be the former owners or residents of a property or others who are illegally in possession. Securing control and possession from these occupants can be both costly and time-consuming or generate negative publicity for our business and harm our reputation.

Allegations of deficiencies in auction practices could result in claims challenging the validity of some auctions, potentially placing our claim of ownership to the properties at risk. Since we may not have obtained title insurance policies for properties we acquired through the auction process, such instances or such proceedings may result in a complete loss without compensation.

Title defects could lead to material losses on our investments in our properties.

Our title to a property may be challenged for a variety of reasons, and in such instances title insurance may not prove adequate. For example, while we do not lend to homeowners and accordingly do not foreclose on a home, our title to properties we acquire at foreclosure auctions may be subject to challenge based on allegations of defects in the foreclosure process undertaken by other parties. In addition, we have in the past, and may from time to time in the future, acquire a number of our properties on an "as is" basis, at auctions or otherwise. When acquiring properties on an "as is" basis, title commitments are often not available prior to purchase and title reports or title information may not reflect all senior liens, which may increase the possibility of acquiring houses outside predetermined acquisition and price parameters, purchasing residences with title defects and deed restrictions, HOA restrictions on leasing, or purchasing the wrong residence without the benefit of title insurance prior to closing. Although we use various policies, procedures, and practices to assess the state of title prior to purchase and obtain title insurance if an acquired property is placed into a securitization facility in connection with a mortgage loan financing, there can be no assurance that these policies and procedures will be effective, which could lead to a material if not complete loss on our investment in such properties.

For properties we acquire at auction, we similarly may not obtain title insurance prior to purchase, and we are not able to perform the type of title review that is customary in acquisitions of real property. As a result, our knowledge of potential title issues will be limited, and title insurance protection may not be in place. This lack of title knowledge and insurance protection may result in third parties having claims against our title to such properties that may materially and adversely affect the values of the properties or call into question the validity of our title to such properties. Without title insurance, we are fully exposed to, and would have to defend ourselves against, such claims. Further, if any such claims are superior to our title to the property we acquired, we risk loss of the property purchased.

Increased scrutiny of title matters could lead to legal challenges with respect to the validity of the sale. In the absence of title insurance, the sale may be rescinded, and we may be unable to recover our purchase price, resulting in a complete loss. Title insurance obtained subsequent to purchase offers little protection against discoverable defects because they are typically excluded from such policies. In addition, any title insurance on a property, even if acquired, may not cover all defects or the significant legal costs associated with obtaining clear title.

Any of these risks could adversely affect our operating results, cash flows, and ability to make distributions to our stockholders.

We are subject to certain risks associated with bulk portfolio acquisitions and dispositions.

We have acquired and disposed of, and may continue to acquire and dispose of, properties we acquire or sell in bulk from or to other owners of single-family homes, banks, and loan servicers. When we purchase properties in this manner, we often do not have the opportunity to conduct interior inspections or conduct more than cursory exterior inspections on a portion of the properties. Such inspection processes may fail to reveal major defects associated with such properties, which may cause the amount of time and cost required to renovate and/or maintain such properties to substantially exceed our estimates. Bulk portfolio acquisitions are also more complex than single-family home acquisitions, and we may not be able to implement this strategy successfully. The costs involved in locating and performing due diligence (when feasible) on portfolios of homes as well as negotiating and entering into transactions with potential portfolio sellers could be significant, and there is a risk that either the seller may withdraw from the entire transaction for failure to come to an agreement or the seller may not be willing to sell us the bulk portfolio on terms that we view as favorable. In addition, a seller may require that a group of homes be purchased as a package even though we may not want to purchase certain individual assets in the bulk portfolio.

Moreover, to the extent the management and leasing of such properties has not been consistent with our property management and leasing standards, we may be subject to a variety of risks, including risks relating to the condition of the properties, the credit quality and employment stability of the residents, and compliance with applicable laws, among others. In addition, financial and other information provided to us regarding such portfolios during our due diligence may be inaccurate, and we may not discover such inaccuracies until it is too late to seek remedies against such sellers. To the extent we pursue such remedies, we may not be able to successfully prevail against the seller in an action seeking damages for such inaccuracies. If we conclude that certain individual properties purchased in bulk portfolio sales do not fit our target investment criteria, we may decide to sell, rather than renovate and lease, such properties, which could take an extended period of time and may not result in a sale at an attractive price.

From time to time we engage in bulk portfolio dispositions of properties consistent with our business and investment strategy. With respect to any such disposition, the purchaser may default on payment or otherwise breach the terms of the relevant purchase agreement, and it may be difficult for us to pursue remedies against such purchaser or retain or resume possession of the relevant properties. To the extent we pursue such remedies, we may not be able to successfully prevail against the purchaser.

Contingent or unknown liabilities could adversely affect our financial condition, cash flows, and operating results.

Assets and entities that we have acquired or may acquire in the future may be subject to unknown or contingent liabilities for which we may have limited or no recourse against the sellers. Unknown or contingent liabilities might include liabilities for, or with respect to, liens attached to properties, unpaid property tax, utilities, or HOA charges for which a subsequent owner remains liable, clean-up or remediation of environmental conditions or code violations, claims of customers, vendors, or other persons dealing with the acquired entities, and tax liabilities. Purchases of single-family properties acquired at auction, in short sales, from lenders, or in portfolio purchases typically involve few or no representations or warranties with respect to the properties and may allow us limited or no recourse against the sellers. Such properties also often have unpaid tax, utility, and HOA liabilities which we may be obligated to pay but fail to anticipate. As a result, the total amount of costs and expenses that we may incur with respect to liabilities associated with acquired properties and entities may exceed our expectations, which may adversely affect our operating results and financial condition. Additionally, such properties may be subject to covenants, conditions, or restrictions that restrict the use or ownership of such properties, including prohibitions on leasing. We may not discover such restrictions during the acquisition process and such restrictions may adversely affect our ability to operate such properties as we intend.

In particular, under a Florida statutory framework implemented by certain Florida jurisdictions, a violation of the relevant building codes, zoning codes, or other similar regulations applicable to a property may result in a lien on that property and all other properties owned by the same violator and located in the same county as the property with the code violation, even though the other properties might not be in violation of any code. Until a municipal inspector verifies that the violation has been remedied and any applicable fines have been paid, additional fines accrue on the amount of the lien and the lien may not be released, in each case even at those properties that are not in violation. As a practical matter, it might be possible to obtain a release of these liens without remedying the property in violation through other methods, such as payment of an amount to the relevant county, although no assurance can be given that this option will necessarily be available or how long such a process would take.

A significant number of our residential properties are part of HOAs and we and our residents are subject to the rules and regulations of such HOAs, which are subject to change and which may be arbitrary or restrictive, and violations of such rules may subject us to additional fees and penalties and litigation with such HOAs, which would be costly.

A significant number of our properties are located within HOAs, which are private entities that regulate the activities of owners and occupants of, and levy assessments on, properties in a residential subdivision. The HOAs in which we own our properties may have enacted or may from time to time enact onerous or arbitrary rules that restrict our ability to restore, market, lease, or operate our properties in accordance with our investment strategy, or require us to restore or maintain such properties at standards or costs that are in excess of our planned budgets. Some HOAs impose limits on the number of property owners who may lease their homes, which, if met or exceeded, would cause us to incur additional costs to sell the property and opportunity costs from lost rental revenue. Furthermore, we may have residents who violate HOA rules and incur fines for which we may be liable as the property owner and for which we may not be able to obtain reimbursement from the resident. Additionally, the governing bodies of the HOAs in which we own property may not make important disclosures about the properties or may block our access to HOA records, initiate litigation, restrict our ability to sell our properties, impose assessments, or arbitrarily change the HOA rules. We may be unaware of or unable to review or comply with HOA rules before purchasing a property, and any such excessively restrictive or arbitrary regulations may cause us to sell such property at a loss, prevent us from leasing such property, or otherwise reduce our cash flow from such property, which would have an adverse effect on our returns on these properties. Several states have enacted laws that provide that a lien for unpaid monies owed to an HOA may be senior to or extinguish mortgage liens on properties. Such actions, if not cured, may give rise to events of default under certain of our indebtedness, which could have a material adverse impact on us.

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. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, natural resources, or property damage or other costs, including investigation and clean-up costs, resulting from the environmental contamination. The presence of hazardous or toxic substances on one of our properties, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination or otherwise adversely affect our ability to sell or lease the property or borrow using the property as collateral. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated. 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 are subject to environmental laws or regulations relating to our properties, such as those concerning lead-based paint, mold, asbestos, proximity to power lines, or other issues. We cannot assure you that future laws, ordinances, or regulations will not impose any material environmental liability or that the current environmental condition of our properties will not be affected by the activities of residents, existing conditions of the land, operations in the vicinity of the properties, or the activities of unrelated third parties. In addition, we may be required to comply with various local, state, and federal fire, health, life-safety, and similar regulations. Failure to comply with applicable laws and regulations could result in fines and/or damages, suspension of personnel, civil liability, or other sanctions.

Vacant properties could be difficult to lease, which could adversely affect our revenues.

The properties we acquire may often be vacant at the time of closing, and we may acquire multiple vacant properties in close geographic proximity to one another. We may not be successful in locating residents to lease the individual properties that we acquire as quickly as we had expected, or at all. Even if we are able to place residents as quickly as we had expected, we may incur vacancies in the future and may not be able to re-lease those properties without longer than assumed delays, which may result in increased renovation and maintenance costs and opportunity costs from lost revenues.

The COVID-19 pandemic, or a future pandemic, could negatively affect the ability of our residents to meet their lease obligations resulting in an increased number of residents not renewing their leases. We may not be able to promptly re-lease properties that are vacant or become vacant because residents decide not to renew their leases or for other reasons, and the rental rates or other terms under new leases may be less favorable than the terms of the current leases. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

Vacant homes may also be at risk for fraudulent activity which could impact our ability to lease a home. As a result, if vacancies continue for a longer period of time than we expect or indefinitely, we may suffer reduced revenues, incur additional operating expenses and capital expenditures, and our homes could be substantially impaired, all of which may have a material adverse effect on us.

We rely on information supplied by prospective residents in managing our business.

We evaluate prospective residents in a standardized manner through the use of a third party resident screening vendor partner. Our resident screening process includes obtaining appropriate identification, a thorough evaluation of credit history and household income, a review of the applicant's rental history, and a background check for criminal activity. We make leasing decisions based on information in rental applications completed by a prospective resident and screened by our third party partner, and we cannot be certain that this information is accurate. Additionally, these applications are submitted to us at the time we evaluate a prospective resident, and we do not require residents to provide us with updated information during the terms of their leases, notwithstanding the fact that this information can, and frequently does, change over time. For example, increases in unemployment levels or adverse economic conditions in certain of our markets may adversely affect the creditworthiness of our residents in such markets. Even though this information is not updated, we will use it to evaluate the characteristics of our portfolio over time. If resident-supplied information is inaccurate or our residents' creditworthiness declines over time, we may make poor or imperfect leasing decisions and our portfolio may contain more risk than we believe.

We depend on our residents and their willingness to meet their lease obligations and renew their leases for substantially all of our revenues. Poor resident selection, defaults, and nonrenewals by our residents may adversely affect our reputation, financial performance, and ability to make distributions to our stockholders.

We depend on rental income from residents for substantially all of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified residents for our properties. Our reputation, financial performance, and ability to make distributions to our stockholders would be adversely affected if a significant number of our residents fail to meet their lease obligations or fail to renew their leases. For example, residents may default on rent payments, make unreasonable and repeated demands for service or improvements, make unsupported or unjustified complaints to regulatory or political authorities, use our properties for illegal purposes, damage or make unauthorized structural changes to our properties that are not covered by security deposits, refuse to leave the property upon termination of the lease, engage in domestic violence or similar disturbances, disturb nearby residents with noise, trash, odors, or eyesores, fail to comply with HOA regulations, sublet to less desirable individuals in violation of our lease, or permit unauthorized persons to live with them. Additionally, the COVID-19 outbreak, as well as continuing measures taken by governmental authorities and private actors to limit the spread of this virus or mitigate its impact, are interfering with the ability of some of our residents to meet their lease obligations and make their rent payments on time or at all. Furthermore, entities directed by, or notionally affiliated with, the Federal government as well as some state and local jurisdictions across the United States, have imposed temporary eviction moratoriums if certain criteria are met by residents, are allowing residents to defer missed rent payments without incurring late fees, and are prohibiting rent increases. Jurisdictions and other local and national authorities may expand or extend measures imposing restrictions on our ability to enforce residents' contractual rental obligations and limiting our ability to increase rents. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

Damage to our properties may delay re-leasing after eviction, necessitate expensive repairs, or impair the rental income or value of the property resulting in a lower than expected rate of return. Increases in unemployment levels and other adverse changes in economic conditions in our markets could result in substantial resident defaults. In the event of a resident default or bankruptcy, we may experience delays in enforcing our rights as landlord at that property and will incur costs in protecting our investment and re-leasing the property.

Our leases are relatively short-term, exposing us to the risk that we may have to re-lease our properties frequently, which we may be unable to do on attractive terms, on a timely basis, or at all.

Substantially all of our new leases have a duration of one to two years. As such leases permit the residents to leave at the end of the lease term, we anticipate our rental revenues may be affected by declines in market rental rates more quickly than if our leases were for longer terms. Short-term leases may result in high turnover, which involves costs such as restoring the properties, marketing costs, and lower occupancy levels. Our resident turnover rate and related cost estimates may be less accurate than if we had more operating data upon which to base such estimates. If the rental rates for our properties decrease or our residents do not renew their leases, our operating results and ability to make distributions to our stockholders could be adversely affected. In addition, most of our potential residents are represented by leasing agents and we may need to pay all or a portion of any related agent commissions, which will reduce the revenue from a particular rental home. Alternatively, to the extent that a lease term exceeds one year, we may lose the opportunity to raise rents in an appreciating market and be locked into a lower rent until such lease expires.

Many factors impact the single-family rental market, and if rents in our markets do not increase sufficiently to keep pace with rising costs of operations, our income and distributable cash could decline.

The success of our business model depends, in part, on conditions in the single-family rental market in which we operate. A significant outbreak of infectious disease in the human population or pandemic may result, and the COVID-19 pandemic has resulted, in a widespread health crisis adversely affecting the economies and financial markets of many countries, resulting in an economic downturn that could negatively affect our business, results of operations, and financial condition. One of the direct impacts on our results of operations and key operating metrics is a decrease in gross rental revenues and other property income (before concessions and bad debt) due to the restrictions on rent increases imposed in certain jurisdictions in response to the COVID-19 pandemic. The COVID-19 pandemic, or a future pandemic, could also have material and adverse effect on demand for single-family rental properties and/or occupancy levels. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic." Our investment strategy is based on assumptions about occupancy levels, rental rates, interest rates, and other factors; and if those assumptions prove to be inaccurate, our cash flows and profitability may be reduced. Multiple economic and demographic factors may contribute to increases or decreases in homeownership rates resulting in fluctuating rental rates and average occupancy levels. In addition, we expect that as investors like us increasingly seek to capitalize on opportunities to purchase housing assets and convert them to productive uses, the supply of single-family rental properties will decrease, which may increase competition for residents, limit our strategic opportunities, and increase the cost to acquire those properties. A softening of the rental market in our core areas would reduce our rental revenue and profitability.

We may not have control over timing and costs arising from renovating our properties, and the cost of maintaining rental properties is generally higher than the cost of maintaining owner-occupied homes, which will affect our results of operations and may adversely impact our ability to make distributions to our stockholders.

Renters impose additional risks to owning real property. Renters do not have the same interest as an owner in maintaining a property and its contents and generally do not participate in any appreciation of the property. Accordingly, renters may damage a property and its contents, and may not be forthright in reporting damages or amenable to repairing them completely, or at all. A rental property may need repairs and/or improvements after each resident vacates the premises, the costs of which may exceed any security deposit provided to us by the resident when the rental property was originally leased. Accordingly, the cost of maintaining rental properties can be higher than the cost of maintaining owner-occupied homes, which will affect our results of operations and may adversely impact our ability to make distributions to our stockholders.

Declining real estate valuations and impairment charges could adversely affect our financial condition and operating results.

We periodically review the value of our properties to determine whether their value, based on market factors, projected income, and generally accepted accounting principles in the United States ("GAAP"), has permanently decreased such that it is necessary or appropriate to take an impairment loss in the relevant accounting period. Such a loss would cause an immediate reduction of net income in the applicable accounting period and would be reflected in a decrease in our balance sheet assets. The reduction of net income from impairment losses could lead to a reduction in our dividends, both in the relevant accounting period and in future periods. Even if we do not determine that it is necessary or appropriate to record an impairment loss, a reduction in the intrinsic value of a property would become manifest over time through reduced income from the property and would therefore affect our earnings and financial condition.

The COVID-19 pandemic, or a future pandemic, could also lead to a general decline in business activity and demand for real estate transactions could adversely affect the value of our homes and our business such that we may recognize impairment on the carrying value of our investments in single-family residential properties and other assets subject to impairment review, including, but not limited to, goodwill. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

We are highly dependent on information systems, and systems failures could significantly disrupt our business, which may, in turn, negatively affect us and the value of our common stock.

Our operations are dependent upon our information systems that support our business processes, including marketing, leasing, vendor communications, finance, intercompany communications, our resident portals, and property management service platforms, which include certain automated processes that require access to telecommunications or the Internet, each of which is subject to system security risks. Certain critical components of our platform are dependent upon third party service providers, and a significant portion of our business operations are conducted over the Internet. As a result, we could be severely impacted by a catastrophic occurrence, such as a natural disaster or a terrorist attack, or a circumstance that disrupted access to telecommunications, the Internet, or operations at our third party service providers, including viruses that could penetrate network security defenses and cause system failures and disruptions of operations. Even though we believe we utilize appropriate duplication and back-up procedures, a significant outage in telecommunications, the Internet, or at our third party service providers could negatively impact our operations.

Security breaches and other disruptions could compromise our information systems and expose us to liability, which would cause our business and reputation to suffer.

Information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyberattacks. In the ordinary course of our business, we acquire and store sensitive data, including intellectual property, our proprietary business information, and personally identifiable information of our prospective and current residents, employees, and third party service providers. The secure processing and maintenance of such information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure are subject and may be vulnerable to attacks by malicious third parties or breached due to employee error, malfeasance, or other disruptions. Due to the nature of some of the attacks, there is a risk that they may remain undetected for a period of time. While we have invested in the protection of data and information technology and implemented processes, procedures, and internal controls that are designed to mitigate cybersecurity risks and cyber intrusions, there can be no assurance that our efforts will prevent cyber incidents or security breaches. Any such breach could compromise our networks and the information stored therein could be accessed, publicly disclosed, misused, lost, or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, misstated or unreliable financial data, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers, or damage our reputation, any of which could adversely affect our results of operations, reputation, and competitive position. We maintain cyber liability insurance; however, this insurance may not be sufficient to cover the financial, legal, business, or reputational losses that may result from an interruption or breach of our systems. Business continuity and disaster recovery issues which may result from the current COVID-19 pandemic or any future pandemic could materially interrupt our business operations. In accordance with phased re-opening guidelines and the ongoing spread of COVID-19 cases in certain states where we operate, the majority of our associates based at our headquarters and local offices continue working remotely. An extended period of remote work arrangements could strain our business continuity plans, introduce operational risk, including, but not limited to cybersecurity risks, and impair our ability to manage our business. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

Our participation in joint venture investments may limit our ability to invest in certain markets, and we may be adversely affected by our lack of sole decision-making authority, our reliance on joint venture partners' financial condition, and disputes between us and our joint venture partners.

We currently, and may in the future, co-invest with third parties through partnerships, joint ventures, or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture, or other entity. These joint ventures may be subject to restrictions that prohibit us from making other investments in certain markets until all of the funds in such partnership, joint venture, or other entity are invested or committed. In addition, we may also not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture, or other entity, and our joint venture partners could take actions that are not within our control. Such actions could, among other things, impact our ability to maintain our status as a REIT. Further, investments in partnerships, joint ventures, or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have economic or other business interests or goals that are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments also may have the potential risk of impasses on decisions, such as a sale, because neither we nor our partners would have full control over the partnership or joint venture. Disputes between us and our partners may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by, or disputes with, any of our joint venture partners might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of any of our third party partners or co-venturers.

We are subject to litigation and regulatory proceedings.

We are involved in a range of legal and regulatory proceedings, claims, actions, inquiries, and investigations in the ordinary course of business. These legal and regulatory proceedings may include, among others, eviction proceedings and other landlord-tenant disputes, challenges to title and ownership rights, disputes arising over potential violations of HOA rules and regulations, issues with local housing officials arising from the condition or maintenance of the property, outside vendor disputes, and trademark infringement and other intellectual property claims. These actions can be time-consuming and expensive, and may adversely affect our reputation. For example, eviction proceedings by owners and operators of single-family homes for lease have recently been the focus of negative media attention. Although we are not involved in any legal or regulatory proceedings that we expect would have a material adverse effect on our business, results of operations, or financial condition, such proceedings may arise in the future.

We may suffer losses that are not covered by insurance.

We attempt to ensure that our properties are adequately insured to cover casualty losses. However, there are certain losses, including losses from floods, fires, earthquakes, wind, hail, pollution, acts of war, acts of terrorism or riots, certain environmental hazards, and security breaches for which we may self-insure or which may not always or generally be insured against because it may not be deemed economically feasible or prudent to do so. Changes in the cost or availability of insurance could expose us to uninsured casualty losses. In particular, a number of our properties are located in areas that are known to be subject to increased earthquake activity, fires, or wind and/or flood risk. While we have multi-year policies for earthquakes, hurricane, and/or flood risk, our properties may nonetheless incur casualty losses that are not fully covered by insurance. In such an event, the value of the affected properties would be reduced by the amount of any such uninsured loss, and we could experience a significant loss of capital invested and potential revenues in such properties and could potentially remain obligated under any recourse debt associated with such properties. Inflation, changes in building codes and ordinances, environmental considerations, and other factors might also keep us from using insurance proceeds to replace or renovate a particular property after it has been damaged or destroyed. Under those circumstances, the insurance proceeds we receive might be inadequate to restore our economic position in the damaged or destroyed property. Any such losses could adversely affect us and cause the value of our common stock to decline. In addition, we may have no source of funding to repair or reconstruct the damaged home, and we cannot assure that any such sources of funding will be available to us for such purposes in the future.

We are subject to risks from natural disasters such as earthquakes and severe weather.

Natural disasters and severe weather such as earthquakes, tornadoes, wind, or floods may result in significant damage to our properties. The extent of our casualty losses and loss of income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area.

When we have geographic concentration of exposures, a single catastrophe (such as an earthquake, especially in California) or destructive weather event (such as a hurricane) affecting a region may have a significant negative effect on our financial condition and results of operations. As a result, our operating and financial results may vary significantly from one period to the next. We have in the past and may in the future incur losses arising from natural disasters or severe weather. For example, uninsured losses and damages related to Hurricanes Irma and Harvey totaled $8.0 million for the year ended December 31, 2018.

Climate change may adversely affect our business.

To the extent that significant changes in the climate occur in areas where our communities are located, we may experience extreme weather and/or changes in precipitation and temperature, all of which may result in physical damage to, or a decrease in demand for, properties located in these areas or affected by these conditions. Should the impact of climate change be material in nature, including significant property damage to or destruction of our properties, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected. In addition, changes in federal, state, and local legislation and regulation based on concerns about climate change could result in increased capital expenditures on our existing properties (for example, to improve their energy efficiency and/or resistance to inclement weather) without a corresponding increase in revenue, resulting in adverse impacts to our results of operations.

Eminent domain could lead to material losses on our investments in our properties.

Governmental authorities may exercise eminent domain to acquire the land on which our properties are built in order to build roads and other infrastructure. Any such exercise of eminent domain would allow us to recover only the fair value of the affected properties. In addition, “fair value” could be substantially less than the real market value of the property for a number of years, and we could effectively have no profit potential from properties acquired by the government through eminent domain.

We may have difficulty selling our real estate investments and our ability to distribute all or a portion of the net proceeds from any such sale to our stockholders may be limited.

Real estate investments are relatively illiquid and, as a result, we may have a limited ability to sell our properties. When we sell any of our properties, we may recognize a loss on such sale. We may elect not to distribute any proceeds from the sale of properties to our stockholders. Instead, we may use such proceeds for other purposes, including:

- purchasing additional properties;
- repaying debt or buying back stock;
- creating working capital reserves; or
- making repairs, maintenance or other capital improvements or expenditures to our remaining properties.

Our ability to sell our properties may also be limited by our need to avoid the 100% prohibited transactions tax that is imposed on gain recognized by a REIT from the sale of property characterized as dealer property. For example, we may be required to hold our properties for a minimum period of time and comply with certain other requirements in the Internal Revenue Code of 1986, as amended (the "Code"), or dispose of our properties through a taxable REIT subsidiary ("TRS"), in which case we will incur corporate level tax on any net gains from such dispositions. The COVID-19 pandemic, or a future pandemic, could also have material and adverse effects on our ability to sell our properties. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

We are subject to increasing scrutiny from investors with respect to the social and environmental impact of our business, which may adversely impact our business and ability to raise capital from such investors.

In recent years, certain investors have placed increasing importance on the implications of our business with respect to ESG matters. Investors' increased focus and activism related to ESG and similar matters may constrain our business operations. In addition, investors may decide to refrain from investing in us as a result of their assessment of our approach to and consideration of the ESG factors.

Risks Related to Our Indebtedness

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.

We are generally subject to risks associated with debt financing. These risks include: (1) our cash flow may not be sufficient to satisfy required payments of principal and interest; (2) we may not be able to refinance existing indebtedness or the terms of any refinancing may be less favorable to us than the terms of existing debt; (3) required debt payments are not reduced if the economic performance of any property declines; (4) debt service obligations could reduce funds available for distribution to our stockholders and funds available for capital investment; (5) any default on our indebtedness could result in acceleration of those obligations and possible loss of property to foreclosure; (6) the risk that necessary capital expenditures cannot be financed on favorable terms; and (7) the value of the collateral securing our indebtedness may fluctuate and fall below the amount of indebtedness it secures. If the income from a property is pledged to secure payment of indebtedness and we cannot make the applicable debt payments, we may have to surrender the property to the lender with a consequent 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. The COVID-19 pandemic, or a future pandemic, could have material and adverse effect on our residents' ability to meet their lease obligations thereby reducing our cash flows, and the resulting impact on rental and other property income could impact our ability to make all required debt service payments and to continue paying dividends to our stockholders at expected levels or at all. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

We utilize a significant amount of indebtedness in the operation of our business.

As of December 31, 2020, we had approximately $8,080.5 million aggregate principal amount of indebtedness outstanding. Our leverage could have important consequences to us. For example, it could: (1) result in the acceleration of a significant amount of debt for non-compliance with the terms of such debt or, if such debt contains cross-default or cross-acceleration provisions, other debt; (2) result in the loss of assets, including individual properties or portfolios, due to foreclosure or sale on unfavorable terms, which could create taxable income without accompanying cash proceeds; (3) materially impair our ability to borrow unused amounts under existing financing arrangements or to obtain additional financing or refinancing on favorable terms, or at all; (4) require us to dedicate a substantial portion of our cash flow to paying principal and interest on our indebtedness, reducing the cash flow available to fund our business, to pay dividends, including those necessary to maintain our REIT qualification, or to use for other purposes; (5) increase our vulnerability to an economic downturn; (6) limit our ability to withstand competitive pressures; or (7) reduce our flexibility to respond to changing business and economic conditions.

If any of the foregoing occurs, our business, financial condition, liquidity, results of operations, and prospects could be materially and adversely affected, and the trading price of our common stock could decline significantly.

We may be unable to obtain financing through the debt and equity markets, which would have a material adverse effect on our growth strategy and our financial condition and results of operations.

We cannot assure you that we will be able to access the capital and credit markets to obtain additional debt or equity financing or that we will be able to obtain financing on terms favorable to us. Our inability to obtain financing could have negative effects on our business. Among other things, we could have difficulty acquiring, re-developing or maintaining, our properties, which would materially and adversely affect our business strategy and portfolio, and may result in our: (1) liquidity being adversely affected; (2) inability to repay or refinance our indebtedness on or before its maturity; (3) making higher interest and principal payments or selling some of our assets on terms unfavorable to us to service our indebtedness; or (4) issuing additional capital stock, which could further dilute the ownership of our existing stockholders.

Our access to additional third party sources of financing will depend, in part, on:

- general market conditions;
- the market's perception of our growth potential;
- with respect to acquisition financing, the market's perception of the value of the homes to be acquired;
- our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price of our common stock.

Potential lenders may be unwilling or unable to provide us with financing that is attractive to us or may charge us prohibitively high fees in order to obtain financing. Consequently, there is uncertainty regarding our ability to access the credit markets in order to attract financing on reasonable terms. Investment returns on our assets and our ability to make acquisitions could be adversely affected by our inability to secure financing on reasonable terms, if at all. The COVID-19 pandemic, or a future pandemic, could result in difficulty accessing debt and equity capital on attractive terms, or at all, have material and adverse impacts to our credit ratings, and lead to a severe disruption of, and/or instability in, the global financial markets or deteriorations in credit and financing conditions, which may affect our access to capital necessary to fund business operations, including acquisitions, or address maturing liabilities on a timely basis. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

Secured indebtedness exposes us to the possibility of foreclosure on our ownership interests in our rental homes.

Incurring secured mortgage indebtedness increases our risk of loss of our ownership interests in our rental homes because defaults thereunder, and/or the inability to refinance such indebtedness, may result in foreclosure action initiated by lenders. For tax purposes, a foreclosure of any of our rental homes would be treated as a sale of the home for a purchase price equal to the outstanding balance of the indebtedness secured by such rental home. If the outstanding balance of the indebtedness secured by such rental home exceeds our tax basis in the rental home, we would recognize taxable income on foreclosure without receiving any cash proceeds.

Covenants in our debt agreements may restrict our operating activities and adversely affect our financial condition.

Our existing debt agreements contain, and future debt agreements may contain, financial and/or operating covenants including, among other things, certain coverage ratios, as well as limitations on the ability to incur additional secured and unsecured debt, and/or otherwise affect our distribution and operating policies. These covenants may limit our operational flexibility and acquisition and disposition activities. Moreover, if any of the covenants in these debt agreements are breached and not cured within the applicable cure period, we could be required to repay the debt immediately, even in the absence of a payment default. A default under one of our debt agreements could result in a cross-default under other debt agreements, and our lenders could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral, and enforce their respective interests against existing collateral. As a result, a default under applicable debt covenants could have an adverse effect on our financial condition or results of operations. Additionally, borrowing base requirements associated with our financing arrangements may prevent us from drawing upon our total maximum capacity under these financing arrangements if sufficient collateral, in accordance with our facility agreements, is not available.

For example, our mortgage loans and Secured Term Loan (see definition in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources") require, among other things, that a cash management account controlled by the lender collect all rents and cash generated by the properties securing the portfolio. Upon the occurrence of an event of default or failure to satisfy the required minimum debt yield or debt service coverage ratio, the lender may apply any excess cash in such cash management account as the lender elects, including prepayment of principal and amounts due under the loans.

The financial impact of the COVID-19 pandemic could negatively impact our future compliance with financial covenants of our Credit Facility and other debt agreements and result in a default and potentially an acceleration of indebtedness, which non-compliance could negatively impact our ability to make additional borrowings under our Revolving Facility or to exercise extension options on our mortgage loans and our Credit Facility. See "— Our business, results of operations, financial condition, and cash flows may be adversely affected by pandemics and outbreaks of infectious disease, particularly the ongoing COVID-19 pandemic."

These covenants may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our stockholders. Further, such restrictions could make it difficult for us to satisfy the requirements necessary to maintain our qualification as a REIT for United States federal income tax purposes.

We have and expect to continue to utilize non-recourse long-term mortgage loans, and such structures may expose us to certain risks not prevalent in other debt financings, which could affect the availability and attractiveness of this financing option or otherwise result in losses to us.

We have and expect to continue to utilize non-recourse long-term mortgage loans relating to pools of homes which we own, if and when they become available and to the extent consistent with the maintenance of our REIT qualification, in order to generate cash for funding new investments. Mortgage loans may expose us to certain risks not prevalent in other debt financings. For example, accounting rules for mortgage loans are complex and involve significant judgment and assumptions. These complexities and possible changes in accounting rules, interpretations or our assumptions could undermine our ability to prepare timely and accurate financial statements. Moreover, we cannot be assured that we will be able to access the securitization market in the future, or be able to do so at favorable rates. The global economy recently experienced a significant recession and recent events in the real estate and securitization markets, as well as the debt markets and the economy generally, have caused significant dislocations, illiquidity, and volatility in the market for asset-backed securities and mortgage-backed securities, as well as a severe, ongoing disruption in the wider global financial markets, including a significant reduction of investor demand for, and purchases of, asset-backed securities and structured financial products. Disruptions of the securitization market could preclude our ability to use mortgage loans as a financing source or could render it an inefficient source of financing, making us more dependent on alternative sourcing of financing that might not be as favorable as mortgage loans in otherwise favorable markets. In addition, in the United States and elsewhere, there is now increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitization exposures or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Any of these factors could limit our access to mortgage loans as a source of financing. The inability to consummate mortgage loans to finance our investments on a long-term basis could require us to seek other forms of potentially less attractive financing or to liquidate assets at an inopportune time or price, which could adversely affect our performance and our ability to grow our business.

We may not have the ability to raise the funds necessary to settle conversions of the 2022 Convertible Notes or to repurchase the 2022 Convertible Notes upon a fundamental change; our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the 2022 Convertible Notes.

Holders of the 2022 Convertible Notes (see definition in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources”) have the right to require us to repurchase their 2022 Convertible Notes upon the occurrence of a fundamental change, such as certain change in control transactions or recapitalization transactions as defined in the indentures governing the 2022 Convertible Notes, at a fundamental change repurchase price equal to 100% of the principal amount of the 2022 Convertible Notes to be repurchased, plus accrued and unpaid interest, if any. Upon conversion of the 2022 Convertible Notes, unless we elect to deliver solely common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share of stock), we will be required to make cash payments in respect of the 2022 Convertible 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 the 2022 Convertible Notes surrendered therefor or to pay the cash amounts due upon conversion of the 2022 Convertible Notes. In addition, our ability to repurchase the 2022 Convertible Notes or to pay cash upon conversion of the 2022 Convertible Notes may be limited by law, by regulatory authority, or by future agreements governing our indebtedness. The failure to repurchase the 2022 Convertible Notes at a time when the repurchase is required by the 2022 Convertible Notes indenture or to pay any cash due and payable on the 2022 Convertible Notes as required by the 2022 Convertible Notes indentures would constitute a default under the indenture. A default under the 2022 Convertible Notes indenture or the fundamental change itself could also lead to a default under agreements governing our existing and future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the 2022 Convertible Notes or make cash payments thereon.

The conditional conversion feature of the 2022 Convertible Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the 2022 Convertible Notes is triggered, holders will be entitled to convert the 2022 Convertible Notes at any time during specified periods at their option. If one or more holders elect to convert their 2022 Convertible Notes, unless we elect to satisfy our conversion obligation by delivering solely common stock (other than paying cash in lieu of delivering any fractional share of stock), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity.

The accounting method for convertible debt securities that may be settled in cash could have a material effect on our reported financial results.

Under GAAP, an entity must separately account for the debt component and the embedded conversion option of convertible debt instruments that may be settled entirely or partially in cash upon conversion, such as the 2022 Convertible Notes, in a manner that reflects the issuer’s economic interest cost. The effect of the accounting treatment for such instruments is that the value of such embedded conversion option is recorded as a fair value adjustment to the debt component of the 2022 Convertible Notes. The adjustment is treated like a discount for accounting purposes and is amortized into interest expense over the term of the 2022 Convertible Notes using an effective interest method. As a result, we will initially be required to record a greater amount of non-cash interest expense because of the amortization of fair value adjustment to the 2022 Convertible Notes' face amount over the term of the 2022 Convertible Notes. Accordingly, we will report lower net income in our financial results because of the recognition of both the current period's amortization of the fair value adjustment and the 2022 Convertible Notes' coupon interest, which could adversely affect our reported or future financial results, the trading price of our common stock, and the trading price of the 2022 Convertible Notes.

Under certain circumstances, convertible debt instruments (such as the 2022 Convertible Notes) that may be settled entirely or partially in cash are evaluated for their impact on earnings per share utilizing the "if-converted" method, the effect of which is that the shares of common stock contingently issuable upon conversion of convertible debt instruments are included in the calculation of diluted earnings per share to the extent that the conversion value of convertible debt instruments exceeds their principal amount. Under the "if-converted" method, for diluted earnings per share purposes, convertible debt instruments are accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in stock, are issued if such calculation is dilutive to earnings per share for the relevant periods. This could adversely affect our reported financial results, including our diluted earnings per share.

Offerings of additional debt securities or equity securities that rank senior to our common stock may adversely affect the market price of our common stock.

If we decide to issue additional debt securities or equity securities that rank senior to our common stock in the future, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Any additional debt or equity securities that we issue in the future may have rights, preferences, and privileges more favorable than those of our common stock and, if such securities are convertible or exchangeable, the issuance of such securities may result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings. Thus, holders of our common stock will bear the risk of our future offerings reducing the market price of our common stock and diluting the value of their stockholdings in us.

Failure to hedge effectively against interest rate changes may adversely affect our results of operations and our ability to make distributions to our stockholders.

Borrowings under our debt instruments totaling $6,337.3 million as of December 31, 2020 bear interest at variable rates and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our earnings and cash flows will correspondingly decrease. After giving effect to our interest rate swap agreements (see Part II. Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for more information), each 100 bps increase or decrease on our floating rate indebtedness would result in an estimated increase of $5.7 million or $15.8 million, respectively, in annual interest expense. A 100 bps decrease in the London Interbank Offered Rate ("LIBOR") results in a negative LIBOR rate and additional interest expense for us. Our variable rate loan agreements contain LIBOR floors, and there is no reciprocal feature in our interest rate swap agreements.

In connection with our debt instruments, we have obtained interest rate caps and swaps, and subject to complying with the requirements for REIT qualification, we may obtain in the future one or more additional forms of interest rate protection (in the form of swap agreements, interest rate cap contracts, or similar agreements) to hedge against the possible negative effects of interest rate fluctuations. However, 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. In addition, we may be subject to risks of default by hedging counterparties. Adverse economic conditions could also cause the terms on which we borrow to be unfavorable. We could be required to liquidate one or more of our investments at times which may not permit us to receive an attractive return on our investments in order to meet our debt service obligations.

The REIT provisions of the Code may also limit our ability to hedge effectively. See "Risks Related to our REIT Status and Certain Other Tax Items — Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities."

Expected phasing out of LIBOR may adversely affect the capital markets and our ability to raise capital. When LIBOR is discontinued, our variable rate debt agreements and financial instruments may be calculated using another base rate.

On November 30, 2020, the Financial Conduct Authority of the United Kingdom (the "FCA"), which has statutory powers to require panel banks to contribute to LIBOR, announced that subject to confirmation following its consultation with the administrator of LIBOR, it would cease publication of the one-week and two-month USD LIBOR immediately after December 31, 2021 and cease publication of the remaining tenors immediately after June 30, 2023. As of December 31, 2020, we had $6,337.3 million of variable rate debt outstanding that references one month LIBOR as the benchmark rate to determine the applicable interest rate or payment amount and for which maturities extend past 2021 (assuming all extensions are exercised). If LIBOR is discontinued after 2021 as expected, there will be uncertainty or differences in the calculation of the applicable interest rate or payment amount, depending on the terms of the agreement, and significant management time and attention may be required to transition to using the new benchmark rates and to implement necessary changes to our financial models. This could result in different financial performance for previously recorded transactions and may impact our existing transaction data, operations, and pricing processes. The calculation of interest rates under the replacement benchmarks could also impact our net interest expense. LIBOR may perform differently during the phase-out period than in the past which could result in an adverse impact on the market for or value of any LIBOR-based securities, loans, derivatives, and other financial obligations or extensions of credit held by us and on our overall financial condition or results of operations. Additionally, debt holders or governing bodies may decide to transition to a successor rate prior to the expected LIBOR phase-out date.

Risks Related to Our Organization, Structure, and Ownership of Our Common Stock

Provisions of Maryland law may limit the ability of a third party to acquire control of us by requiring our board of directors or stockholders to approve proposals to acquire our company or effect a change in control.

Certain provisions of the Maryland General Corporation Law (the "MGCL") may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of their shares of common stock, including:

- "business combination" provisions that, subject to certain exceptions and limitations, prohibit certain business combinations between a Maryland corporation and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or an affiliate or associate of ours who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding shares of stock) or an affiliate of any interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes two super-majority stockholder voting requirements on these combinations, unless, among other conditions, our common stockholders receive a minimum price, as defined in the MGCL, for their shares of stock and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares of stock; and
- "control share" provisions that provide that, subject to certain exceptions, holders of "control shares" (defined as voting shares that, when aggregated with all other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by our officers, or by our employees who are also directors of our company.

We have opted out of the business combination provisions of the MGCL and any business combination between us and any other person is exempt from the business combination provisions of the MGCL. In addition, pursuant to a provision in our bylaws, we opted out of the control share provisions of the MGCL. Provisions of our bylaws will prohibit our board of directors from revoking, altering, or amending its resolution exempting any business combination from the business combination provisions of the MGCL or amending our bylaws to opt in to the control share provisions of the MGCL, in each case, without the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors.

In addition, the “unsolicited takeover” provisions of Title 3, Subtitle 8 of the MGCL permit our board of directors, without stockholder approval and regardless of what is provided in our charter or bylaws, to implement certain takeover defenses, including adopting a classified board or increasing the vote required to remove a director. Such takeover defenses may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring, or preventing a change in control of us under the circumstances that otherwise could provide our common stockholders with the opportunity to realize a premium over the then-current market price. Our charter provides that, without the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors, we may not elect to be subject to certain provisions of Subtitle 8, including the provisions relating to adopting a classified board or increasing the vote required to remove a director.

Our board of directors may approve the issuance of stock, including preferred stock, with terms that may discourage a third party from acquiring us.

Our charter permits our board of directors, without any action by our stockholders, to authorize the issuance of stock in one or more classes or series. Our board of directors may also classify or reclassify any unissued stock and set or change the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption of any such stock, which rights may be superior to those of our common stock. Thus, our board of directors could authorize the issuance of shares of a class or series of stock with terms and conditions which could have the effect of discouraging a takeover or other transaction in which holders of some or a majority of our outstanding common stock might receive a premium for their shares of stock over the then current market price of our common stock.

Certain provisions in the indenture governing the 2022 Convertible Notes could delay or prevent an otherwise beneficial takeover or takeover attempt of us.

Certain provisions in the 2022 Convertible Notes and the related indenture could make it more difficult or more expensive for a third party to acquire us. For example, if a takeover would constitute a fundamental change, holders of the 2022 Convertible Notes will have the right to require us to repurchase their 2022 Convertible Notes in cash. In addition, if a takeover constitutes a make-whole fundamental change, we may be required to increase the conversion rate for holders who convert their 2022 Convertible Notes in connection with such takeover. In either case, and in other cases, our obligations under the 2022 Convertible Notes and the indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Our charter eliminates the liability of our directors and officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law and our charter, our directors and officers do not have any liability to us or our stockholders for money damages other than liability resulting from:

- actual receipt of an improper benefit or profit in money, property, or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action adjudicated.

Our charter authorizes us and our bylaws obligate us to indemnify each of our directors or officers who is or is threatened to be made a party to or witness in a proceeding by reason of his or her service in those or certain other capacities, to the maximum extent permitted by Maryland law, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her status as a present or former director or officer of us or serving in such other capacities. In addition, we may be obligated to pay or reimburse the expenses incurred by our present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. As a result, we and our stockholders may have more limited rights to recover money damages from our directors and officers than might otherwise exist absent these provisions in our charter and bylaws or that might exist with other companies, which could limit your recourse in the event of actions that are not in our best interests.

Our charter contains a provision that expressly permits our non-employee directors, certain of our pre-IPO owners, and their affiliates to compete with us.

Our charter provides that, to the maximum extent permitted from time to time by Maryland law, we renounce any interest or expectancy that we have in, or any right to be offered an opportunity to participate in, any business opportunities that are from time to time presented to or developed by our directors or their affiliates, other than to those directors who are employed by us or our subsidiaries, unless the business opportunity is expressly offered or made known to such person in his or her capacity as our director, and none of our pre-IPO owners, or any of their respective affiliates, or any director who is not employed by us or any of his or her affiliates, will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we or our affiliates engage or propose to engage or to refrain from otherwise competing with us or our affiliates.

Our charter provides that, to the maximum extent permitted from time to time by Maryland law, each of our non-employee directors, and any of their affiliates, may:

- acquire, hold, and dispose of interests in us and/or our subsidiaries, including shares of our stock or common units of partnership interest in INVH LP for his, her or its own account or for the account of others, and exercise all of the rights of a stockholder of Invitation Homes Inc., or a limited partner of INVH LP, to the same extent and in the same manner as if he, she, or it were not our director or stockholder; and
- in his, her, or its personal capacity or in his, her, or its capacity, as applicable, as a director, officer, trustee, stockholder, partner, member, equity owner, manager, advisor, or employee of any other person, have business interests and engage, directly or indirectly, in business activities that are similar to ours or compete with us, that involve a business opportunity that we could seize and develop or that include the acquisition, syndication, holding, management, development, operation, or disposition of interests in mortgages, real property or persons engaged in the real estate business.

Our charter also provides that, to the maximum extent permitted from time to time by Maryland law, in the event that any of our non-employee directors, or any of their respective affiliates, acquires knowledge of a potential transaction or other business opportunity, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and may take any such opportunity for itself, himself, or herself or offer it to another person or entity unless the business opportunity is expressly offered to such person in his or her capacity as our director. These provisions may limit our ability to pursue business or investment opportunities that we might otherwise have had the opportunity to pursue, which could have an adverse effect on our financial condition, our results of operations, our cash flow, the per share trading price of our common stock, and our ability to satisfy our debt service obligations and to pay dividends to our stockholders.

The cash available for distribution to stockholders may not be sufficient to pay dividends at expected levels, nor can we assure you of our ability to make distributions in the future. We may use borrowed funds to make distributions.

We have elected to qualify as a REIT for United States federal income tax purposes. The Code generally requires that a REIT annually distribute at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain, and imposes tax on any REIT taxable income retained by a REIT, including capital gains. We anticipate making quarterly distributions to our stockholders. We expect that the cash required to fund our dividends will be covered by cash generated by operations. However, our ability to make distributions to our stockholders will depend upon the performance of our asset portfolio. If our operations do not generate sufficient cash flow to allow us to satisfy the REIT distribution requirements, we may be required to fund distributions from working capital, borrow funds, raise additional equity capital, sell assets, or reduce such distributions. If such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock. In addition, our charter allows us to issue preferred stock that could have a preference over our common stock as to distributions. All distributions will be made at the sole discretion of our board of directors and will depend upon a number of factors, including our actual and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other obligations, debt covenants, contractual prohibitions or other limitations, and applicable law and such other matters as our board of directors may deem relevant from time to time. We may not be able to make distributions in the future. In addition, some of our distributions may include a return of capital. To the extent that we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for United States federal income tax purposes to the extent of the holder's adjusted tax basis in their stock. A return of capital is not taxable, but it has the effect of reducing the holder's adjusted tax basis in its investment. To the extent that distributions exceed the adjusted tax basis of a holder's stock, they will be treated as gain from the sale or exchange of such stock. If we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been.

Risks Related to our REIT Status and Certain Other Tax Items

If we do not maintain our qualification as a REIT, we will be subject to tax as a regular corporation and could face a substantial tax liability.

We expect to continue to operate so as to qualify as a REIT under the Code. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Notwithstanding the availability of cure provisions in the Code, we could fail to meet various compliance requirements, which could jeopardize our REIT status. Furthermore, new tax legislation, administrative guidance, or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT. If we fail to qualify as a REIT in any tax year, then:

- we would be taxed as a regular domestic corporation, which under current laws, among other things, means being unable to deduct distributions to stockholders in computing taxable income and being subject to United States federal income tax on our taxable income at regular corporate income tax rates;
- any resulting tax liability could be substantial and could have a material adverse effect on our book value;
- unless we were entitled to relief under applicable statutory provisions, we would be required to pay taxes, and thus, our cash available for distribution to stockholders would be reduced for each of the years during which we did not qualify as a REIT and for which we had taxable income;
- we could be subject to increased state and local taxes; and
- we generally would not be eligible to requalify as a REIT for the subsequent four full taxable years.

REITs, in certain circumstances, may incur tax liabilities that would reduce our cash available for distribution to you.

Even if we qualify and maintain our status as a REIT, we may become subject to United States federal income taxes and related state and local taxes. For example, net income from the sale of properties that are "dealer" properties sold by a REIT (a "prohibited transaction" under the Code) will be subject to a 100% tax. We may not make sufficient distributions to avoid excise taxes applicable to REITs. Similarly, if we were to fail an income test (and did not lose our REIT status because such failure was due to reasonable cause and not willful neglect), we would be subject to tax on the income that does not meet the income test requirements. We also may decide to retain net capital gain we earn from the sale or other disposition of our investments and pay income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability unless they file United States federal income tax returns and seek a refund of such tax. We also may be subject to state and local taxes on our income or property, including income, franchise, payroll, mortgage recording, and transfer taxes, either directly or at the level of the other companies through which we indirectly own our assets, such as our TRSs, which are subject to full United States federal, state, local, and foreign corporate-level income taxes. Any taxes we pay directly or indirectly will reduce our cash available for distribution to you.

Complying with REIT requirements may cause us to forgo otherwise attractive opportunities and limit our expansion opportunities.

In order to qualify as a REIT for United States federal income tax purposes, we must continually satisfy tests concerning, among other things, our sources of income, the nature of our investments in commercial real estate and related assets, the amounts we distribute to our stockholders, and the ownership of our stock. We may also be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Complying with REIT requirements may force us to liquidate or restructure otherwise attractive investments.

In order to qualify as a REIT, we must also ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities, and qualified REIT real estate assets. The remainder of our investments in securities (other than qualified real estate assets and government securities) generally cannot include more than 10% of the outstanding voting securities of any one issuer or 10% of the total value of the outstanding securities of any one issuer unless we and such issuer jointly elect for such issuer to be treated as a TRS under the Code. The total value of all of our investments in taxable REIT subsidiaries cannot exceed 20% of the value of our total assets. In addition, no more than 5% of the value of our assets (other than qualified real estate assets and government securities) can consist of the securities of any one issuer other than a TRS. If we fail to comply with these requirements, we must dispose of a portion of our assets within 30 days after the end of the calendar quarter in order to avoid losing our REIT status and suffering adverse tax consequences. In addition to the quarterly asset test requirements, we must annually satisfy two income test requirements (the “75% and 95% gross income tests”). As a result, we may be required to liquidate from our portfolio, or contribute to a taxable REIT subsidiary, otherwise attractive investments in order to maintain our qualification as a REIT. These actions could have the effect of reducing our income and amounts available for distribution to its stockholders. We may be unable to pursue investments that would otherwise be advantageous to it in order to satisfy the income or asset diversification requirements for qualifying as a REIT. Thus, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code substantially limit our ability to hedge our liabilities. Any income from a hedging transaction we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets (each such hedge, a “Borrowings Hedge”) or to manage risk of foreign currency exchange rate fluctuations with respect to any item of qualifying income (each such hedge, a “Currency Hedge”), if clearly identified under applicable United States Treasury (“Treasury”) regulations, does not constitute “gross income” for purposes of the 75% or 95% gross income tests that we must satisfy to qualify and to maintain our qualification as a REIT. This exclusion from the 95% and 75% gross income tests also will apply if we previously entered into a Borrowings Hedge or a Currency Hedge, a portion of the hedged indebtedness or property is disposed of and in connection with such extinguishment or disposition, we enter into a new properly identified hedging transaction to offset the prior hedging position. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, we intend to limit our use of advantageous hedging techniques or, subject to the limitations on the value of and income from our TRSs, implement those hedges through a domestic TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses from hedges held in our TRS will generally not provide any tax benefit, except for being carried forward against future taxable income in the TRS, provided, however, losses in our TRS arising in taxable years beginning after December 31, 2017, may only be carried forward and may only be deducted against 80% of future taxable income in the TRS.

Complying with REIT requirements may force us to borrow to make distributions to stockholders.

From time to time, our taxable income may be greater than our cash flow available for distribution to stockholders. If we do not have other funds available in these situations, we may be unable to distribute substantially all of our taxable income as required by the REIT provisions of the Code. Thus, we could be required to borrow funds, sell a portion of our assets at disadvantageous prices, or find another alternative. These options could increase our costs or reduce our equity.

Even if we qualify to be subject to United States federal income tax as a REIT, we could be subject to tax on any unrealized net built-in gains in certain assets.

As part of our pre-IPO reorganization transactions, we acquired certain appreciated assets that were held (directly or indirectly) in part by one or more C corporations in transactions in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted basis of such assets in the hands of such C corporations. If we dispose of any such appreciated assets during the five-year period following the date we acquired those assets, we will be subject to United States federal income tax on the portion of such gain attributable to such C corporations at the highest corporate tax rates to the extent of the excess of the fair market value of such assets on the date that we acquired those assets over the adjusted tax basis of such assets on such date, which are referred to as built-in gains. We would be subject to this tax liability even if we qualify and maintain our status as a REIT. Any recognized built-in gain will retain its character as ordinary income or capital gain and will be taken into account in determining REIT taxable income and our distribution requirement. Any tax on the recognized built-in gain will reduce REIT taxable income. We may choose not to sell in a taxable transaction appreciated assets we might otherwise sell during the five-year period in which the built-in gain tax applies to avoid the built-in gain tax. However, there can be no assurances that such a taxable transaction will not occur. If we sell such assets in a taxable transaction, the amount of corporate tax that we will pay will vary depending on the actual amount of net built-in gain or loss present in those assets as of the time we acquired those assets and the portion of such assets which were held by C corporations prior to their contribution to us.

Our charter does not permit any person to own more than 9.8% of our outstanding common stock or of our outstanding stock of all classes or series, and attempts to acquire our common stock or our stock of all other classes or series in excess of these 9.8% limits would not be effective without an exemption from these limits by our board of directors.

For us to qualify as a REIT under the Code, not more than 50% of the value of our outstanding stock may be owned directly or indirectly, by five or fewer individuals (including certain entities treated as individuals for this purpose) during the last half of a taxable year. For the purpose of assisting our qualification as a REIT for United States federal income tax purposes, among other purposes, our charter prohibits beneficial or constructive ownership by any person of more than a certain percentage, currently 9.8%, in value or by number of shares of stock, whichever is more restrictive, of the outstanding shares of our common stock or 9.8% in value of the outstanding shares of our stock, which we refer to as the “ownership limit.” The constructive ownership rules under the Code and our charter are complex and may cause shares of the outstanding common stock owned by a group of related persons to be deemed to be constructively owned by one person. As a result, the acquisition of less than 9.8% of our outstanding common stock or our stock by a person could cause a person to own constructively in excess of 9.8% of our outstanding common stock or our stock, respectively, and thus violate the ownership limit. There can be no assurance that our board of directors, as permitted in the charter, will not decrease this ownership limit in the future, and any decision to grant a waiver from the ownership limit in any particular instance is at the sole discretion of our board of directors. Any attempt to own or transfer shares of our common stock in excess of the ownership limit without the consent of our board of directors will result either in the shares of stock in excess of the limit being transferred by operation of the charter to a charitable trust, and the person who attempted to acquire such excess shares of stock will not have any rights in such excess shares of stock, or in the transfer being void. The ownership limit may have the effect of precluding a change in control of us by a third party, even if such change in control would be in the best interests of our stockholders or would result in receipt of a premium to the price of our common stock (and even if such change in control would not reasonably jeopardize our REIT status).

We may choose to make distributions in our own stock, in which case you may be required to pay income taxes without receiving any cash dividends.

In connection with our qualification as a REIT, we are required to annually distribute to our stockholders at least 90% of our REIT taxable income (which does not equal net income, as calculated in accordance with GAAP), determined without regard to the deduction for dividends paid and excluding net capital gain. In order to satisfy this requirement, we may make distributions that are payable in cash and/or shares of our common stock (which could account for up to 90% of the aggregate amount of such distributions) at the election of each stockholder. Taxable stockholders receiving such distributions will be required to include the full amount of such distributions as ordinary dividend income to the extent of our current and accumulated earnings and profits, as determined for United States federal income tax purposes. As a result, United States stockholders may be required to pay income taxes with respect to such distributions in excess of the cash portion of the distribution received. Accordingly, United States holders receiving a distribution of our stock may be required to sell stocks received in such distribution or may be required to sell other stock or assets owned by them, at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. If a United States stockholder sells the stock that it receives as part of the distribution in order to pay this tax, the sales proceeds may be less than the amount it must include in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non-United States holders, we may be required to withhold United States tax with respect to such distribution, including in respect of all or a portion of such distribution that is payable in stock, by withholding or disposing of part of the stock included in such distribution and using the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividend income, such sale may put downward pressure on the market price of our common stock.

No assurance can be given that the Internal Revenue Service (“IRS”) will not impose additional requirements in the future with respect to taxable cash/stock distributions, including on a retroactive basis, or assert that the requirements for such taxable cash/stock distributions have not been met.

Dividends payable by REITs do not generally qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to qualified dividend income payable by non-REIT C corporations to certain non-corporate United States stockholders is currently 23.8% (taking into account the 3.8% Medicare tax applicable to net investment income). Dividends payable by REITs, however, generally are not eligible for the reduced rates. Effective for taxable years beginning after December 31, 2017, and before January 1, 2026, those non-corporate United States stockholders may deduct 20% of their dividends from REITs (excluding qualified dividend income and capital gains dividends). For those United States stockholders in the top marginal tax bracket of 37%, the deduction for REIT dividends yields an effective income tax rate of 29.6% on REIT dividends, which is higher than the 23.8% tax rate on qualified dividend income paid by non-REIT C corporations. Although the legislation benefits the taxation of REITs and dividends payable by REITs, the more favorable rates applicable to non-REIT corporate qualified dividends could cause certain non-corporate investors to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock.

We are dependent on external sources of capital to finance our growth.

As with other REITs, but unlike corporations generally, our ability to finance our growth must largely be funded by external sources of capital because we generally have to distribute to our stockholders 90% of our REIT taxable income in order to qualify as a REIT, including taxable income where we do not receive corresponding cash. Our access to external capital depends upon a number of factors, including general market conditions, the market’s perception of our growth potential, our current and potential future earnings, cash distributions, and the market price of our common stock.

We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce our operating flexibility, and reduce the price of our common stock.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of United States federal income tax laws applicable to investments similar to an investment in shares of our common stock. For example, the recently enacted Tax Cuts and Jobs Act (“TCJA”) has resulted in fundamental changes to the Code. Among the numerous changes included in the TCJA is a deduction of 20% of ordinary REIT dividends for non-corporate taxpayers for tax years beginning on or after January 1, 2018 through 2025. We cannot assure you that the TCJA or any such changes in the future will not adversely affect the taxation of a stockholder. Any such changes could have an adverse effect on an investment in our stock or on the market value or the resale potential of our assets. You are urged to consult with your tax advisor with respect to the impact of the TCJA on your investment in our stock and the status of legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our stock. Although REITs generally receive certain tax advantages compared to entities taxed as regular corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for United States federal income tax purposes as a corporation. As a result, our charter provides our board of directors with the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a regular corporation, without the approval of our stockholders.

Liquidation of assets may jeopardize our REIT qualification.

To qualify as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our qualification as a REIT, or we may be subject to a 100% tax on any resultant gain if we sell assets that are treated as dealer property or inventory.

Our ownership of and relationship with any TRS will be restricted, and a failure to comply with the restrictions would jeopardize our REIT status and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 20% of the value of a REIT’s assets may consist of stock or securities of one or more TRSs. The value of our interests in and thus the amount of assets held in a TRS may also be restricted by our need to qualify for an exclusion from regulation as an investment company under the Investment Company Act of 1940, as amended. A TRS will pay United States federal, state, and local income tax at regular corporate rates on any income that it earns. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm’s-length basis.

Any TRS we own, as a domestic corporation, will pay United States federal, state, and local income tax on its taxable income, and its after-tax net income is available for distribution to us but is not required to be distributed to us. The aggregate value of the TRS stock and securities owned by us cannot exceed 20% of the value of our total assets (including the TRS stock and securities). Although we plan to monitor our investments in TRSs, there can be no assurance that we will be able to comply with the 20% limitation discussed above or to avoid application of the 100% excise tax discussed above.

Re-characterization of leases as financing transactions may negatively affect us.

While we generally intend to use reasonable commercial efforts to structure any lease transaction so that the lease will be characterized as a “true lease,” with us treated as the owner and lessor of the property for federal income tax purposes, the IRS could challenge such characterization. In the event that any lease transaction is challenged and re-characterized as a seller-financed conditional sale transaction for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. In addition, if we enter such transactions at the REIT level, in the event of re-characterization, the REIT could be subject to prohibited transaction taxes. Finally, the amount of our REIT taxable income could be recalculated, which might cause us to fail to meet the distribution requirement for a taxable year and require us to pay deficiency dividends, interest, and penalty taxes in order to maintain REIT status.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our headquarters are located in Dallas, Texas at 1717 Main Street.

The information required by this Item is included in a separate section in this Annual Report on Form 10-K. See Part II. Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Our Portfolio," which is incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS

The Company currently is not subject to any material litigation nor, to management's knowledge, is any material litigation currently threatened against the Company other than routine litigation and administrative proceedings arising in the ordinary course of business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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

Market Information

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "INVH."

Holders

As of February 15, 2021, there were 54 holders of record of 567,220,432 shares of common stock outstanding. This does not include the number of stockholders who hold shares of our common stock through banks, brokers, and other financial institutions.

Dividends

We have elected to qualify as a REIT for United States federal income tax purposes. The Code generally requires that a REIT annually distribute at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain, and imposes tax on any REIT taxable income retained by a REIT, including capital gains. To satisfy the requirements to qualify as a REIT and to avoid paying tax on our income, we intend to make quarterly distributions of all, or substantially all, of our REIT taxable income (excluding net capital gains) to our stockholders.

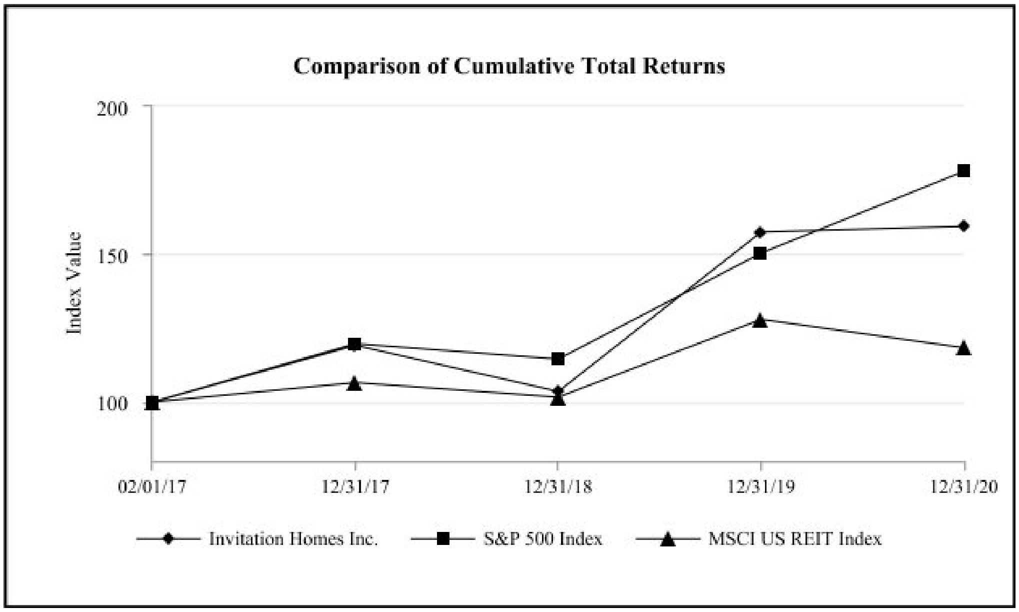
For income tax purposes, dividends paid to holders of common stock primarily consist of ordinary income, capital gains, qualified dividends, unrecaptured Section 1250 gains, and return of capital, or a combination thereof. For the years ended December 31, 2020 and 2019, dividends per share held for the entire year were estimated to be taxable as follows:

	2020		2019	
	Amount(1)	**Percentage**	**Amount(1)**	**Percentage**
Ordinary income	$ 0.43	71.8 %	$ 0.23	45.4 %
Capital gains	0.12	20.7 %	0.22	42.7 %
Qualified dividends	0.01	0.9 %	0.01	0.5 %
Unrecaptured Section 1250 gain	0.04	6.6 %	0.06	11.4 %
Return of capital	—	— %	—	— %
Total	$ 0.60	100.0 %	$ 0.52	100.0 %

(1) Amounts are displayed in actual dollars per share.

Stock Performance Graph

The following graph shows the total stockholder return of an investment of $100 cash on February 1, 2017 (the date our common stock began trading on the NYSE) for (1) our common stock, (2) the S&P 500 Total Return Index, and (3) the MSCI US REIT (RMS) Total Return Index. All values assume reinvestment of the full amount of all dividends. Stockholder returns over the indicated period are based on historical data and are not necessarily indicative of future stockholder returns.



	Cumulative Total Returns as of				
	February 1, 2017	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Invitation Homes Inc.	$ 100.00	$ 119.02	$ 103.43	$ 157.50	$ 159.38
S&P 500 Index	100.00	119.50	114.26	150.24	177.88
MSCI US REIT Index	100.00	106.43	101.56	127.80	118.12

Repurchases of Equity Securities

We made no repurchases of our common stock during the three months ended December 31, 2020.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data previously required by Item 301 of Regulation S-K has been omitted in reliance on SEC Release No. 33-10890, *Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information*.

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

The following discussion and analysis of our financial condition and results of operations should be read together with Part I. Item 1. "Business" and the consolidated financial statements, including the notes thereto, that are included elsewhere in this Annual Report on Form 10-K. This discussion and analysis contains forward-looking statements based upon our 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 Part I. Item 1A. "Risk Factors," "Forward-Looking Statements," or in other parts of this report

For similar operating and financial data and discussion of our year ended December 31, 2019 results compared to our year ended December 31, 2018 results, refer to Part II. Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form10 K which was filed with the SEC on February 19, 2020 (the "2019 10-K"). The sections entitled "Result of Operations — Year Ended December 31, 2019 Compared to Year Ended December 31, 2018" and "Cash Flows — Year Ended December 31, 2019 Compared to Year Ended December 31, 2018" in Part II. Item 7. "Management's Discussion and Analysis of Financial Condition and Result of Operations" of our 2019 10-K are incorporated herein by reference.

Capitalized terms used without definition have the meaning provided elsewhere in this Annual Report on Form 10-K.

Overview

Invitation Homes is a leading owner and operator of single-family homes for lease, offering residents high-quality homes in sought-after neighborhoods across America. With over 80,000 homes for lease in 16 markets across the country as of December 31, 2020, Invitation Homes is meeting changing lifestyle demands by providing residents access to updated homes with features they value, such as close proximity to jobs and access to good schools. Our mission statement, "Together with you, we make a house a home," reflects our commitment to high-touch service that continuously enhances residents' living experiences and provides homes where individuals and families can thrive.

We operate in markets with strong demand drivers, high barriers to entry, and high rent growth potential, primarily in the Western United States, Florida, and the Southeast United States. Through disciplined market and asset selection, as well as through strategic mergers and acquisitions, we designed our portfolio to capture the operating benefits of local density as well as economies of scale that we believe cannot be readily replicated. Since our founding in 2012, we have built a proven, vertically integrated operating platform that enables us to effectively and efficiently acquire, renovate, lease, maintain, and manage our homes.

We invest in markets that we expect will exhibit lower new supply, stronger job and household formation growth, and superior NOI growth relative to the broader United States housing and rental markets. Within our 16 markets, we target attractive neighborhoods in in-fill locations with multiple demand drivers, such as proximity to major employment centers, desirable schools, and transportation corridors. Our homes average approximately 1,870 square feet with three bedrooms and two bathrooms, appealing to a resident base that we believe is less transitory than the typical multifamily resident. We invest in the upfront renovation of homes in our portfolio in order to address capital needs, reduce ongoing maintenance costs, and drive resident demand. The in-fill locations and high quality of our homes and service further differentiate our resident experience, which we continue to refine.

COVID-19

The ongoing COVID-19 pandemic has had a significant adverse impact on global and United States economic activity and has contributed to significant volatility and disruption in financial markets. The ultimate impacts remain unknown, but could include the potential worsening of global and United States economic conditions and the continued disruptions to, and volatility in, the credit and financial markets, consumer spending, and the market for acquisition and disposition of single-family homes, as well as other unanticipated consequences. As such, we are closely monitoring the impact of the ongoing COVID-19 pandemic on all aspects of our business, including operating, investment management, and capital markets activities.

With the safety and well-being of our residents and associates being our highest priority, we continue to follow protocols that enable teams to safely continue providing outstanding service to residents. The safety and service measures currently in place include: (1) creating and implementing a safety training program for all associates; (2) maintaining a three-month supply of masks, gloves, shoe covers, and hand sanitizer for field teams; (3) continuing to leverage self-show and virtual-tour technology as both safety measures and competitive advantages; (4) adhering to strict safety protocols for maintenance service trips; and (5) adapting to offer virtual options for resident move-in orientations and pre-move-out visits.

Neither these procedural adjustments nor the overall impact of the COVID-19 pandemic created significant disruptions to our business model during the year ended December 31, 2020. However, the pandemic did impact our business, including operating, investment management, and capital markets activities as more fully described below.

Operations

The direct impacts on our results of operations and key operating metrics from the effects of the COVID-19 pandemic include, but are not limited to: (1) a decrease in gross rental revenues and other property income (before concessions and bad debt) due to jurisdictional restrictions on rent increases and late fees and/or forgiveness of late fees for residents who have requested leniency; (2) an increase in occupancy due to lower turnover partially driven by residents' decisions not to relocate during the pandemic, strong demand for homes that become vacant, and the impact of eviction moratoriums; (3) an increase in uncollectible revenues (or decline in rent collections percentages) due to resident hardships and eviction moratoriums; and (4) a decrease in property operating and maintenance expenses for turnover costs (lower turnover rates) and property administrative fees (eviction moratoriums).

In March 2020, to act on our core values of "Genuine Care" and "Standout Citizenship," we began to offer solutions for residents experiencing financial hardship when requested, including the ongoing creation of payment plans, without late fees, for residents requiring flexibility to meet rental obligations over time. Additionally, we continue to adhere to federal, state, and local restrictions on items such as evictions, collections, rent increases, and late fees as appropriate.

The ongoing COVID-19 outbreak in the United States has led entities directed by, or notionally affiliated with, the Federal government as well as certain states and cities, including those in which we own properties and where our principal places of business are located, to impose and continue to implement measures intended to control the spread of COVID-19, including instituting quarantines, restrictions on travel, "shelter in place" rules, and restrictions on types of business that may continue to operate. We depend on rental revenues and other property income from residents for substantially all of our revenues. Overall revenue collections as a percentage of monthly billings was 96% for the period from April 2020 through December 2020, compared to a historical average of 99%. While collection of revenues has remained near historical levels thus far through the pandemic, the COVID-19 outbreak, as well as continuing measures taken by governmental authorities and private actors to limit the spread of this virus or mitigate its impact, are interfering with the ability of some of our residents to meet their lease obligations and make their rent payments on time or at all. In addition, entities directed by, or notionally affiliated with, the Federal government as well as some state and local jurisdictions across the United States, have imposed temporary eviction moratoriums if certain criteria are met by residents, are allowing residents to defer missed rent payments without incurring late fees, and are prohibiting rent increases. Jurisdictions and other local and national authorities may expand or extend measures imposing restrictions on our ability to enforce residents' contractual rental obligations and limiting our ability to increase rents. We cannot predict if states, municipalities, local, and/or national authorities will expand existing restrictions, if additional states or municipalities will implement similar restrictions, or when restrictions currently in place will expire. Such measures are likely to enable residents to stay in their homes despite an inability to pay because of financial or other hardship stemming from the pandemic.

Certain other restrictions imposed by jurisdictions across the United States are intended to limit operations by businesses not deemed "essential businesses." While none of the current restrictions have materially impacted our ability to provide services to our residents or homes, future measures may negatively impact our ability to access our homes, complete service requests, or make our homes ready for new residents. Unless the residents report symptoms of or exposure to COVID-19, we are completing all service calls. In all cases, we work with the residents to ensure service requests are addressed in a timely and safe manner.

While COVID-19 and related containment measures may interfere with the ability of our associates, suppliers, and other business partners to carry out their assigned tasks or to supply materials and services at ordinary levels of performance relative to the conduct of our business in the future, to date we have not experienced significant disruptions of these types.

The majority of our office-based associates continue to work from home and will do so until we determine it is in our and their best interests to fully return to our offices. Additionally, changes to the working environment have not had a material effect on our internal controls over financial reporting since the pandemic began (see Part II. Item 9A. "Controls and Procedures" for additional information).

Investment Management

We continue to successfully source and effectuate compelling acquisition and disposition opportunities. Since the pandemic began, we have continued to sell homes identified for disposition. We are also now acquiring new homes at a pre-COVID-19 pace after pausing activity from mid-March through May and entered into a joint venture partnership with Rockpoint Group, L.L.C. ("Rockpoint"). Despite this recent activity, our ability to acquire or dispose of properties could be impaired by local rules and ordinances that could be put in place to mitigate the impact of the COVID-19 pandemic, and a general decline in economic and business activity could adversely affect the single-family residential housing market and our ability to acquire and dispose of homes.

Joint Venture with Rockpoint

On October 6, 2020, we entered into an agreement with Rockpoint to form a joint venture partnership to acquire single-family homes to operate as rental residences. The joint venture will be capitalized with a total equity commitment of $375.0 million, of which $75.0 million (20%) has been committed by us and $300.0 million (80%) has been committed by Rockpoint. A total of over $1.0 billion (including debt) is expected to be deployed by the joint venture to acquire and renovate single-family homes in attractive locations in markets within the Western United States, Southeast United States, Florida, and Texas, where we already own homes. The homes are expected to be of similarly high quality and similar characteristics to the homes in our existing portfolio.

We will provide asset and property management services to the joint venture, for which we will earn asset management and property management fees, and we have the opportunity to earn a promoted interest subject to certain performance thresholds.

The joint venture is anticipated to have a five to eight year term, with certain sale rights in favor of each member, but has the flexibility to continue owning homes for an unlimited period of time if neither member triggers a sale. Upon trigger of a sale by Rockpoint or us, the other member of the joint venture will have a right of first offer to acquire the homes proposed for sale.

We also maintain the ability in all markets to continue deploying capital from our own balance sheet to acquire homes for our portfolio, concurrent with the joint venture's deployment of capital. In markets where we and the joint venture are investing concurrently, our investment personnel will source acquisitions without knowledge of which entity will acquire the homes, and upon being approved for close, homes will be allocated on a rotational basis between us and the joint venture according to pre-determined ratios of investment between the two entities. In addition, we maintain the right to enter into portfolio acquisitions of ten or more homes outside of the joint venture.

Capital Markets and Financing

To date, our access to capital markets has not been significantly impacted by the COVID-19 pandemic. In June 2020, we successfully issued and sold 16.7 million shares of our common stock for net proceeds of $447.5 million to provide capital primarily for acquisition opportunities. We also entered into an amended and restated revolving credit and term loan agreement that provides $3,500.0 million of borrowing capacity and consists of a $1,000.0 million revolving facility and a $2,500.0 million term loan facility (see " — Liquidity and Capital Resources" for additional information regarding the new credit facility, including significant changes in terms and provisions from our prior credit facility and a description of the use of proceeds). We continue to make scheduled debt service payments, including full repayment of the $270.0 million revolving credit facility balance that had been drawn in March and do not anticipate non-compliance with our key affirmative and negative debt covenants. As of December 31, 2020, we have $1,213.4 million in available liquidity through a combination of unrestricted cash and undrawn capacity on our revolving credit facility (see " — Liquidity and Capital Resources" for additional information). That said, a severe disruption of, and/or instability in, the global financial markets or deteriorations in credit and financing conditions may affect our access to capital necessary to fund business operations, including acquisitions, or address maturing liabilities on a timely basis.

Ongoing Considerations

The situation surrounding the ongoing COVID-19 pandemic remains fluid, and the ensuing impact of the COVID-19 pandemic on our rental revenues and other property income, in particular, cannot be fully be determined at present due to an inability to estimate actual collection rates, occupancy levels, and expiration of temporary restrictions on evictions, collections, rent increases, and late fees. We will continue to actively manage our response in collaboration with our residents and business partners and to assess potential impacts to our financial position and operating results, as well as potential adverse developments in our business.

In addition to the foregoing uncertainties, we are unable to predict the impact that the COVID-19 pandemic will have on our future financial condition, results of operations, and cash flows due to numerous uncertainties regarding external factors. These uncertainties include the scope, severity, and duration of the pandemic, the extent and duration of actions taken to contain the pandemic or mitigate its impact, the availability of an effective vaccine and therapeutic drugs and the effectiveness of the distribution of any such vaccines and therapeutic drugs, and the direct and indirect economic effects of the pandemic, containment measures, monetary and/or fiscal policies implemented to provide support or relief to businesses and/or residents, and other government, regulatory, and/or legislative changes precipitated by the COVID-19 pandemic, among others. For further information regarding the impact of COVID-19 on our Company, see Part I. Item 1A. “Risk Factors.”

Our Portfolio

The following table provides summary information regarding our total and Same Store portfolios as of and for the year ended December 31, 2020 as noted below:

Market	Number of Homes[(1)]	Average Occupancy[(2)]	Average Monthly Rent[(3)]	Average Monthly Rent PSF[(3)]	% of Revenue[(4)]
Western United States:					
Southern California	7,951	97.3%	$2,524	$1.49	13.2 %
Northern California	4,247	97.0%	2,203	1.42	6.4 %
Seattle	3,669	95.5%	2,299	1.20	5.6 %
Phoenix	8,172	95.8%	1,468	0.90	8.0 %
Las Vegas	3,006	96.2%	1,697	0.85	3.5 %
Denver	2,348	93.9%	2,098	1.16	3.3 %
Western United States Subtotal	29,393	96.3%	2,045	1.19	40.0 %
Florida:					
South Florida	8,324	95.7%	2,227	1.19	12.5 %
Tampa	8,192	96.3%	1,716	0.92	9.5 %
Orlando	6,217	95.6%	1,720	0.93	7.1 %
Jacksonville	1,868	96.9%	1,727	0.87	2.2 %
Florida Subtotal	24,601	96.0%	1,893	1.01	31.3 %
Southeast United States:					
Atlanta	12,555	96.5%	1,561	0.76	13.1 %
Carolinas	4,934	96.0%	1,629	0.76	5.2 %
Southeast United States Subtotal	17,489	96.3%	1,579	0.76	18.3 %
Texas:					
Houston	2,155	95.1%	1,585	0.82	2.3 %
Dallas	2,767	93.3%	1,835	0.88	3.0 %
Texas Subtotal	4,922	94.2%	1,716	0.85	5.3 %
Midwest United States:					
Chicago	2,630	95.9%	2,009	1.24	3.5 %
Minneapolis	1,126	97.1%	1,940	0.99	1.5 %
Midwest United States Subtotal	3,756	96.3%	1,989	1.15	5.0 %
Announced Market-in-Exit:					
Nashville[(5)]	16	67.4%	2,135	0.81	0.1 %
Total / Average	80,177	96.1%	$1,875	$1.01	100.0 %
Same Store Total / Average	71,433	97.5%	$1,874	$1.00	91.1 %

(1) As of December 31, 2020.
(2) Represents average occupancy for the year ended December 31, 2020.
(3) Represents average monthly rent for the year ended December 31, 2020.
(4) Represents the percentage of rental revenues and other property income generated in each market for the year ended December 31, 2020.
(5) In December 2019, we announced a plan to fully exit the Nashville market. As of December 31, 2020, we have 16 remaining homes in the market.

Factors That Affect Our Results of Operations and Financial Condition

Our results of operations and financial condition are affected by numerous factors, many of which are beyond our control. See Part I. Item 1A. “Risk Factors” for more information regarding factors that could materially adversely affect our results of operations and financial condition. Key factors that impact our results of operations and financial condition include market fundamentals, rental rates and occupancy levels, turnover rates and days to re-resident homes, property improvements and maintenance, property acquisitions and renovations, and financing arrangements. Sensitivity to many of these factors has been heightened as a result of the ongoing and numerous adverse impacts of COVID-19.

Market Fundamentals: Our results are impacted by housing market fundamentals and supply and demand conditions in our markets, particularly in the Western United States and Florida, which represented 71.3% of our rental revenues and other property income during the year ended December 31, 2020. We are actively monitoring the impact of the COVID-19 outbreak on market fundamentals and are quickly implementing changes in pricing as market fundamentals shift.

Rental Rates and Occupancy Levels: Rental rates and occupancy levels are primary drivers of rental revenues and other property income. Our rental rates and occupancy levels are affected by macroeconomic factors and local and property-level factors, including market conditions, seasonality, resident defaults, and the amount of time it takes to prepare a home for its next resident and re-lease homes when residents vacate. An important driver of rental rate growth is our ability to increase monthly rents from expiring leases, which typically have a term of one to two years. The ongoing COVID-19 pandemic has negatively impacted our ability to increase rents and may impact our ability to maintain occupancy levels.

Collection Rates: Our rental revenues and other property income is impacted by the rate at which we collect such revenues from our residents. We routinely work with residents facing financial hardships who need flexibility to fulfill their lease obligations, but the ongoing COVID-19 pandemic has increased the number of such residents. When requested, we work with these residents to create payment plans, without late fees, and then actively manage these receivables. However, a portion of these amounts may not ultimately be collected. Any amounts billed to residents that have been deemed uncollectible along with our estimate of amounts that may ultimately be uncollectible decrease our rental revenues and other property income.

Turnover Rates and Days to Re-Resident: Other drivers of rental revenues and property operating and maintenance expense include the length of stay of our residents, resident turnover rates, and the number of days a home is unoccupied between residents. Our operating results are also impacted by the amount of time it takes to market and lease a property, which is a component of the number of days a home is unoccupied between residents. The period of time to market and lease a property can vary greatly and is impacted by local demand, our marketing techniques, the size of our available inventory, and both current economic conditions and future economic outlook, both of which are impacted by the ongoing COVID-19 pandemic. Days to re-resident may be negatively affected by homes potentially remaining vacant while prospective residents remain in their current housing. Our turnover rate may be affected by the current COVID-19 pandemic as a result of delayed eviction proceedings and/or move outs potentially being canceled by residents who have not secured their next housing plans. Increases in turnover rates and the average number of days to re-resident reduce rental revenues as the homes are not generating income during this period of vacancy.

Property Improvements and Maintenance: Property improvements and maintenance impact capital expenditures, property operating and maintenance expense, and rental revenues. We actively manage our homes on a total portfolio basis to determine what capital and maintenance needs may be required, and what opportunities we may have to generate additional revenues or expense savings from such expenditures. Due to our size and scale both nationally and locally, we believe we are able to purchase goods and services at favorable prices.

While the COVID-19 outbreak has required us to modify our property improvement and maintenance procedures to accommodate resident preferences, as a currently designated “essential business” we are completing all maintenance work orders unless a resident reports symptoms of or exposure to COVID-19. However, future potential governmental measures may restrict our ability to function as an “essential business.” Additionally, we have addressed a backlog of deferred work orders that resulted from our initial deferral of all non-emergency work orders at the onset of the pandemic.

Property Acquisitions and Renovations: Future growth in rental revenues and other property income may be impacted by our ability to identify and acquire homes, our pace of property acquisitions, and the time and cost required to renovate and lease a newly acquired home. Our ability to identify and acquire single-family homes that meet our investment criteria is impacted by home prices in targeted acquisition locations, the inventory of homes available for sale through our acquisition channels, and competition for our target assets. All of these factors may be negatively impacted by the COVID-19 outbreak, potentially reducing the number of homes we acquire.

The acquisition of homes involves expenditures in addition to payment of the purchase price, including payments for acquisition fees, property inspections, closing costs, title insurance, transfer taxes, recording fees, broker commissions, property taxes, and HOA fees (when applicable). Additionally, we typically incur costs to renovate a home to prepare it for rental. The scope of renovation work varies, but may include paint, flooring, carpeting, cabinetry, appliances, plumbing hardware, roof replacement, HVAC replacement, and other items required to prepare the home for rental. The time and cost involved in accessing our homes and preparing them for rental can significantly impact our financial performance. The time to renovate a newly acquired property can vary significantly among homes for several reasons, including the property's acquisition channel, the condition of the property, whether the property was vacant when acquired, and whether there are any state or local restrictions on our ability to complete renovations as an essential business function. Additionally, COVID-19 and related containment measures may interfere with the ability of our suppliers and other business partners to carry out their assigned tasks and/or source labor or supply materials at ordinary levels of performance relative to the conduct of our business. Due to our size and scale both nationally and locally, we believe we are able to purchase goods and services at favorable prices.

Financing Arrangements: Financing arrangements directly impact our interest expense, mortgage loans, secured term loan, term loan facility, revolving facility, and convertible debt, as well as our ability to acquire and renovate homes. We have historically utilized indebtedness to fund the acquisition and renovation of new homes. Our current financing arrangements contain financial covenants, and certain financing arrangements contain variable interest rate terms. Interest rates are impacted by market conditions and the terms of the underlying financing arrangements. Inability by our residents to meet their lease obligations due to the COVID-19 pandemic could reduce our cash flows, which could impact our ability to make all required debt service payments. Furthermore, the COVID-19 pandemic has resulted in a widespread health crisis adversely affecting the economy and financial markets of many countries resulting in an economic downturn that could negatively affect our ability to access financial markets as well as our business, results of operations, and financial condition. See Part II. Item 7A. "Quantitative and Qualitative Disclosures about Market Risk" for further discussion regarding interest rate risk. Our future financing arrangements may not have similar terms with respect to amounts, interest rates, financial covenants, and durations.

Components of Revenues and Expenses

The following is a description of the components of our revenues and expenses.

Revenues

Rental Revenues and Other Property Income

Rental revenues, net of any concessions and bad debt (including write-offs, credit reserves, and uncollectible amounts), consist of rents collected under lease agreements related to our single-family homes for lease. We enter into leases directly with our residents, and the leases typically have a term of one to two years.

Other property income is comprised of: (i) resident reimbursements for utilities, HOA fines, and other charge-backs; (ii) rent and non-refundable deposits associated with pets; (iii) revenues from ancillary services such as smart homes and HVAC replacement filters; and (iv) various other fees, including late fees, lease termination fees, among others.

Expenses

Property Operating and Maintenance

Once a property is available for its initial lease, which we refer to as "rent-ready," we incur ongoing property-related expenses, which consist primarily of property taxes, insurance, HOA fees (when applicable), market-level personnel expenses, utility expenses, repairs and maintenance, leasing costs, marketing expenses, and property administration. Prior to a property being “rent-ready,” certain of these expenses are capitalized as building and improvements. Once a property is “rent-ready,” expenditures for ordinary repairs and maintenance thereafter are expensed as incurred, and we capitalize expenditures that improve or extend the life of a home.

Property Management Expense

Property management expense represents personnel and other costs associated with the oversight and management of our portfolio of homes, including those within our unconsolidated joint ventures. All of our homes are managed through our internal property manager.

General and Administrative

General and administrative expense represents personnel costs, professional fees, and other costs associated with our day-to-day activities. General and administrative expense also includes merger and transaction-related expenses, among other things, that are of a non-recurring nature.

Share-Based Compensation Expense

All share-based compensation expense is recognized in our consolidated statements of operations as components of general and administrative expense and property management expense. We issue share-based awards to align the interests of our associates with those of our investors.

Interest Expense

Interest expense includes interest payable on our debt instruments, payments and receipts related to our interest rate swap agreements, amortization of discounts and deferred financing costs, unrealized gains (losses) on non-designated hedging instruments, and non-cash interest expense related to our interest rate swap agreements.

Depreciation and Amortization

We recognize depreciation and amortization expense associated with our homes and other capital expenditures over their expected useful lives.

Impairment and Other

Impairment and other represents provisions for impairment when the carrying amount of our single-family residential properties is not recoverable and casualty (gains) losses, net of any insurance recoveries.

Unrealized Gains on Investments in Equity Securities

Unrealized gains on investments in equity securities includes gains resulting from mark to market adjustments made for our equity securities.

Other, net

Other, net includes interest income, asset and property management fee income, income (loss) from investments in unconsolidated joint ventures, and other miscellaneous income and expenses.

Gain on Sale of Property, net of tax

Gain on sale of property, net of tax consists of net gains and losses resulting from sales of our homes.

Results of Operations

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

The following table sets forth a comparison of the results of operations for the years ended December 31, 2020, and 2019:

($ in thousands)	For the Years Ended December 31, 2020	2019	$ Change	% Change
Rental revenues and other property income	$ 1,822,828	$ 1,764,685	$ 58,143	3.3 %
Expenses:				
Property operating and maintenance	680,543	669,987	10,556	1.6 %
Property management expense	58,613	61,614	(3,001)	(4.9)%
General and administrative	63,305	74,274	(10,969)	(14.8)%
Interest expense	353,923	367,173	(13,250)	(3.6)%
Depreciation and amortization	552,530	533,719	18,811	3.5 %
Impairment and other	696	18,743	(18,047)	(96.3)%
Total expenses	1,709,610	1,725,510	(15,900)	(0.9)%
Unrealized gains on investments in equity securities	29,723	6,480	23,243	358.7 %
Other, net	(86)	5,120	(5,206)	(101.7)%
Gain on sale of property, net of tax	54,594	96,336	(41,742)	(43.3)%
Net income	$ 197,449	$ 147,111	$ 50,338	34.2 %

Portfolio Information

As of December 31, 2020 and 2019, we owned 80,177 and 79,505 single-family rental homes, respectively, in our total portfolio. During the years ended December 31, 2020, and 2019, we acquired 2,252 and 2,153 homes, respectively, and sold 1,580 and 3,455 homes, respectively. During the years ended December 31, 2020, and 2019, we owned an average of 79,530 and 80,372 single-family rental homes, respectively.

We believe presenting information about the portion of our total portfolio that has been fully operational for the entirety of both a given reporting period and its prior year comparison period provides investors with meaningful information about the performance of our comparable homes across periods, and about trends in our organic business. To do so, we provide information regarding the performance of our Same Store portfolio.

As of December 31, 2020, our Same Store portfolio consisted of 71,433 single-family rental homes.

Rental Revenues and Other Property Income

For the years ended December 31, 2020, and 2019, total portfolio rental revenues and other property income totaled $1,822.8 million and $1,764.7 million, respectively, an increase of 3.3%, driven by an increase in average occupancy, average monthly rent per occupied home, and utilities reimbursements, partially offset by an increase in bad debt, reduced fee income, and a 842 home decrease between periods in the average number of homes owned.

Average occupancy for the years ended December 31, 2020, and 2019 for the total portfolio was 96.1% and 94.2%, respectively. Average monthly rent per occupied home for the total portfolio for the years ended December 31, 2020, and 2019 was $1,875 and $1,809, respectively, a 3.6% increase. For our Same Store portfolio, average occupancy was 97.5% and 96.2% for the years ended December 31, 2020, and 2019, respectively, and average monthly rent per occupied home for the years ended December 31, 2020, and 2019 was $1,874 and $1,810, respectively, a 3.5% increase.

The annual turnover rate for the Same Store portfolio for the years ended December 31, 2020, and 2019 was 26.1% and 29.7%, respectively. For the Same Store portfolio, an average home remained unoccupied for 36 and 46 days between residents for the years ended December 31, 2020, and 2019, respectively. The decreases in these two metrics contributed to our increase in occupancy on a year over year basis. Furthermore, we believe the decrease in turnover is partially attributable to the effects of the COVID-19 pandemic (e.g., eviction moratoriums and residents who are not inclined to relocate during this period). We cannot predict how long eviction moratoriums will remain in place nor when the general effects of the pandemic will subside and how those items may affect our turnover and occupancy rates.

To monitor prospective changes in average monthly rent per occupied home, we compare the monthly rent from an expiring lease to the monthly rent from the next lease for the same home, in each case, net of any amortized non-service concessions, to calculate net effective rental rate growth. Leases are either renewal leases, where our current resident stays for a subsequent lease term, or new leases, where our previous resident moves out and a new resident signs a lease to occupy the same home.

Renewal lease net effective rental rate growth for the total portfolio averaged 3.7% and 5.0% for the years ended December 31, 2020, and 2019, respectively, and new lease net effective rental rate growth for the total portfolio averaged 4.4% and 3.8% for the years ended December 31, 2020, and 2019, respectively. For our Same Store portfolio, renewal lease net effective rental rate growth averaged 3.7% and 5.0% for the years ended December 31, 2020, and 2019, respectively, and new lease net effective rental rate growth averaged 4.2% and 3.7% for the years ended December 31, 2020, and 2019, respectively.

The COVID-19 pandemic has negatively impacted our rental revenues and other property income in three notable ways: (1) lower collection rates, which caused our bad debt to increase from 0.5% of gross rental income for the year ended December 31, 2019 to 1.7% of gross rental income for the year ended December 31, 2020; (2) voluntary non-enforcement of and jurisdictional restrictions on late fees during a portion of the year ended December 31, 2020, which was a primary driver of a decrease in fee income year over year; and (3) lower reimbursements of move out and other costs as a result of lower turnover and eviction moratoriums. The decreases in fee income and reimbursements were partially offset by continued increases in utilities reimbursements as more utilities remained in our name compared to the prior year.

The COVID-19 pandemic is likely to continue to affect our collection rates and ability to raise rents and charge fees, and the impact of jurisdictional restrictions on rental rates, late fees, collections, and eviction moratoriums is likely to affect our ability to increase rental revenues and other operating income.

Expenses

For the years ended December 31, 2020, and 2019, total expenses were $1,709.6 million and $1,725.5 million, respectively. Set forth below is a discussion of changes in the individual components of total expenses.

For the year ended December 31, 2020, property operating and maintenance expense increased to $680.5 million from $670.0 million for the year ended December 31, 2019. This 1.6% net increase resulted from increases in utilities, property taxes, and repairs and maintenance, partially offset by decreases in turnover, property administrative costs that declined due to lower turnover and eviction moratoriums, and savings in personnel and other costs. The 842 home decrease between periods in the average number of homes owned also offset the increases in certain expense categories. The COVID-19 pandemic is likely to continue to impact our turnover rates, and thus turnover costs, and other property operating and maintenance expense may continue to be affected by the ongoing impacts of the pandemic.

Property management expense and general and administrative expense decreased to $121.9 million from $135.9 million for the years ended December 31, 2020, and 2019, respectively, due to decreases in severance expense of $7.9 million, merger and transaction-related expenses of $4.3 million, and share-based compensation expense of $1.1 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. To date, the COVID-19 pandemic has not had a material impact on our property management and general and administrative expenses.

Interest expense was $353.9 million and $367.2 million for the years ended December 31, 2020, and 2019, respectively. The decrease in interest expense was primarily driven by a decrease in the average debt balance outstanding during the year ended December 31, 2020 as compared to the year ended December 31, 2019 due to various prepayments subsequent to December 31, 2019 and settlement of a portion of our convertible debt for common equity during the year ended

December 31, 2019. Debt outstanding, net of deferred financing costs and discounts, decreased to $8,031.5 million as of December 31, 2020 from $8,467.5 million as of December 31, 2019.

Depreciation and amortization expense increased to $552.5 million for the year ended December 31, 2020 from $533.7 million for the year ended December 31, 2019 due to an increase in cumulative capital expenditures. This was partially offset by a decrease in the average number of homes owned during the year ended December 31, 2020 compared to the year ended December 31, 2019.

Impairment and other expenses were $0.7 million and $18.7 million for the years ended December 31, 2020, and 2019, respectively. During the year ended December 31, 2020, impairment and other expenses was comprised of impairment losses of $4.6 million on our single-family residential properties, partially offset by net gains on casualty losses of $3.9 million. During the year ended December 31, 2019, impairment and other expenses was comprised of impairment losses of $14.2 million on our single-family residential properties and casualty losses of $4.5 million. The impairment costs recognized during the year ended December 31, 2020 were not a direct result of the COVID-19 pandemic.

Unrealized Gains on Investments in Equity Securities

Unrealized gains on investments in equity securities increased to $29.7 million for the year ended December 31, 2020 from $6.5 million for the year ended December 31, 2019 due to the merger of one of our investments with a special purpose acquisition company during the year ended December 31, 2020. Subsequent to this merger, the investment has a readily determinable fair value and has been marked to market.

Other, net

Other, net decreased to a $0.1 million loss for the year ended December 31, 2020 from $5.1 million of income for the year ended December 31, 2019, primarily due to changes in the components of our miscellaneous income and expenses and a $1.8 million ROU lease asset impairment during the year ended December 31, 2020.

Gain on Sale of Property, net of tax

Gain on sale of property, net of tax was $54.6 million and $96.3 million for the years ended December 31, 2020, and 2019, respectively. The primary driver of the decrease was a decrease in the number of homes sold from 3,455 during the year ended December 31, 2019 to 1,580 during the year ended December 31, 2020.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

For similar operating and financial data and discussion of our year ended December 31, 2019 results compared to our year ended December 31, 2018 results, refer to Part II. Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our 2019 10-K.

Liquidity and Capital Resources

Our liquidity and capital resources as of December 31, 2020 and 2019 include unrestricted cash and cash equivalents of $213.4 million and $92.3 million, respectively, a 131.3% increase. The following significant activity occurred during the year ended December 31, 2020:

- In December 2020, we entered into a sustainability-linked senior unsecured credit facility (the “Credit Facility”) that provides $3,500.0 million of borrowing capacity and consists of a $1,000.0 million revolving facility (the “Revolving Facility”) and a $2,500.0 million term loan facility (the “Term Loan Facility”), both of which mature on January 31, 2025, with two six month extension options available. The Credit Facility replaced a credit facility that consisted of a $1,000.0 million revolving facility (the “2017 Revolving Facility”) and a $1,500.0 million term loan facility (the “2017 Term Loan Facility” and together with the 2017 Revolving Facility, the “2017 Credit Facility”). Proceeds from the Term Loan Facility were used (1) to fully repay the $1,500.0 million 2017 Term Loan Facility due to mature in February 2022; (2) to fully repay the $731.0 million principal balance of the SWH 2017-1 securitization that was due to reach final maturity in January 2023; and (3) to voluntarily prepay higher-cost classes of certificates of various securitizations due to reach final maturity, provided all extensions were exercised, between March 2025 and January 2026. For both the Revolving Facility and the Term Loan Facility, spreads at closing, based on the Company's total leverage ratio, were 5 bps lower than the spreads most recently in effect for the 2017 Credit Facility.
- In March 2020, we drew $250.0 million on the 2017 Revolving Facility due to uncertainties about the impact of the COVID-19 pandemic on our cash provided by operations and our near-term acquisition and disposition activity.
- In May 2020, we used cash on hand to repay $120.0 million of the then-outstanding balance of the 2017 Revolving Facility.
- In June 2020, we completed an underwritten public offering to sell 16,675,000 shares of our common stock and generated net proceeds of $447.5 million. Proceeds of $150.0 million were used to fully repay the then-outstanding balance on our 2017 Revolving Facility. The remaining proceeds were used primarily for acquisitions.

As of December 31, 2020, our $1,000.0 million Revolving Facility remains undrawn, and there are no restrictions on our ability to draw additional funds thereunder provided we remain in compliance with all covenants. We have no debt reaching final maturity until December 2024, provided all extensions are exercised, with the exception of $345.0 million of convertible notes maturing in January 2022.

Our ability to access capital as well as to use cash from operations to continue to meet our liquidity needs, all of which are highly uncertain and cannot be predicted, could be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic, as detailed in Part I. Item 1A. “Risk Factors.”

Through December 31, 2020, disposition channels remained healthy in our markets, and we continued to sell homes that were designated for disposition. We have limited cash commitments outside of debt service as we do not engage in any development activity, and the pipeline of acquisitions to which we are committed is $30.9 million as of December 31, 2020. However, the ongoing impact of the COVID-19 pandemic may impact the acquisition and disposition of single-family homes in ways that we are unable to predict.

Liquidity is a measure of our ability to meet potential cash requirements, maintain our assets, fund our operations, make dividend payments to our stockholders, and meet other general requirements of our business. Our liquidity, to a certain extent, is subject to general economic, financial, competitive, and other factors beyond our control. Our near-term liquidity requirements consist primarily of: (i) renovating newly-acquired homes; (ii) funding HOA fees (as applicable), property taxes, insurance premiums, and the ongoing maintenance of our homes; (iii) interest expense; (iv) payment of dividends to our equity investors; and (v) required contributions to the Rockpoint joint venture. We believe our rental income, net of total expenses, will generally provide cash flow sufficient to fund operations and dividend payments on a near-term basis.

However, the COVID-19 pandemic may negatively impact our operating cash flow such that we are unable to make required debt service payments, which would result in an event of default for any such loan agreement under which payments were not made. Specifically, the collateral within individual borrower entities may underperform, resulting in cash flow shortfalls for debt service while consolidated cash flows are sufficient to fund our operations. If an event of default occurs for a specific mortgage loan or for our secured term loan, our loan agreements provide certain remedies, including our ability to fund shortfalls from consolidated cash flow; and such an event of default would not result in an immediate acceleration of the loan.

Our real estate assets are illiquid in nature. A timely liquidation of assets may not be a viable source of short-term liquidity should a cash flow shortfall arise, and we may need to source liquidity from other financing sources, such as the Revolving Facility, which had an undrawn balance of $1,000.0 million as of December 31, 2020.

Our long-term liquidity requirements consist primarily of funds necessary to pay for the acquisition of, and non-recurring capital expenditures for, our homes and principal payments on our indebtedness. We intend to satisfy our long-term liquidity needs through cash provided by operations, long-term secured and unsecured borrowings, the issuance of debt and equity securities, and property dispositions. As a REIT, we are required to distribute to our stockholders at least 90% of our taxable income, excluding net capital gain, on an annual basis. Therefore, as a general matter, it is unlikely that we will be able to retain substantial cash balances from our annual taxable income that could be used to meet our liquidity needs. Instead, we will need to meet these needs from external sources of capital and amounts, if any, by which our cash flow generated from operations exceeds taxable income.

On August 22, 2019, we entered into distribution agreements with a syndicate of banks (the “Agents”), pursuant to which we may sell, from time to time, up to an aggregate sales price of $800.0 million of our common stock through the Agents (the “ATM Equity Program”). During the year ended December 31, 2020, we sold 8,413,224 shares of our common stock under our ATM Equity Program, generating net proceeds of $239.2 million after giving effect to Agent commissions and other costs totaling $3.9 million. As of December 31, 2020, $500.0 million remains available for future offerings under the ATM Equity Program.

Certain Securitizations (defined below), the Secured Term Loan (defined below), the Term Loan Facility, and the Revolving Facility (collectively, the “LIBOR-Based Loans”) use LIBOR as a benchmark for establishing interest rates. Our derivative instruments are also indexed to LIBOR. On November 30, 2020, the FCA, which has statutory powers to require panel banks to contribute to LIBOR, announced that subject to confirmation following its consultation with the administrator of LIBOR, it would cease publication of the one week and two month USD LIBOR immediately after December 31, 2021 and cease publication of the remaining tenors immediately after June 30, 2023. Once LIBOR is phased out, the interest rates for our LIBOR-Based Loans will be based on a comparable or successor rate as provided for in our loan agreements. We will work with the counterparties to our swap and cap agreements to adjust each floating rate to a comparable or successor rate. While we do not expect that the transition from LIBOR and risks related thereto will have a material adverse effect on our financing costs, the ultimate outcome of this change is uncertain at this time, and significant management time and attention may be required to transition to using the new benchmark rates and to implement necessary changes to our financial models.

The following describes the key terms of our current indebtedness.

Mortgage Loans

Our securitization transactions (the “Securitizations” or the “mortgage loans”) are collateralized by certain homes owned by wholly owned subsidiaries of INVH LP that were formed to facilitate certain of our financing arrangements (the “Borrower Entities”). We utilize the proceeds from our securitizations to fund: (i) repayments of then-outstanding indebtedness; (ii) initial deposits into Securitization reserve accounts; (iii) closing costs in connection with the mortgage loans; and (iv) general costs associated with our operations.

The following table sets forth a summary of our mortgage loan indebtedness as of December 31, 2020 and 2019:

($ in thousands)	Maturity Date[(1)]	Maturity Date if Fully Extended[(2)]	Interest Rate[(3)]	Range of Spreads[(4)]	Outstanding Principal Balance[(5)] December 31, 2020	Outstanding Principal Balance[(5)] December 31, 2019
IH 2017-1[(6)]	June 9, 2027	June 9, 2027	4.23%	N/A	$ 994,787	$ 995,520
SWH 2017-1[(7)]	December 9, 2020	N/A	—%	N/A	—	744,092
IH 2017-2[(7)]	December 9, 2021	December 9, 2024	1.29%	91-186 bps	612,506	624,475
IH 2018-1[(7)(8)]	March 9, 2021	March 9, 2025	1.09%	76-151 bps	646,021	793,720
IH 2018-2[(7)]	June 9, 2021	June 9, 2025	1.23%	95-150 bps	693,988	957,135
IH 2018-3[(7)]	July 9, 2021	July 9, 2025	1.42%	105-205 bps	1,036,561	1,213,035
IH 2018-4[(7)(9)]	January 9, 2021	January 9, 2026	1.49%	115-200 bps	848,270	938,430
Total Securitizations					4,832,133	6,266,407
Less: deferred financing costs, net					(12,035)	(27,946)
Total					$ 4,820,098	$ 6,238,461

(1) Maturity date represents repayment date for mortgage loans which have been repaid in full prior to December 31, 2020. For all other mortgage loans, the maturity dates above reflect all extension options that have been exercised.
(2) Represents the maturity date if we exercise each of the remaining one year extension options available, which are subject to certain conditions being met.
(3) Except for IH 2017-1, interest rates are based on a weighted average spread over LIBOR, plus applicable servicing fees; as of December 31, 2020, LIBOR was 0.14%. Our IH 2017-1 mortgage loan bears interest at a fixed rate of 4.23% per annum, equal to the market determined pass-through rate payable on the certificates including applicable servicing fees.
(4) Range of spreads is based on outstanding principal balances as of December 31, 2020.
(5) Outstanding principal balance is net of discounts and does not include deferred financing costs, net.
(6) Net of unamortized discount of $2.3 million and $2.6 million as of December 31, 2020 and 2019, respectively.
(7) The initial maturity term of each of these mortgage loans is two years, individually subject to three to five, one year extension options at the Borrower Entity's discretion (provided that there is no continuing event of default under the mortgage loan agreement and the Borrower Entity obtains and delivers a replacement interest rate cap agreement from an approved counterparty within the required timeframe to the lender). Our IH 2018-1, IH 2018-2, and IH 2018-3 mortgage loans have exercised the first extension option, and our IH 2017-2 mortgage loan has exercised the second extension option. The maturity dates above reflect all extensions that have been exercised.
(8) On December 1, 2020, we submitted a notification to request an extension of the maturity date of the IH 2018-1 mortgage loan from March 9, 2021 to March 9, 2022.
(9) On January 9, 2021, the extension of the maturity date of the IH 2018-4 mortgage loan from January 9, 2021 to January 9, 2022 was approved by the lender.

Securitization Transactions

For each Securitization transaction, the Borrower Entity executed a loan agreement with a third party lender. Except for IH 2017-1, each outstanding mortgage loan originally consisted of six floating rate components. The two year initial terms are individually subject to three to five, one year extension options at the Borrower Entity's discretion. Such extensions are available provided there is no continuing event of default under the respective mortgage loan agreement and the Borrower Entity obtains and delivers a replacement interest rate cap agreement from an approved counterparty within the required timeframe to the lender. IH 2017-1 is a 10 year, fixed rate mortgage loan comprised of two components. Certificates issued by the trust in connection with Component A of IH 2017-1 benefit from the Federal National Mortgage Association's guaranty of timely payment of principal and interest.

Each mortgage loan is secured by a pledge of the equity in the assets of the respective Borrower Entities, as well as first-priority mortgages on the underlying properties and a grant of security interests in all of the related personal property. As of December 31, 2020 and 2019, a total of 31,316 and 37,040 homes, respectively, with a net book value of $5,761.6 million and $7,137.6 million, respectively, are pledged pursuant to the mortgage loans. Each Borrower Entity has the right, subject to certain requirements and limitations outlined in the respective loan agreements, to substitute properties. We are obligated to make monthly payments of interest for each mortgage loan.

Transactions with Trusts

Concurrent with the execution of each mortgage loan agreement, the respective third party lender sold each loan it originated to individual depositor entities (the "Depositor Entities") who subsequently transferred each loan to Securitization-specific trust entities (the "Trusts"). The Depositor Entities for our currently outstanding Securitizations are wholly owned subsidiaries.

As consideration for the transfer of each loan to the Trusts, the Trusts issued classes of certificates which mirror the components of the individual loans (collectively, the "Certificates") to the Depositor Entities, except that Class R certificates do not have related loan components as they represent residual interests in the Trusts. The Certificates represent the entire beneficial interest in the Trusts. Following receipt of the Certificates, the Depositor Entities sold the Certificates to investors and used the proceeds as consideration for the loans sold to the Depositor Entities by the lenders. These transactions had no effect on our consolidated financial statements other than with respect to Certificates we retained in connection with Securitizations or purchased at a later date.

The Trusts are structured as pass-through entities that receive interest payments from the Securitizations and distribute those payments to the holders of the Certificates. The assets held by the Trusts are restricted and can only be used to fulfill the obligations of those entities. The obligations of the Trusts do not have any recourse to the general credit of any entities in these consolidated financial statements. We have evaluated our interests in certain certificates of the Trusts held by us (discussed below) and determined that they do not create a more than insignificant variable interest in the Trusts. Additionally, the retained certificates do not provide us with any ability to direct activities that could impact the Trusts' economic performance. Therefore, we do not consolidate the Trusts.

Retained Certificates

As the Trusts made Certificates available for sale to both domestic and foreign investors, sponsors of the mortgage loans are required to retain a portion of the risk that represents a material net economic interest in each loan pursuant to Regulation RR (the "Risk Retention Rules") under the Securities Exchange Act of 1934, as amended. As such, loan sponsors are required to retain a portion of the credit risk that represents not less than 5% of the aggregate fair value of the loan as of the closing date.

IH 2017-1 issued Class B certificates, which are restricted certificates that were made available exclusively to INVH LP in order to comply with the Risk Retention Rules. The Class B certificates bear a stated annual interest rate of 4.23%, including applicable servicing fees.

For SWH 2017-1, IH 2017-2, IH 2018-1, IH 2018-2, IH 2018-3, and IH 2018-4, we retain 5% of each class of certificates to meet the Risk Retention Rules. These retained certificates accrue interest at a floating rate of LIBOR plus a spread ranging from 0.76% to 2.05%.

The retained certificates total $245.2 million and $317.0 million as of December 31, 2020 and 2019, respectively, and are classified as held to maturity investments and recorded in other assets, net on the consolidated balance sheets.

Loan Covenants

The general terms that apply to all of the mortgage loans require each Borrower Entity to maintain compliance with certain affirmative and negative covenants. Affirmative covenants include each Borrower Entity's, and certain of their respective affiliates', compliance with (i) licensing, permitting and legal requirements specified in the mortgage loan agreements, (ii) organizational requirements of the jurisdictions in which they are organized, (iii) federal and state tax laws, and (iv) books and records requirements specified in the respective mortgage loan agreements. Negative covenants include each Borrower Entity's, and certain of their affiliates', compliance with limitations surrounding (i) the amount of each

Borrower Entity's indebtedness and the nature of their investments, (ii) the execution of transactions with affiliates, (iii) the Manager, (iv) the nature of each Borrower Entity's business activities, and (v) the required maintenance of specified cash reserves. As of December 31, 2020, and through the date our consolidated financial statements were issued, we believe each Borrower Entity is in compliance with all affirmative and negative covenants.

Prepayments

For the mortgage loans, prepayments of amounts owed by us are generally not permitted under the terms of the respective mortgage loan agreements unless such prepayments are made pursuant to the voluntary election or mandatory provisions specified in such agreements. The specified mandatory provisions become effective to the extent that a property becomes characterized as a disqualified property, a property is sold, and/or upon the occurrence of a condemnation or casualty event associated with a property. To the extent either a voluntary election is made, or a mandatory prepayment condition exists, in addition to paying all interest and principal, we must also pay certain breakage costs as determined by the loan servicer and a spread maintenance premium if prepayment occurs before the month following the one or two year anniversary of the closing dates of each of the mortgage loans except for IH 2017-1. For IH 2017-1, prepayments on or before December 2026 will require a yield maintenance premium. For the years ended December 31, 2020, 2019, and 2018, we made voluntary and mandatory prepayments of $1,434.6 million, $997.4 million, and $4,579.6 million, respectively, under the terms of the mortgage loan agreements. During the year ended December 31, 2020 prepayments included the full repayment of the SWH 2017-1 mortgage loan. During the year ended December 31, 2019, prepayments included the full repayment of the CSH 2016-2 mortgage loan. During the year ended December 31, 2018, prepayments included full repayment of the CAH 2014-1, CAH 2014-2, CAH 2015-1, CSH 2016-1, IH 2015-1, IH 2015-2, and IH 2015-3 mortgage loans.

Secured Term Loan

On June 7, 2019, 2019-1 IH Borrower LP, a consolidated subsidiary ("2019-1 IH Borrower" and one of our Borrower Entities), entered into a 12 year loan agreement with a life insurance company (the "Secured Term Loan"). The Secured Term Loan bears interest at a fixed rate of 3.59%, including applicable servicing fees, for the first 11 years and bears interest at a floating rate based on a spread of 147 bps, including applicable servicing fees, over one month LIBOR (subject to certain adjustments as outlined in the loan agreement) for the twelfth year. The Secured Term Loan is secured by first priority mortgages on a portfolio of single-family rental properties as well as a first priority pledge of the equity interests of 2019-1 IH Borrower. We utilized the proceeds from the Secured Term Loan to fund: (i) repayments of then-outstanding indebtedness; (ii) initial deposits into the Secured Term Loan's reserve accounts; (iii) transaction costs related to the closing of the Secured Term Loan; and (iv) general corporate purposes.

The following table sets forth a summary of our Secured Term Loan indebtedness as of December 31, 2020 and 2019:

($ in thousands)	Maturity Date	Interest Rate[(1)]	December 31, 2020	December 31, 2019
Secured Term Loan	June 9, 2031	3.59%	$ 403,363	$ 403,464
Deferred financing costs, net			(2,268)	(2,486)
Secured Term Loan, net			$ 401,095	$ 400,978

(1) The Secured Term Loan bears interest at a fixed rate of 3.59% per annum including applicable servicing fees for the first 11 years and for the twelfth year bears interest at a floating rate based on a spread of 147 bps over one month LIBOR (or a comparable or successor rate as provided for in our loan agreement), including applicable servicing fees, subject to certain adjustments as outlined in the loan agreement. Interest payments are made monthly.

Collateral

The Secured Term Loan's collateral pool contains 3,332 and 3,333 homes, respectively, as of December 31, 2020 and 2019, with a net book value of $719.8 million and $734.8 million, respectively. 2019-1 IH Borrower has the right, subject to certain requirements and limitations outlined in the loan agreement, to substitute properties representing up to 20% of the collateral pool annually, and to substitute properties representing up to 100% of the collateral pool over the life of the Secured Term Loan. In addition, four times after the first anniversary of the closing date, 2019-1 IH Borrower has the right, subject to certain requirements and limitations outlined in the loan agreement, to execute a special release of collateral representing up to 15% of the then-outstanding principal balance of the Secured Term Loan in order to bring the loan-to-value ratio back in line with the Secured Term Loan's loan-to-value ratio as of the closing date. Any such special release of collateral would not change the then-outstanding principal balance of the Secured Term Loan, but rather would reduce the number of single-family rental homes included in the collateral pool.

Loan Covenants

The Secured Term Loan requires 2019-1 IH Borrower to maintain compliance with certain affirmative and negative covenants. Affirmative covenants include 2019-1 IH Borrower's, and certain of its affiliates', compliance with (i) licensing, permitting and legal requirements specified in the loan agreement, (ii) organizational requirements of the jurisdictions in which they are organized, (iii) federal and state tax laws, and (iv) books and records requirements specified in the loan agreement. Negative covenants include 2019-1 IH Borrower's, and certain of its affiliates', compliance with limitations surrounding (i) the amount of 2019-1 IH Borrower's indebtedness and the nature of its investments, (ii) the execution of transactions with affiliates, (iii) the Manager, (iv) the nature of 2019-1 IH Borrower's business activities, and (v) the required maintenance of specified cash reserves. As of December 31, 2020, and through the date our consolidated financial statements were issued, we believe 2019-1 IH Borrower is in compliance with all affirmative and negative covenants.

Prepayments

Prepayments of the Secured Term Loan are generally not permitted unless such prepayments are made pursuant to the voluntary election or mandatory provisions specified in the loan agreement. The specified mandatory provisions become effective to the extent that a property becomes characterized as a disqualified property, a property is sold, and/or upon the occurrence of a condemnation or casualty event associated with a property. To the extent either a voluntary election is made, or a mandatory prepayment condition exists, in addition to paying all interest and principal, we must also pay certain breakage costs as determined by the loan servicer and a yield maintenance premium if prepayment occurs before June 9, 2030. For the year ended December 31, 2020, we made mandatory prepayments of $0.1 million. No prepayments were made for the year ended December 31, 2019.

Term Loan Facility and Revolving Facility

On December 8, 2020, we entered into an Amended and Restated Revolving Credit and Term Loan Agreement with a syndicate of banks, financial institutions, and institutional lenders for the Credit Facility. The Credit Facility provides $3,500.0 million of borrowing capacity and consists of the $1,000.0 million Revolving Facility and the $2,500.0 million Term Loan Facility, both of which mature on January 31, 2025, with two six month extension options available. The Revolving Facility also includes borrowing capacity for letters of credit. The Credit Facility provides us with the option to enter into additional incremental credit facilities (including an uncommitted incremental facility that provides us with the option to increase the size of the Revolving Facility and/or the Term Loan Facility such that the aggregate amount does not exceed at any time $4,000.0 million), subject to certain limitations.

The Credit Facility replaced the 2017 Credit Facility that consisted of the $1,000.0 million 2017 Revolving Facility and the $1,500.0 million 2017 Term Loan Facility. The terms and conditions of the Credit Facility are consistent with those of the 2017 Credit Facility unless otherwise noted below. Proceeds from the Term Loan Facility were used to repay then-outstanding indebtedness, including the 2017 Term Loan Facility. Proceeds from the Revolving Facility are used for general corporate purposes.

The following table sets forth a summary of the outstanding principal amounts under the Credit Facility and 2017 Credit Facility as of December 31, 2020 and 2019, respectively:

($ in thousands)	Maturity Date	Interest Rate[(1)]	December 31, 2020	December 31, 2019
Term Loan Facility[(2)]	January 31, 2025	1.79%	$ 2,500,000	$ 1,500,000
Deferred financing costs, net			(29,093)	(6,253)
Term Loan Facility, net			$ 2,470,907	$ 1,493,747
Revolving Facility[(2)]	January 31, 2025	1.84%	$ —	$ —

(1) Interest rates for the Term Loan Facility and the Revolving Facility are based on LIBOR plus an applicable margin. As of December 31, 2020, the applicable margins were 1.65% and 1.70% respectively, and LIBOR was 0.14%.
(2) If we exercise the two six month extension options, the maturity date will be January 31, 2026.

Interest Rate and Fees

Borrowings under the Credit Facility bear interest, at our option, at a rate equal to a margin over either (a) a LIBOR rate determined by reference to the Bloomberg LIBOR rate (or a comparable or successor rate as provided for in our loan agreement) for the interest period relevant to such borrowing, or (b) a base rate determined by reference to the highest of (1) the administrative agent's prime lending rate, (2) the federal funds effective rate plus 0.50%, and (3) the LIBOR rate that would be payable on such day for a LIBOR rate loan with a one month interest period plus 1.00%. The margin is based on a total leverage based grid. The margins for the Term Loan Facility, Revolving Facility, 2017 Term Loan Facility, and 2017 Revolving Facility are as follows:

	Base Rate Loans	LIBOR Rate Loans
Term Loan Facility	0.45 % — 1.15%	1.45 % — 2.15%
Revolving Facility	0.50 % — 1.15%	1.50 % — 2.15%
2017 Term Loan Facility	0.70 % — 1.30%	1.70 % — 2.30%
2017 Revolving Facility	0.75 % — 1.30%	1.75 % — 2.30%

In addition, the Credit Facility provides that, upon receiving an investment grade rating on its non-credit enhanced, senior unsecured long term debt of BBB- or better from Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., or Baa3 or better from Moody's Investors Service, Inc., we may elect to convert to a credit rating based pricing grid. The margins for the Term Loan Facility and Revolving Facility under the credit rating based pricing grid are as follows:

	Base Rate Loans	LIBOR Rate Loans
Term Loan Facility	— % — 0.65%	0.80 % — 1.65%
Revolving Facility	— % — 0.45%	0.75 % — 1.45%

The Credit Facility also includes a sustainability component whereby the Revolving Facility pricing can improve upon the Company's achievement of certain sustainability ratings, determined via an independent third party evaluation. This sustainability feature was not included in the 2017 Revolving Facility.

In addition to paying interest on outstanding principal under the Credit Facility, we are required to pay an unused facility fee to the lenders under the Revolving Facility in respect of the unused commitments thereunder. The unused facility fee rate is based on the daily unused amount of the Revolving Facility and is either 0.30% or 0.20% per annum based on the unused facility amount. The unused facility fee rate for the 2017 Revolving Facility was 0.35% or .20% per annum based on the unused facility amount. Upon conversion to a credit rating pricing based grid, the unused facility fee will no longer apply and we will be required to pay a facility fee ranging from 0.10% to 0.30%. We are also required to pay customary letter of credit fees.

Prepayments and Amortization

No principal reductions are required under the Credit Facility. We are permitted to voluntarily repay amounts outstanding under the Term Loan Facility at any time without premium or penalty, subject to certain minimum amounts and the payment of customary "breakage" costs with respect to LIBOR loans. Once repaid, no further borrowings will be permitted under the Term Loan Facility.

Loan Covenants

The Credit Facility contains certain customary affirmative and negative covenants and events of default. Such covenants will, among other things, restrict, subject to certain exceptions, our ability and that of the Subsidiary Guarantors (as defined below) and their respective subsidiaries to (i) engage in certain mergers, consolidations or liquidations, (ii) sell, lease or transfer all or substantially all of their respective assets, (iii) engage in certain transactions with affiliates, (iv) make changes to our fiscal year, (v) make changes in the nature of our business and our subsidiaries, and (vi) enter into certain burdensome agreements.

The Credit Facility also requires us, on a consolidated basis with our subsidiaries, to maintain a (i) maximum total leverage ratio, (ii) maximum secured leverage ratio, (iii) maximum unencumbered leverage ratio, (iv) minimum fixed charge coverage ratio, (v) minimum unsecured interest coverage ratio, and (vi) maximum secured recourse leverage ratio. If an event of default occurs, the lenders under the Credit Facility are entitled to take various actions, including the acceleration of amounts due under the Credit Facility. As of December 31, 2020, and through the date our consolidated financial statements were issued, we believe we were in compliance with all affirmative and negative covenants.

Guarantees and Security

The obligations under the Credit Facility are guaranteed on a joint and several basis by each of our direct and indirect domestic wholly owned subsidiaries that directly own unencumbered assets (the "Subsidiary Guarantors"), subject to certain exceptions. These guarantees will be automatically released upon the occurrence of certain events, including if the applicable Subsidiary Guarantor is no longer a direct owner of an unencumbered asset. In addition, INVH and each subsidiary of INVH that owns equity in the Borrower may be required to provide a guarantee of the Credit Facility under certain circumstances, including if INVH does not maintain its qualification as a REIT.

Although the 2017 Credit Facility was secured, such security interests have been released and the Credit Facility is unsecured.

Convertible Senior Notes

In connection with the Mergers, we assumed SWH's convertible senior notes. In July 2014, SWH issued $230.0 million in aggregate principal amount of 3.00% convertible senior notes due 2019 (the "2019 Convertible Notes"). Interest on the 2019 Convertible Notes was payable semiannually in arrears on January 1st and July 1st of each year. The notes matured on July 1, 2019, and we settled substantially all of the outstanding balance of the 2019 Convertible Notes through the issuance of 12,553,864 shares of our common stock.

In January 2017, SWH issued $345.0 million in aggregate principal amount of 3.50% convertible senior notes due 2022 (the "2022 Convertible Notes" and together with the 2019 Convertible Notes, the "Convertible Senior Notes"). Interest on the 2022 Convertible Notes is payable semiannually in arrears on January 15th and July 15th of each year. The 2022 Convertible Notes will mature on January 15, 2022.

The following table summarizes the terms of the Convertible Senior Notes outstanding as of December 31, 2020 and 2019:

						Principal Amount	
($ in thousands)	Coupon Rate	Effective Rate(1)	Conversion Rate(2)	Maturity Date	Remaining Amortization Period	December 31, 2020	December 31, 2019
2022 Convertible Notes	3.50%	5.12%	43.7694	January 15, 2022	1.04 years	$ 345,000	$ 345,000
Net unamortized fair value adjustment						(5,596)	(10,701)
Total						$ 339,404	$ 334,299

(1) Effective rate includes the effect of the adjustment to the fair value of the debt as of the Merger Date, the value of which reduced the initial liability recorded to $324.3 million for the 2022 Convertible Notes.

(2) The conversion rate as of December 31, 2020 represents the number of shares of common stock issuable per $1,000 principal amount (actual $) of the 2022 Convertible Notes converted on such date, as adjusted in accordance with the indenture as a result of cash dividend payments and the effects of previous mergers. As of December 31, 2020, the 2022 Convertible Notes do not meet the criteria for conversion. We have the option to settle the 2022 Convertible Notes in cash, common stock, or a combination thereof.

Terms of Conversion

On July 1, 2019, we settled substantially all of the outstanding balance of the 2019 Convertible Notes with the issuance of 12,553,864 shares of our common stock. At the settlement date, the conversion rate applicable to the 2019 Convertible Notes was 54.5954 shares of our common stock per $1,000 principal amount (actual $) of the 2019 Convertible Notes (equivalent to a conversion price of approximately $18.32 per common share — actual $). For the years ended December 31, 2019 and 2018, interest expense for the 2019 Convertible Notes, including non-cash amortization of discounts, was $5.6 million and $11.1 million, respectively.

As of December 31, 2020, the conversion rate applicable to the 2022 Convertible Notes is 43.7694 shares of our common stock per $1,000 principal amount (actual $) of the 2022 Convertible Notes (equivalent to a conversion price of approximately $22.85 per common share — actual $). The conversion rate for the 2022 Convertible Notes is subject to adjustment in some events, but will not be adjusted for any accrued and unpaid interest. In addition, following certain events that occur prior to the maturity date, we will adjust the conversion rate for a holder who elects to convert its 2022 Convertible Notes in connection with such an event in certain circumstances. At any time prior to July 15, 2021, holders may convert the 2022 Convertible Notes at their option only under specific circumstances as defined in the indenture agreement, dated as of January 10, 2017, between us and our trustee, Wilmington Trust National Association (the "Convertible Notes Trustee"). On or after July 15, 2021 and until maturity, holders may convert all or any portion of the 2022 Convertible Notes at any time. Upon conversion, we will pay or deliver, as the case may be, cash, common stock, or a combination of cash and common stock, at our election. The "if-converted" value of the 2022 Convertible Notes exceeds the principal amount by $103.5 million as of December 31, 2020 as the closing market price of our common stock of $29.70 per common share (actual $) exceeds the implicit conversion price. For the years ended December 31, 2020, 2019, and 2018, interest expense for the 2022 Convertible Notes, including non-cash amortization of discounts, was $17.2 million, $16.9 million, and $16.7 million respectively.

General Terms

We may not redeem the 2022 Convertible Notes prior to their maturity date except to the extent necessary to preserve our status as a REIT for United States federal income tax purposes, as further described in the indenture. If we undergo a fundamental change as defined in the indenture, holders may require us to repurchase for cash all or any portion of their 2022 Convertible Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2022 Convertible Notes to be repurchased, plus accrued and unpaid interest up to, but excluding, the fundamental change repurchase date.

The indenture contains customary terms and covenants and events of default. If an event of default occurs and is continuing, the Convertible Notes Trustee, by notice to us, or the holders of at least 25% in aggregate principal amount of the outstanding 2022 Convertible Notes, by notice to us and the Convertible Notes Trustee, may, and the Convertible Notes Trustee at the request of such holders shall, declare 100% of the principal of and accrued and unpaid interest on all the 2022 Convertible Notes to be due and payable. In the case of an event of default arising out of certain events of bankruptcy, insolvency or reorganization in respect to us (as set forth in the indenture), 100% of the principal of and accrued and unpaid interest on the 2022 Convertible Notes will automatically become due and payable.

Certain Hedging Arrangements

From time to time, we enter into derivative instruments to manage the economic risk of changes in interest rates. We do not enter into derivative transactions for speculative or trading purposes. Designated hedges are derivatives that meet the criteria for hedge accounting and that we have elected to designate as hedges. Non-designated hedges are derivatives that do not meet the criteria for hedge accounting or that we did not elect to designate as hedges.

Designated Hedges

We have entered into various interest rate swap agreements, which are used to hedge the variable cash flows associated with variable-rate interest payments. Currently, each of our swap agreements is indexed to LIBOR and is designated for hedge accounting purposes. LIBOR is set to expire at the end of 2021, and we will work with the counterparties to our swap agreements to adjust each floating rate to a comparable or successor rate. Changes in the fair value of these swaps are recorded in other comprehensive income and are subsequently reclassified into earnings in the period in which the hedged forecasted transactions affect earnings.

The table below summarizes our interest rate swap instruments as of December 31, 2020 ($ in thousands):

Agreement Date	Forward Effective Date	Maturity Date	Strike Rate	Index	Notional Amount
December 11, 2019	February 28, 2017	December 31, 2024	1.74%	One month LIBOR	$ 750,000
April 19, 2018	January 31, 2019	January 31, 2025	2.86%	One month LIBOR	400,000
February 15, 2019	March 15, 2019	March 15, 2022	2.23%	One month LIBOR	800,000
April 19, 2018	March 15, 2019	November 30, 2024	2.85%	One month LIBOR	400,000
April 19, 2018	March 15, 2019	February 28, 2025	2.86%	One month LIBOR	400,000
January 10, 2017	January 15, 2020	January 15, 2021	2.13%	One month LIBOR	550,000
May 8, 2018	March 9, 2020	June 9, 2025	2.99%	One month LIBOR	325,000
May 8, 2018	June 9, 2020	June 9, 2025	2.99%	One month LIBOR	595,000
June 3, 2016	July 15, 2020	July 15, 2021	1.47%	One month LIBOR	450,000
June 28, 2018	August 7, 2020	July 9, 2025	2.90%	One month LIBOR	1,100,000
January 10, 2017	January 15, 2021	July 15, 2021	2.23%	One month LIBOR	550,000
December 9, 2019	July 15, 2021	November 30, 2024	2.90%	One month LIBOR	400,000
November 7, 2018	March 15, 2022	July 31, 2025	3.14%	One month LIBOR	400,000
November 7, 2018	March 15, 2022	July 31, 2025	3.16%	One month LIBOR	400,000

During the year ended December 31, 2020, we terminated an interest rate swap and paid the counterparty $15.2 million in connection with this termination. During the year ended December 31, 2019, we modified the start date of an interest rate swap and paid the counterparty $8.2 million in connection with the modification.

During the years ended December 31, 2020, 2019, and 2018, such derivatives were used to hedge the variable cash flows associated with existing variable-rate interest payments. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt. During the next 12 months, we estimate that $147.0 million will be reclassified to earnings as an increase in interest expense.

During the year ended December 31, 2020, we accelerated the reclassification of certain amounts in other comprehensive income to earnings as a result of a portion of the hedged forecasted transactions becoming probable not to occur. The accelerated amounts represented a loss of $3.1 million and were recorded as interest expense in the accompanying consolidated statement of operations for the year ended December 31, 2020. We did not accelerate the reclassification of any amounts in other comprehensive income to earnings during the years ended December 31, 2019 and 2018.

Non-Designated Hedges

Concurrent with entering into certain of the mortgage loan agreements and in connection with previous mergers, we entered into or acquired and maintain interest rate cap agreements with terms and notional amounts equivalent to the terms and amounts of the mortgage loans made by the third party lenders. Currently, each of our cap agreements is indexed to LIBOR, which is set to expire at the end of 2021. We will work with the counterparties to our cap agreements to adjust each floating rate to a comparable or successor rate. To the extent that the maturity date of one or more of the mortgage loans is extended through an exercise of one or more extension options, replacement or extension interest rate cap agreements must be executed with terms similar to those associated with the initial interest rate cap agreements and strike prices equal to the greater of the interest rate cap strike price and the interest rate at which the debt service coverage ratio (as defined) is not less than 1.2 to 1.0. The interest rate cap agreements, including all of our rights to payments owed by the counterparties and all other rights, have been pledged as additional collateral for the mortgage loans. Additionally, in certain instances, in order to minimize the cash impact of purchasing required interest rate caps, we simultaneously sell interest rate caps (which have identical terms and notional amounts) such that the purchase price and sales proceeds of the related interest rate caps are intended to offset each other. The purchased and sold interest rate caps have strike prices ranging from approximately 3.75% to 6.32%.

Purchase of Outstanding Debt Securities or Loans

As market conditions warrant, we, our equity investors, our and their respective affiliates, and members of our management, may from time to time seek to purchase our outstanding debt, including borrowings under our credit facility and mortgage loans or debt securities that we may issue in the future, in privately negotiated or open market transactions, by tender offer or otherwise. Subject to any applicable limitations contained in the agreements governing our indebtedness, any purchases made by us may be funded by the use of cash on our consolidated balance sheet or the incurrence of new secured or unsecured debt, including borrowings under our credit facility and mortgage loans. The amounts involved in any such purchase transactions, individually or in the aggregate, may be material. Any such purchases may be with respect to a substantial amount of a particular class or series of debt, with the attendant reduction in the trading liquidity of such class or series. In addition, any such purchases made at prices below the “adjusted issue price” (as defined for United States federal income tax purposes) may result in taxable cancellation of indebtedness income to us, which amounts may be material, and in related adverse tax consequences to us.

Cash Flows

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

The following table summarizes our cash flows for the years ended December 31, 2020 and 2019:

	For the Years Ended December 31,			
($ in thousands)	2020	2019	$ Change	% Change
Net cash provided by operating activities	$ 696,712	$ 662,130	$ 34,582	5.2 %
Net cash provided by (used in) investing activities	(425,156)	102,226	(527,382)	(515.9)%
Net cash used in financing activities	(146,033)	(838,102)	692,069	82.6 %
Change in cash, cash equivalents, and restricted cash	$ 125,523	$ (73,746)	$ 199,269	270.2 %

Operating Activities

Our cash flows provided by operating activities depend on numerous factors, including the occupancy level of our homes, the rental rates achieved on our leases, the collection of rent from our residents, and the amount of our operating and other expenses. Net cash provided by operating activities was $696.7 million and $662.1 million for the years ended December 31, 2020, and 2019, respectively, an increase of 5.2%. The increase in cash provided by operating activities was driven by improved operational profitability, which was partially offset by changes in operating assets and liabilities.

Investing Activities

Net cash provided by (used in) investing activities consists primarily of the acquisition costs of homes, capital improvements, and proceeds from property sales. Net cash provided by (used in) investing activities was $(425.2) million and $102.2 million for the years ended December 31, 2020, and 2019, respectively, a decrease of $527.4 million. The decrease in net cash provided by (used in) investing activities primarily resulted from the combined effect of the following changes in cash flows during the year ended December 31, 2020 compared to the year ended December 31, 2019: (1) a decrease in proceeds from the sale of homes; (2) an increase in cash used for the initial renovation of homes; (3) an increase in cash used for the acquisition of homes; (4) an increase in cash used for investments in joint ventures; partially offset by (5) an increase in cash provided by repayment proceeds from retained debt securities. More specifically, proceeds from sales of homes decreased $440.7 million from the year ended December 31, 2019 to the year ended December 31, 2020 due to a significant decrease in the number of homes sold from 3,455 to 1,580, respectively, partially offset by an increase in proceeds per home. Initial renovation spend increased $41.3 million from the year ended December 31, 2019 compared to the year ended December 31, 2020 due to a significant increase in the number of homes undergoing their initial renovation and an increase in the cost per home. Acquisition spend increased $35.6 million due to an increase in the number of homes acquired from 2,153 homes during the year ended December 31, 2019 to 2,252 homes during the year ended December 31, 2020. Investments in joint ventures spend increased $16.3 million due to entering into a joint venture with Rockpoint during the year ended December 31, 2020. Proceeds from repayment of retained debt securities increased $22.1 million from the year ended December 31, 2019 to the year ended December 31, 2020 due to an increase in prepayments of mortgage loans, including the full repayment of SWH 2017-1 during the year ended December 31, 2020.

Financing Activities

Net cash used in financing activities was $146.0 million and $838.1 million for the years ended December 31, 2020, and 2019, respectively. During the year ended December 31, 2020, proceeds from our Term Loan Facility of $2,500.0 million, along with proceeds from issuances and sales of stock under our public offering and ATM Equity Program of $686.7 million, along with proceeds from home sales, were used (1) to repay $1,500.0 million of our 2017 Term Loan Facility; (2) to repay $1,434.6 million of our mortgage loans, including full repayment of SWH 2017-1 and partial repayments of IH 2018-1, IH 2018-2, IH 2018-3, and IH 2018-4; (3) to fund $334.3 million of dividend and distribution payments; and (4) to fund $41.4 million of deferred financing costs associated with the Credit Facility. For the year ended December 31, 2019, proceeds from our Secured Term Loan of $403.5 million, proceeds from our ATM Equity Program of $55.3 million, along with proceeds from home sales and operating cash flows, were used (1) to repay $997.4 million of our mortgage loans, including full repayment of CSH 2016-2 and partial repayments of IH 2017-2, IH 2018-1, IH 2018-2, and IH 2018-3; and (2) to fund $279.8 million of dividend and distribution payments.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

For similar operating and financial data and discussion of our year ended December 31, 2019 results compared to our year ended December 31, 2018 results, refer to Part II. Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our 2019 10-K.

Contractual Obligations

Our contractual obligations as of December 31, 2020, consist of the following:

($ in thousands)	Total	2021	2022-2023	2024-2025	Thereafter
Mortgage loans, net[1][2]	$ 5,337,454	$ 93,639	$ 187,277	$ 3,150,232	$ 1,906,306
Secured Term Loan[1]	554,425	14,472	28,944	28,944	482,065
Term Loan Facility, net[1]	2,730,835	45,372	90,743	90,867	2,503,853
Revolving Facility[1][2][3]	18,054	3,549	7,097	7,107	301
2022 Convertible Notes[4]	363,113	12,075	351,038	—	—
Derivative instruments[5]	590,270	134,183	274,838	181,249	—
Purchase commitments[6]	30,894	30,894	—	—	—
Operating leases	17,144	5,108	7,384	4,269	383
Finance leases	8,947	3,174	5,042	731	—
Total	$ 9,651,136	$ 342,466	$ 952,363	$ 3,463,399	$ 4,892,908

(1) Includes estimated interest payments on the respective debt based on amounts outstanding as of December 31, 2020 at rates in effect as of such date; as of December 31, 2020, LIBOR was 0.14%.
(2) Represents the maturity date if we exercise each of the remaining one year extension options available, which are subject to certain conditions being met. See Part IV. Item 15. "Exhibits and Financial Statement Schedules — Note 7 of Notes to Consolidated Financial Statements" for a description of maturity dates without consideration of extension options.
(3) Includes the related unused commitment fee.
(4) Represents the principal amount and interest obligation of the 2022 Convertible Notes which is calculated using the notes' coupon rate.
(5) Includes interest rate swap and interest rate cap obligations calculated using LIBOR as of December 31, 2020, or 0.14%.
(6) Represents commitments to acquire 99 single-family rental homes as of December 31, 2020.

We have a commitment, which is not reflected in the table above, to make additional capital contributions to a joint venture. As of December 31, 2020, we are committed to fund an additional $59.4 million to the joint venture.

Critical Accounting Policies and Estimates

Our discussion and analysis of our historical financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP and in conjunction with the rules and regulations of the SEC. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions about the effect of matters that are inherently uncertain and that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could ultimately differ from those estimates. For a discussion of recently-issued and adopted accounting standards, see Part IV. Item 15. "Exhibits and Financial Statement Schedules — Note 2 of Notes to Consolidated Financial Statements."

Investments in Single-Family Residential Properties

The following significant accounting policies affect the acquisition, disposition, recognition, classification, and fair value measurements (on a nonrecurring basis) related to our portfolio of over 80,000 single-family residential properties in 16 markets across the United States. For a complete discussion of our accounting policy and other factors related to each category below, see Part IV. Item 15. "Exhibits and Financial Statement Schedules — Note 2 of Notes to Consolidated Financial Statements."

- *Acquisition of Real Estate Assets:* Our purchases of homes are generally treated as asset acquisitions unless acquired in connection with a business combination. For asset acquisitions, homes are recorded at their purchase price, which is allocated between land, building and improvements, and in-place lease intangibles (when a resident is in place at the acquisition date) based upon their relative fair values at the date of acquisition. The purchase price for purposes of this allocation is inclusive of acquisition costs which typically include legal fees, bidding service and title fees, payments made to cure tax, utility, HOA, and other mechanic's and miscellaneous liens, as well as other closing costs. If the percentage allocated to buildings and improvements versus land for the homes acquired during the year ended December 31, 2020 was increased or decreased by 500 bps, our annualized depreciation expense would have changed by approximately $1.1 million.

- *Cost Capitalization:* We incur costs to acquire, stabilize, and prepare our single-family residential properties to be leased. We capitalize these costs as a component of our investment in each single-family residential property, using specific identification and relative allocation methodologies. The capitalization period associated with our stabilization activities begins at the time that such activities commence and concludes at the time that a single-family residential property is available to be leased.

  Once a property is ready for its intended use, expenditures for ordinary maintenance and repairs thereafter are expensed to operations as incurred, and we capitalize expenditures that improve or extend the life of a home and for certain furniture and fixtures additions.

  The capitalized costs are depreciated over their estimated useful lives on a straight-line basis. The weighted average useful lives range from 7 years to 28.5 years. If the useful lives for costs capitalized during the year ended December 31, 2020 were increased or decreased by 10%, our annualized depreciation expense would have changed by approximately $5.0 million.

- *Provisions for Impairment:* We continuously evaluate, by property, whether there are any events or changes in circumstances indicating that the carrying amount of our single-family residential properties may not be recoverable. To the extent an event or change in circumstance is identified, a residential property is considered to be impaired only if its carrying value cannot be recovered through estimated future undiscounted cash flows from the use and eventual disposition of the property. To the extent an impairment has occurred, the carrying amount of our investment in a property is adjusted to its estimated fair value. The process whereby we assess our single-family residential properties for impairment requires significant judgment and assessment of factors that are, at times, subject to significant uncertainty. We evaluate multiple information sources and perform a number of internal analyses, each of which are important components of our process with no one information source or analysis being necessarily determinative. For those homes for which a change in an event or circumstance was identified in the most recent impairment analysis, a 5% change in the estimated fair value of those homes may have resulted in an increase in impairment expense of less than $0.1 million.

- *Single-Family Residential Properties Held for Sale:* From time to time, we may identify single-family residential properties to be sold. Once we identify a property to be sold pursuant to GAAP requirements, we cease depreciating the property, measure the property at the lower of its carrying amount or its fair value less estimated costs to sell, and present the property separately within other assets, net on our consolidated balance sheets. If market values less disposal costs for our properties that were classified as held for sale as of December 31, 2020 were 10% lower, our impairment expense related to those properties would have increased by approximately $1.2 million. If the market values less disposal costs were 10% higher, our impairment expense would have been approximately $0.2 million lower.

Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the CODM in deciding how to allocate resources and in assessing performance. Our CODM is the Chief Executive Officer.

Under the provisions of ASC 280, *Segment Reporting*, we have determined that we have one reportable segment related to acquiring, renovating, leasing, and operating single-family homes as rental properties. The CODM evaluates operating performance and allocates resources on a total portfolio basis. The CODM utilizes NOI as the primary measure to evaluate performance of the total portfolio. The aggregation of individual homes constitutes the total portfolio. Decisions regarding acquisitions and dispositions of homes are made at the individual home level with a focus on growing accretively in high-growth locations where we have greater scale and density.

Non-GAAP Measures

EBITDA, EBITDAre, and Adjusted EBITDAre

EBITDA, EBITDA*re*, and Adjusted EBITDA*re* are supplemental, non-GAAP measures often utilized to evaluate the performance of real estate companies. We define EBITDA as net income or loss computed in accordance with GAAP before the following items: interest expense; income tax expense; and depreciation and amortization. The National Association of Real Estate Investment Trusts (“Nareit”) recommends as a best practice that REITs that report an EBITDA performance measure also report EBITDA*re*. We define EBITDA*re*, consistent with the Nareit definition, as EBITDA, further adjusted for gain on sale of property, net of tax and impairment on depreciated real estate investments.

Adjusted EBITDA*re* is defined as EBITDA*re* before the following items: share-based compensation expense; merger and transaction-related expenses; severance; casualty (gains) losses, net; unrealized gains on investments in equity securities; and other income and expenses. EBITDA, EBITDA*re*, and Adjusted EBITDA*re* are used as supplemental financial performance measures by management and by external users of our financial statements, such as investors and commercial banks. Set forth below is additional detail on how management uses EBITDA, EBITDA*re*, and Adjusted EBITDA*re* as measures of performance.

Our management uses EBITDA, EBITDA*re*, and Adjusted EBITDA*re* in a number of ways to assess our consolidated financial and operating performance, and we believe these measures are helpful to management and external users in identifying trends in our performance. EBITDA, EBITDA*re*, and Adjusted EBITDA*re* help management identify controllable expenses and make decisions designed to help us meet our current financial goals and optimize our financial performance, while neutralizing the impact of capital structure on results. Accordingly, we believe these metrics measure our financial performance based on operational factors that management can impact in the short-term, namely our cost structure and expenses.

We believe that the presentation of EBITDA, EBITDA*re*, and Adjusted EBITDA*re* provides information useful to investors in assessing our financial condition and results of operations. The GAAP measure most directly comparable to EBITDA, EBITDA*re*, and Adjusted EBITDA*re* is net income or loss. EBITDA, EBITDA*re*, and Adjusted EBITDA*re* are not used as measures of our liquidity and should not be considered alternatives to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our EBITDA, EBITDA*re*, and Adjusted EBITDA*re* may not be comparable to the EBITDA, EBITDA*re*, and Adjusted EBITDA*re* of other companies due to the fact that not all companies use the same definitions of EBITDA, EBITDA*re*, and Adjusted EBITDA*re*. Accordingly, there can be no assurance that our basis for computing these non-GAAP measures is comparable with that of other companies.

The following table presents a reconciliation of net income (loss) (as determined in accordance with GAAP) to EBITDA, EBITDA*re*, and Adjusted EBITDA*re* for each of the periods indicated:

($ in thousands)	For the Years Ended December 31, 2020	2019	2018
Net income (loss) available to common stockholders	$ 195,764	$ 145,068	$ (5,744)
Net income available to participating securities	448	395	817
Non-controlling interests	1,237	1,648	(86)
Interest expense	353,923	367,173	383,595
Depreciation and amortization	552,530	533,719	560,541
EBITDA	1,103,902	1,048,003	939,123
Gain on sale of property, net of tax	(54,594)	(96,336)	(49,682)
Impairment on depreciated real estate investments	4,578	14,210	6,709
EBITDA*re*	1,053,886	965,877	896,150
Share-based compensation expense[1]	17,090	18,158	29,499
Merger and transaction-related expenses[2]	—	4,347	16,895
Severance	601	8,465	8,238
Casualty (gains) losses, net[3]	(3,882)	4,533	14,110
Unrealized gains on investments in equity securities	(29,723)	(6,480)	—
Other, net[4]	86	(5,120)	(6,958)
Adjusted EBITDA*re*	$ 1,038,058	$ 989,780	$ 957,934

(1) For the years ended December 31, 2020, 2019, and 2018, $3,511, $3,075, and $5,500 was recorded in property management expense, respectively, and $13,579, $15,083, and $23,999 was recorded in general and administrative expense, respectively.
(2) Includes merger and transaction-related expenses included within general and administrative.
(3) Includes $8,013 for losses/damages related to Hurricanes Irma and Harvey for the year ended December 31, 2018. There were no such losses during the years ended December 31, 2020 and 2019.
(4) Includes interest income and other miscellaneous income and expenses.

Net Operating Income

NOI is a non-GAAP measure often used to evaluate the performance of real estate companies. We define NOI for an identified population of homes as rental revenues and other property income less property operating and maintenance expense (which consists primarily of property taxes, insurance, HOA fees (when applicable), market-level personnel expenses, repairs and maintenance, leasing costs, and marketing expense). NOI excludes: interest expense; depreciation and amortization; property management expense; general and administrative expense; impairment and other; gain on sale of property, net of tax; unrealized gains on investments in equity securities; and other income and expenses.

We consider NOI to be a meaningful supplemental financial measure of our performance when considered with the financial statements determined in accordance with GAAP. We believe NOI is helpful to investors in understanding the core performance of our real estate operations. The GAAP measure most directly comparable to NOI is net income or loss. NOI is not used as a measure of liquidity and should not be considered as an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our NOI may not be comparable to the NOI of other companies due to the fact that not all companies use the same definition of NOI. Accordingly, there can be no assurance that our basis for computing this non-GAAP measure is comparable with that of other companies.

We believe that Same Store NOI is also a meaningful supplemental measure of our operating performance for the same reasons as NOI and is further helpful to investors as it provides a more consistent measurement of our performance across reporting periods by reflecting NOI for homes in our Same Store portfolio.

The following table presents a reconciliation of net income (loss) (as determined in accordance with GAAP) to NOI for our total portfolio and NOI for our Same Store portfolio for each of the periods indicated:

	For the Years Ended December 31,		
($ in thousands)	**2020**	**2019**	**2018**
Net income (loss) available to common stockholders	$ 195,764	$ 145,068	$ (5,744)
Net income available to participating securities	448	395	817
Non-controlling interests	1,237	1,648	(86)
Interest expense	353,923	367,173	383,595
Depreciation and amortization	552,530	533,719	560,541
Property management expense(1)	58,613	61,614	65,485
General and administrative(2)	63,305	74,274	98,764
Impairment and other(3)	696	18,743	20,819
Gain on sale of property, net of tax	(54,594)	(96,336)	(49,682)
Unrealized gains on investments in equity securities	(29,723)	(6,480)	—
Other, net(4)	86	(5,120)	(6,958)
NOI (total portfolio)	1,142,285	1,094,698	$ 1,067,551
Non-Same Store NOI	(98,821)	(88,018)	
NOI (Same Store portfolio)(5)	$ 1,043,464	$ 1,006,680	

(1) Includes $3,511, $3,075, and $5,500 of share-based compensation expense for the years ended December 31, 2020, 2019, and 2018, respectively.
(2) Includes $13,579, $15,083, and $23,999 of share-based compensation expense for the years ended December 31, 2020, 2019, and 2018, respectively.
(3) Includes $8,013 for losses/damages related to Hurricanes Irma and Harvey for the year ended December 31, 2018. There were no such losses during the years ended December 31, 2020 and 2019.
(4) Includes interest income and other miscellaneous income and expenses.
(5) The Same Store portfolio totaled 71,433 homes for the years ended December 31, 2020 and 2019.

Funds from Operations, Core Funds from Operations, and Adjusted Funds from Operations

Funds From Operations ("FFO"), Core FFO, and Adjusted FFO are supplemental, non-GAAP measures often utilized to evaluate the performance of real estate companies. FFO is defined by Nareit as net income or loss (computed in accordance with GAAP) excluding gains or losses from sales of previously depreciated real estate assets, plus depreciation, amortization and impairment of real estate assets, and adjustments for unconsolidated partnerships and joint ventures.

We believe that FFO is a meaningful supplemental measure of the operating performance of our business because historical cost accounting for real estate assets in accordance with GAAP assumes that the value of real estate assets diminishes predictably over time, as reflected through depreciation and amortization. Because real estate values have historically risen or fallen with market conditions, management considers FFO an appropriate supplemental performance measure as it excludes historical cost depreciation and amortization, impairment on depreciated real estate investments, gains or losses related to sales of previously depreciated homes, as well non-controlling interests, from net income or loss (computed in accordance with GAAP). By excluding depreciation and amortization and gains or losses on sales of real estate, management uses FFO to measure returns on its investments in homes. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of the homes that result from use or market conditions nor the level of capital expenditures to maintain the operating performance of the homes, all of which have real economic effect and could materially affect our results from operations, the utility of FFO as a measure of our performance is limited.

Management also believes that FFO, combined with the required GAAP presentations, is useful to investors in providing more meaningful comparisons of the operating performance of a company's real estate between periods or as compared to other companies. The GAAP measure most directly comparable to FFO is net income or loss. FFO is not used as a measure of our liquidity and should not be considered an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our FFO may not be comparable to the FFO of other companies due to the fact that not all companies use the same definition of FFO. Accordingly, there can be no assurance that our basis for computing this non-GAAP measures is comparable with that of other companies.

We believe that Core FFO and Adjusted FFO are also meaningful supplemental measures of our operating performance for the same reasons as FFO and are further helpful to investors as they provide a more consistent measurement of our performance across reporting periods by removing the impact of certain items that are not comparable from period to period. We define Core FFO as FFO adjusted for the following: non-cash interest expense related to amortization of deferred financing costs, loan discounts, and non-cash interest expense from derivatives; share-based compensation expense; offering related expenses; merger and transaction-related expenses; severance expense; unrealized gains on investments in equity securities; and casualty (gains) losses, net, as applicable. We define Adjusted FFO as Core FFO less recurring capital expenditures that are necessary to help preserve the value, and maintain the functionality, of our homes. The GAAP measure most directly comparable to Core FFO and Adjusted FFO is net income or loss. Core FFO and Adjusted FFO are not used as measures of our liquidity and should not be considered alternatives to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our Core FFO and Adjusted FFO may not be comparable to the Core FFO and Adjusted FFO of other companies due to the fact that not all companies use the same definition of Core FFO and Adjusted FFO. No adjustments were made to the Core FFO and Adjusted FFO per common share — diluted computations for potential shares of common stock related to the Convertible Senior Notes. Accordingly, there can be no assurance that our basis for computing this non-GAAP measures is comparable with that of other companies.

The following table presents a reconciliation of net income (loss) (as determined in accordance with GAAP) to FFO, Core FFO, and Adjusted FFO for each of the periods indicated:

	For the Years Ended December 31,		
(in thousands, except shares and per share data)	**2020**	**2019**	**2018**
Net income (loss) available to common stockholders	$ 195,764	$ 145,068	$ (5,744)
Add (deduct) adjustments from net income (loss) to derive FFO:			
Net income available to participating securities	448	395	817
Non-controlling interests	1,237	1,648	(86)
Depreciation and amortization on real estate assets	546,419	529,205	549,505
Impairment on depreciated real estate investments	4,578	14,210	6,709
Net gain on sale of previously depreciated investments in real estate	(54,594)	(96,336)	(49,682)
FFO	693,852	594,190	501,519
Non-cash interest expense related to amortization of deferred financing costs, loan discounts, and non-cash interest expense from derivatives	40,415	48,515	48,354
Share-based compensation expense(1)	17,090	18,158	29,499
Offering related expenses(2)	—	2,267	—
Merger and transaction-related expenses(3)	—	4,347	22,962
Severance expense	601	8,465	8,238
Unrealized gains on investments in equity securities	(29,723)	(6,480)	—
Casualty (gains) losses, net(4)	(3,882)	4,533	14,110
Core FFO	718,353	673,995	624,682
Recurring capital expenditures	(115,951)	(118,988)	(122,733)
Adjusted FFO	$ 602,402	$ 555,007	$ 501,949
Net income (loss) available to common stockholders			
Weighted average common shares outstanding — diluted(5)(6)(7)	555,458,607	532,499,787	520,376,929
Net income (loss) per common share — diluted(5)(6)(7)	$ 0.35	$ 0.27	$ (0.01)
FFO			
Numerator for FFO per common share — diluted(5)	$ 711,033	$ 599,776	$ 512,576
Weighted average common shares and OP Units outstanding — diluted(5)(6)(7)	574,408,346	545,150,847	543,063,802
FFO per common share — diluted(5)(6)(7)	$ 1.24	$ 1.10	$ 0.94
Core FFO and Adjusted FFO			
Weighted average common shares and OP Units outstanding — diluted(5)(6)(7)	559,307,903	538,925,506	530,643,789
Core FFO per common share — diluted(5)(6)(7)	$ 1.28	$ 1.25	$ 1.18
AFFO per common share — diluted(5)(6)(7)	$ 1.08	$ 1.03	$ 0.95

(1) For the years ended December 31, 2020, 2019, and 2018, $3,511, $3,075, and $5,500 was recorded in property management expense, respectively, and $13,579, $15,083, and $23,999 was recorded in general and administrative expense, respectively.

(2) Includes expenses associated with secondary offerings of common stock completed during the year ended December 31, 2019 included within other, net.
(3) Includes merger and transaction-related expenses included within general and administrative. Additionally, for the year ended December 31, 2018, includes accelerated depreciation and amortization of certain corporate assets included in depreciation and amortization.
(4) Includes $8,013 for losses/damages related to Hurricanes Irma and Harvey for the year ended December 31, 2018. There were no such losses during the years ended December 31, 2020 and 2019.
(5) On July 1, 2019, we settled the full outstanding balance of the 2019 Convertible Notes with the issuance of 12,553,864 shares of common stock, and these shares of common stock are included within all net income (loss), FFO, Core FFO, and AFFO per common share calculations subsequent to that date. Using the "if-converted" method, in the period prior to conversion for the year ended December 31, 2019, the 2019 Convertible Notes are excluded from net income (loss) per common share — diluted as they are anti-dilutive and are reflected in the FFO per common share — diluted computation above, consistent with Nareit's guidance for calculating FFO per share. For the years ended December 31, 2019 and 2018, the numerator for FFO per common share — diluted is adjusted for $5,586 and $11,057, respectively, of interest expense on the 2019 Convertible Notes, including non-cash amortization of discounts. For the years ended December 31, 2019 and 2018, the denominator is adjusted for 6,225,341 and 12,420,013, respectively, potential shares of common stock for the 2019 Convertible Notes for the period prior to conversion. No such adjustments were made to Core FFO and AFFO per common share — diluted.

    With respect to the 2022 Convertible Notes, for the year ended December 31, 2020, the numerator for FFO per common share — diluted is adjusted for $17,181 of interest expense, including non-cash amortization of discounts, and the denominator is adjusted for 15,100,443 potential shares of common stock issuable upon the conversion of the 2022 Convertible Notes. Additionally, no such adjustments were made to Core FFO and AFFO per common share —diluted. For the years ended December 31, 2019 and 2018, 15,100,443 potential shares of common stock issuable upon the conversion of the 2022 Convertible Notes are excluded from the computation of net income or loss and FFO per common share — diluted as they are anti-dilutive, and are excluded from Core FFO and AFFO per common share — diluted.
(6) Incremental shares attributed to non-vested share-based awards totaling 1,465,286 and 1,263,825 shares for the years ended December 31, 2020 and 2019, respectively. For the year ended December 31, 2018, we had a net loss, and inclusion of incremental shares attributed to non-vested share-based awards would be anti-dilutive to net loss per common share — diluted. For the computations of FFO, Core FFO, and AFFO per common share — diluted, common share equivalents of 1,851,297, 1,748,787, and 1,150,384 for the years ended December 31, 2020, 2019, and 2018, respectively, related to incremental shares attributed to non-vested share-based awards are included in the denominator.
(7) Vested units of partnership interests in INVH LP ("OP Units") have been excluded from the computation of net income (loss) per common share — diluted for the periods above because all net income (loss) attributable to the vested OP Units has been recorded as non-controlling interest and thus excluded from net income (loss) available to common stockholders. Weighted average vested OP Units of 3,463,285, 5,940,757, and 9,116,476 for the years ended December 31, 2020, 2019, and 2018, respectively, are included in the denominator for the computations of FFO, Core FFO, and AFFO per common share — diluted.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows, and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in interest rates, seasonality, market prices, commodity prices, and inflation. The primary market risks to which we are exposed are interest rate risk and seasonality. We may in the future use derivative financial instruments to manage, or hedge, interest rate risks related to any borrowings we may have. We may enter into such contracts only with major financial institutions based on their credit ratings and other factors.

Interest Rate Risk

A primary market risk to which we believe we are exposed is interest rate risk, which may result from many factors, including government monetary and tax policies, domestic and international economic and political considerations, and other factors that are beyond our control. We may incur additional variable rate debt in the future, including additional amounts that we may borrow under the Credit Facility. In addition, decreases in interest rates may lead to additional competition for the acquisition of single-family homes, which may lead to future acquisitions being more costly and resulting in lower yields on single-family homes targeted for acquisition. Significant increases in interest rates may also have an adverse impact on our earnings if we are unable to increase rents on expired leases or acquire single-family homes with rental rates high enough to offset the increase in interest rates on our borrowings.

As of December 31, 2020, our outstanding variable-rate debt was comprised of borrowings on our mortgage loans of $3,837.3 million and Term Loan Facility of $2,500.0 million for a combined total of $6,337.3 million. We effectively converted 91.0% of these borrowings to a fixed rate through interest rate swap agreements. Additionally, all borrowings bear interest at LIBOR plus the applicable spread. Assuming no change in the outstanding balance of our existing debt, the projected effect of a 100 bps increase or decrease in LIBOR on our annual interest expense would be an estimated increase of $5.7 million or $15.8 million, respectively. This estimate considers the impact of our interest rate swap agreements, interest rate cap agreements, and any LIBOR floors or minimum interest rates stated in the agreements of the respective borrowings. A 100 bps decrease in LIBOR results in a negative LIBOR rate and additional interest expense for us. Our variable rate loan agreements contain LIBOR floors, and there is no reciprocal feature in our interest rate swap agreements.

This analysis does not consider the effects of the reduced level of overall economic activity that could exist in such an environment. Further, in the event of a change of such magnitude, we may consider taking actions to further mitigate our exposure to the change. However, because of the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no changes in our capital structure.

Seasonality

Our business and related operating results have been, and we believe that they will continue to be, impacted by seasonal factors throughout the year. In particular, we have experienced higher levels of resident move-outs during the summer months, which impacts both our rental revenues and related turnover costs. Further, our property operating costs are seasonally impacted in certain markets by increases in expenses such as HVAC repairs, costs to re-resident, and landscaping expenses during the summer season.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item is included as a separate section in this Annual Report on Form 10-K. See Part IV. Item 15. “Exhibits and Financial Statement Schedules,” which is incorporated herein by reference.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain a set of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure that information required to be disclosed in reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. The design of any disclosure controls and procedures is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2020. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2020, the design and operation of our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with United States generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (1) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company; (2) provide reasonable assurance that transaction are recorded as necessary to permit preparation of consolidated financial statements in accordance with United States generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company’s management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets of the Company that could have a material effect on the consolidated 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 and procedures may deteriorate.

Our management with the participation of our Chief Executive Officer and Chief Financial Officer conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2020. This evaluation was based on the framework established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment under the framework in Internal Control — Integrated Framework (2013), our management concluded that our internal control over financial reporting was effective as of December 31, 2020 to accomplish their objectives at the reasonable assurance level.

Deloitte & Touche LLP, the independent registered public accounting firm that has audited the consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the Company’s internal control over financial reporting as of December 31, 2020. The report is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Invitation Homes Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Invitation Homes Inc. and subsidiaries (the "Company") as of December 31, 2020, 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, 2020, 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 financial statements as of and for the year ended December 31, 2020 of the Company and our report dated February 19, 2021 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

Dallas, Texas
February 19, 2021

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference from the Company’s 2021 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from the Company’s 2021 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020.

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

The information required by this Item is incorporated from reference to the Company’s 2021 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020.

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

The information required by this Item is incorporated by reference from the Company’s 2021 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference from the Company’s 2021 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

The following documents are filed as part of this report:

(a) Financial Statements

(b) Financial Statement Schedule

(c) Exhibits

EXHIBIT INDEX

Exhibit number	Description
2.1	Agreement and Plan of Merger, dated August 9, 2017, by and among Invitation Homes Inc., Invitation Homes Operating Partnership LP, IH Merger Sub, LLC, Starwood Waypoint Homes and Starwood Waypoint Homes Partnership, L.P. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on August 14, 2017).
3.1	Charter of Invitation Homes Inc., dated as of February 6, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on February 6, 2017).
3.2	Amended and Restated Bylaws of Invitation Homes Inc., dated as of February 6, 2017 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on February 6, 2017).
4.1	Indenture, dated as of January 10, 2017, between Starwood Waypoint Homes and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 of SWH's Current Report on Form 8-K (File No. 1-36163) filed January 10, 2017).
4.2	Form of 3.50% Convertible Senior Notes due 2022 (incorporated by reference to Exhibit 4.1 of SWH's Current Report on Form 8-K (File No. 1-36163) filed January 10, 2017).
4.3	First Supplemental Indenture between Invitation Homes Inc., IH Merger Sub LLC and Wilmington Trust, National Association, as trustee dated as of November 16, 2017 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (File No.1-38004) filed on November 20, 2017).
4.4	Description of Securities (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 10-K (File No. 1-38004) filed on February 19, 2020).
10.1	Amended and Restated Stockholders Agreement by and among Invitation Homes Inc., each of the parties from time to time party thereto and, solely for the purposes of Section 4.1, Blackstone Real Estate Advisors L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on August 14, 2017).
10.2	Amended and Restated Agreement of Limited Partnership of Invitation Homes Operating Partnership LP, dated as of August 9, 2017, by and among Invitation Homes OP GP LLC and Invitation Homes Inc. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on August 14, 2017).
10.3	Amended and Restated Registration Rights Agreement, dated as of October 4, 2016, among SWH and the other parties named therein (incorporated by reference to Exhibit 10.1 of SWH's Current Report on Form 8-K (File No. 1- 36163) filed with the SEC on October 11, 2016).
10.4	Assignment and Assumption Agreement, dated as of November 16, 2017, between Invitation Homes Inc. and IH Merger Sub, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No.1-38004) filed on November 20, 2017).
10.5	Invitation Homes Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on February 6, 2017). †
10.6	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-11 (No. 333-215452) filed on January 6, 2017). †

Exhibit number	Description
10.7	Form of Indemnification Agreement of Colony Starwood Homes (incorporated by reference to Exhibit 10.2 of the SWH's Current Report on Form 8-K (File No. 1-36163) filed January 8, 2016). †
10.8	Registration Rights Agreement, dated as of January 31, 2017, by and among the Company and the equity holders named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No.1-38004) filed on February 6, 2017).
10.9	Revolving Credit and Term Loan Agreement, dated as of February 6, 2017, by and among Invitation Homes Operating Partnership LP, as borrower, the lenders party thereto, Bank of America, N.A., as administrative agent and the other parties party thereto (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on February 6, 2017).
10.10	Amended and Restated Revolving Credit and Term Loan Agreement, dated as of December 8, 2020, by and among Invitation Homes Operating Partnership LP, as borrower, the lenders party thereto, Bank of America, N.A., as administrative agent and the other parties party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on December 9, 2021).
10.11	Loan Agreement, dated as of April 28, 2017, between IH 2017-1 Borrower, LP, as Borrower, and Wells Fargo Bank, National Association, as Lender (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed May 1, 2017).
10.12	Loan Agreement, dated as of November 9, 2017, between IH 2017-2 Borrower, LP, as Borrower, and German American Capital Corporation, as Lender (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on November 9, 2017).
10.13	Loan Agreement, dated as of February 8, 2018, between IH 2018-1 Borrower, LP, as Borrower, and JPMorgan Chase Bank, National Association, as Lender (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on February 12, 2018).
10.14	Loan Agreement, dated as of May 8, 2018, between IH 2018-2 Borrower, LP, as Borrower, and JPMorgan Chase Bank, National Association, as Lender (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 1-38004) filed on May 9, 2018).
10.15	Loan Agreement, dated as of June 28, 2018, between IH 2018-3 Borrower, LP, as Borrower, and German American Capital Corporation, as Lender (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 1-38004) filed on July 2, 2018).
10.16	Loan Agreement, dated as of November 7, 2018, between IH 2018-4 Borrower LP, as Borrower, and German American Capital Corporation, as Lender (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on November 8, 2018).
10.17	Loan Agreement, dated as of April 10, 2014, between CAH 2014-1 Borrower, LLC, as Borrower, and JPMorgan Chase Bank, National Association, as Lender (incorporated by reference to Exhibit 10.3 of SWH's Quarterly Report on Form 10-Q (File No. 1-36163) filed August 9, 2016).
10.18	Loan Agreement, dated as of June 30, 2014, between CAH 2014-2 Borrower, LLC, as Borrower, and JPMorgan Chase Bank, National Association, as Lender (incorporated by reference to Exhibit 10.4 of SWH's Quarterly Report on Form 10-Q (File No. 1-36163) filed August 9, 2016).

Exhibit number	Description
10.19	Loan Agreement, dated as of June 11, 2015, between CAH 2015-1 Borrower, LLC, as Borrower, and JPMorgan Chase Bank, National Association, as Lender (incorporated by reference to Exhibit 10.5 of SWH's Quarterly Report on Form 10-Q (File No. 1-36163) filed August 9, 2016).
10.20	Loan Agreement, dated as of June 7, 2019, between 2019-1 IH Borrower LP, as Borrower, and Rothesay Life PLC, as Lender (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on June 10, 2019).
10.21	Employment Agreement with Dallas B. Tanner, dated November 9, 2015 (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-11 (No. 333-215452) filed on January 6, 2017). †
10.22	Employment Agreement with Ernest M. Freedman, dated September 4, 2015 (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-11 (No. 333-215452) filed on January 6, 2017). †
10.23	Letter Agreement, dated August 9, 2017 by and between Invitation Homes Inc. and Ernest Freedman (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on August 14, 2017). †
10.24	Letter Agreement, dated August 9, 2017 by and between Invitation Homes Inc. and Dallas Tanner (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on August 14, 2017). †
10.25	Term Sheet, dated September 19, 2017, between Invitation Homes Inc. and Frederick C. Tuomi (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on September 19, 2017). †
10.26	Award Notice and Restricted Stock Unit Agreement (Sign-On Award – Mr. Tuomi) (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on November 20, 2017). †
10.27	Form of Award Notice and Restricted Stock Unit Agreement for Mr. Ernest M. Freedman (Supplemental Bonus Award) (incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-11 (No. 333-215452) filed on January 23, 2017). †
10.28	Form of Award Notice and Restricted Stock Unit Agreement for Mr. Dallas B. Tanner (Supplemental Bonus Award) (incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-11 (No. 333-215452) filed on January 23, 2017). †
10.29	Form of Award Notice and Restricted Stock Unit Agreement for Mr. Bryce Blair (Supplemental Bonus Award) (incorporated by reference to Exhibit 10.20 to the Company's Registration Statement on Form S-11 (No. 333-215452) filed on January 23, 2017). †
10.30	Form of Award Notice and Restricted Stock Unit Agreement for Non-Employee Directors (General Form) (Supplemental Bonus Award) (incorporated by reference to Exhibit 10.21 to the Company's Registration Statement on Form S-11 (No. 333-215452) filed on January 23, 2017). †
10.31	Form of Award Notice and Restricted Stock Unit Agreement (2017 LTIP Equity Award) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on June 29, 2017). †

Exhibit number	Description
10.32	Form of Award Notice and Restricted Stock Unit Agreement (Retention Award - Messrs. Freedman and Tanner) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on June 29, 2017). †
10.33	Form of Award Notice and Restricted Stock Unit Agreement (2018 LTIP Equity Award) (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (File No. 1-38004) filed on August 10, 2018). †
10.34	Form of Award Notice and Restricted Stock Unit Agreement (2019 LTIP Equity Award) (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 1-38004) filed on May 7, 2019). †
10.35	2019 Outperformance Award Agreement (LTIP Units) (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 1-38004) filed on July 31, 2019). †
10.36	Form of Award Notice and Restricted Stock Unit Agreement for Mr. Frederick C. Tuomi (2018 LTIP Equity Award) (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q (File No. 1-38004) filed May 15, 2018). †
10.37	Form of Award Notice and Restricted Stock Unit Agreement for Mr. Frederick C. Tuomi (2018 Supplemental Bonus Award) (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q (File No. 1-38004) filed May 15, 2018). †
10.38	Letter Agreement by and between the Company and Mr. Frederick C. Tuomi relating to Award Notice and Restricted Stock Unit Agreement (Sign-On Award - Mr. Tuomi) (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q (File No. 1-38004) filed May 15, 2018). †
10.39	Separation Agreement dated January 16, 2019, by and between the Company and Mr. Frederick C. Tuomi. (incorporated by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K (File No. 1-38004) filed February 28, 2019). †
10.40	Form of Award Notice and Restricted Stock Unit Agreement (2018 Supplemental Bonus Award) (incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-K (File No. 1-38004) filed March 29, 2018). †
10.41	Colony Starwood Homes Equity Plan (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 (File No. 333-221617) filed on November 16, 2017). †
10.42	Form of Restricted Share Award Agreement under the Starwood Waypoint Residential Trust Equity Plan (incorporated by reference to Exhibit 10.10 of SWH's Registration Statement on Form 10 (File No. 1-36163) filed December 23, 2013). †
10.43	Form of Restricted Share Unit Award Agreement under the Starwood Waypoint Residential Trust Equity Plan (incorporated by reference to Exhibit 10.11 of SWH's Registration Statement on Form 10 (File No. 1-36163) filed December 23, 2013). †
10.44	Invitation Homes Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 1-38004) filed on May 7, 2020. †

Exhibit number	Description
10.45	Securities Purchase Agreement, dated as of June 5, 2017, between Waypoint/GI Venture, LLC and CSH Property Three, LLC (incorporated by reference to Exhibit 10.1 of the SWH's Current Report on Form 8-K (File No. 1-36163) filed June 5, 2017).
10.46	Form of Award Notice and Restricted Stock Unit Agreement (2020 LTIP Equity Award) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-38004) filed on February 25, 2020).†
21.1	Subsidiaries of the Registrant.
23.1	Consent of Deloitte & Touche LLP.
31.1	Certificate of Dallas B. Tanner, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certificate of Ernest M. Freedman, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certificate of Dallas B. Tanner, President and Chief Executive Officer, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certificate of Ernest M. Freedman, Executive Vice President and Chief Financial Officer, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
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 (formatted as Inline XBRL and contained in Exhibit 101).

† This document has been identified as a management contract or compensatory plan or arrangement.

Certain agreements and other documents filed as exhibits to this Annual Report on Form 10-K contain representations and warranties that the parties thereto made to each other. These representations and warranties have been made solely for the benefit of the other parties to such agreements and may have been qualified by certain information that has been disclosed to the other parties to such agreements and other documents and that may not be reflected in such agreements and other documents. In addition, these representations and warranties may be intended as a way of allocating risks among parties if the statements contained therein prove to be incorrect, rather than as actual statements of fact. Accordingly, there can be no reliance on any such representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of any such representations and warranties may have changed since the date of such agreements and other documents.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Dallas, Texas, on the 19th day of February 2021.

Invitation Homes Inc.

By: /s/ Dallas B. Tanner
Name: Dallas B. Tanner
Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons in the capacities indicated on the 19th day of February 2021.

Signature	Title
/s/ Dallas B. Tanner Dallas B. Tanner	President, Chief Executive Officer, and Director (Principal Executive Officer)
/s/ Ernest M. Freedman Ernest M. Freedman	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Kimberly K. Norrell Kimberly K. Norrell	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)
/s/ Bryce Blair Bryce Blair	Chairman and Director
/s/ Jana C. Barbe Jana C. Barbe	Director
/s/ Richard D. Bronson Richard D. Bronson	Director
/s/ Michael D. Fascitelli Michael D. Fascitelli	Director
/s/ Jeffrey E. Kelter Jeffrey E. Kelter	Director

Signature	Title
/s/ Joseph D. Margolis Joseph D. Margolis	Director
/s/ John B. Rhea John B. Rhea	Director
/s/ J. Heidi Roizen J. Heidi Roizen	Director
/s/ Janice L. Sears Janice L. Sears	Director
/s/ William J. Stein William J. Stein	Director

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Invitation Homes Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Invitation Homes Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations, other comprehensive income (loss), equity, and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes and the schedule listed in the Index at Item 15 (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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, 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, 2020, 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 19, 2021, 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.

Investments in Single-Family Residential Properties—Refer to Notes 2 and 3 to the financial statements

Critical Audit Matter Description

The Company owned approximately 80,000 individual single-family residential properties with a net book value of $16.3 billion as of December 31, 2020. The Company capitalizes costs to acquire, stabilize, and prepare single-family residential properties to be leased. The determination of which costs to capitalize requires significant management judgment. Costs capitalized in connection with single-family residential property acquisitions, stabilization activities, and on an ongoing basis are depreciated over their estimated useful lives on a straight-line basis. From time to time, the Company identifies single-family residential properties to be sold. At the time such properties are identified, the Company evaluates whether or not such properties should be classified as held for sale. Further, the Company evaluates investments in single-family residential properties to determine whether there have been any changes in circumstances that may indicate that the carrying value of individual properties may not be recoverable.

Given management's (1) inputs and assumptions used to determine purchase price allocation based upon the relative fair values of asset components, (2) determination of which costs improve or extend the life of a property, (3) evaluation of single-family residential properties for impairment which requires significant judgment and assessment of factors that are, at times, subject to significant uncertainty, and (4) application of held for sale classification criteria, performing audit procedures to evaluate the accounting for investments in single-family residential properties was challenging and required an increased extent of audit effort.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to whether the investments in single-family residential properties were accounted for appropriately included the following, among others:

- We tested the effectiveness of relevant controls over investments in single-family residential properties.
- We selected a sample of properties acquired during the year and evaluated the accuracy of the amounts recorded and appropriate transfer of title.
- We evaluated the appropriateness of management's allocation of the initial purchase price for newly acquired properties by developing independent estimates for the purchase price allocation for each residential market in which the properties were acquired and comparing our estimates to the Company's actual allocation.
- We selected a sample of costs capitalized during the year and evaluated the accuracy and classification of recorded amounts. We also developed an expectation of repairs and maintenance costs that were charged to expense based on the historical amounts recorded, taking into account changes in the portfolio of single-family residential properties and market conditions, and compared our expectation to the recorded balance.
- We evaluated management's analysis of possible impairment indicators for properties by independently assessing trends in the residential markets in which the Company has significant investments in single-family residential properties, trends in gains or losses from sales of properties, and macroeconomic data to identify any indicators that the carrying value of properties may not be recoverable.
- We selected a sample of properties classified as held for sale and evaluated whether the properties met the criteria to be classified as held for sale as of December 31, 2020. We also selected a sample of properties sold after December 31, 2020 and evaluated whether each property was properly classified as either held for sale or held for use as of December 31, 2020.
- We selected a sample of properties disposed during the year and evaluated the terms and conditions of the sales contracts to assess whether the sale was properly recorded, including the removal of assets from the accounting records and related gain or loss on sale.

/s/ Deloitte & Touche LLP

Dallas, Texas
February 19, 2021

We have served as the Company's auditor since 2013.

INVITATION HOMES INC.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2020 and 2019
(in thousands, except shares and per share data)

	2020	2019
Assets:		
Investments in single-family residential properties:		
Land	$ 4,539,796	$ 4,499,346
Building and improvements	14,261,954	13,747,818
	18,801,750	18,247,164
Less: accumulated depreciation	(2,513,057)	(2,003,972)
Investments in single-family residential properties, net	16,288,693	16,243,192
Cash and cash equivalents	213,422	92,258
Restricted cash	198,346	193,987
Goodwill	258,207	258,207
Investments in unconsolidated joint ventures	69,267	54,778
Other assets, net	478,287	550,488
Total assets	$ 17,506,222	$ 17,392,910
Liabilities:		
Mortgage loans, net	$ 4,820,098	$ 6,238,461
Secured term loan, net	401,095	400,978
Term loan facility, net	2,470,907	1,493,747
Revolving facility	—	—
Convertible senior notes, net	339,404	334,299
Accounts payable and accrued expenses	149,299	186,110
Resident security deposits	157,936	147,787
Other liabilities	611,410	325,450
Total liabilities	8,950,149	9,126,832
Commitments and contingencies (Note 14)		
Equity:		
Stockholders' equity		
Preferred stock, $0.01 par value per share, 900,000,000 shares authorized, none outstanding as of December 31, 2020 and December 31, 2019	—	—
Common stock, $0.01 par value per share, 9,000,000,000 shares authorized, 567,117,666 and 541,642,725 outstanding as of December 31, 2020 and December 31, 2019, respectively	5,671	5,416
Additional paid-in capital	9,707,258	9,010,194
Accumulated deficit	(661,162)	(524,588)
Accumulated other comprehensive loss	(546,942)	(276,600)
Total stockholders' equity	8,504,825	8,214,422
Non-controlling interests	51,248	51,656
Total equity	8,556,073	8,266,078
Total liabilities and equity	$ 17,506,222	$ 17,392,910

The accompanying notes are an integral part of these consolidated financial statements.

INVITATION HOMES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except shares and per share data)

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Rental revenues and other property income	$ 1,822,828	$ 1,764,685	$ 1,722,962
Expenses:			
Property operating and maintenance	680,543	669,987	655,411
Property management expense	58,613	61,614	65,485
General and administrative	63,305	74,274	98,764
Interest expense	353,923	367,173	383,595
Depreciation and amortization	552,530	533,719	560,541
Impairment and other	696	18,743	20,819
Total expenses	1,709,610	1,725,510	1,784,615
Unrealized gains on investments in equity securities	29,723	6,480	—
Other, net	(86)	5,120	6,958
Gain on sale of property, net of tax	54,594	96,336	49,682
Net income (loss)	197,449	147,111	(5,013)
Net (income) loss attributable to non-controlling interests	(1,237)	(1,648)	86
Net income (loss) attributable to common stockholders	196,212	145,463	(4,927)
Net income available to participating securities	(448)	(395)	(817)
Net income (loss) available to common stockholders — basic and diluted (Note 12)	$ 195,764	$ 145,068	$ (5,744)
Weighted average common shares outstanding — basic	553,993,321	531,235,962	520,376,929
Weighted average common shares outstanding — diluted	555,458,607	532,499,787	520,376,929
Net income (loss) per common share — basic	$ 0.35	$ 0.27	$ (0.01)
Net income (loss) per common share — diluted	$ 0.35	$ 0.27	$ (0.01)

The accompanying notes are an integral part of these consolidated financial statements.

INVITATION HOMES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Net income (loss)	$ 197,449	$ 147,111	$ (5,013)
Other comprehensive loss			
Unrealized losses on interest rate swaps	(388,466)	(244,126)	(43,211)
(Gains) losses from interest rate swaps reclassified into earnings from accumulated other comprehensive loss	116,549	(20,763)	(18,627)
Other comprehensive loss	(271,917)	(264,889)	(61,838)
Comprehensive loss	(74,468)	(117,778)	(66,851)
Comprehensive loss attributable to non-controlling interests	338	1,884	1,150
Comprehensive loss attributable to common stockholders	$ (74,130)	$ (115,894)	$ (65,701)

The accompanying notes are an integral part of these consolidated financial statements.

INVITATION HOMES INC.
CONSOLIDATED STATEMENTS OF EQUITY
For the Years Ended December 31, 2020, 2019, and 2018
(in thousands, except share and per share data)

	Common Stock							
	Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance as of December 31, 2017	519,173,142	$ 5,192	$ 8,602,603	$ (157,595)	$ 47,885	$ 8,498,085	$ 151,790	$ 8,649,875
Capital distributions	—	—	—	—	—	—	(4,020)	(4,020)
Net loss	—	—	—	(4,927)	—	(4,927)	(86)	(5,013)
Dividends and dividend equivalents declared ($0.44 per share)	—	—	—	(230,072)	—	(230,072)	—	(230,072)
Issuance of common stock — settlement of RSUs, net of tax	1,069,798	10	(9,255)	—	—	(9,245)	—	(9,245)
Share-based compensation expense	—	—	29,499	—	—	29,499	—	29,499
Total other comprehensive income	—	—	—	—	(60,774)	(60,774)	(1,064)	(61,838)
Redemption of OP Units for common stock	405,037	4	6,615	—	(74)	6,545	(6,545)	—
Balance as of December 31, 2018	520,647,977	5,206	8,629,462	(392,594)	(12,963)	8,229,111	140,075	8,369,186
Capital distributions	—	—	—	—	—	—	(3,074)	(3,074)
Net income	—	—	—	145,463	—	145,463	1,648	147,111
Dividends and dividend equivalents declared ($0.52 per share)	—	—	—	(277,457)	—	(277,457)	—	(277,457)
Issuance of common stock — settlement of RSUs, net of tax	910,452	9	(8,173)	—	—	(8,164)	—	(8,164)
Issuance of common stock — settlement of 2019 Convertible Notes	12,553,864	126	229,818	—	—	229,944	—	229,944
Issuance of common stock, net	1,957,139	20	55,243	—	—	55,263	—	55,263
Share-based compensation expense	—	—	16,724	—	—	16,724	1,434	18,158
Total other comprehensive loss	—	—	—	—	(261,357)	(261,357)	(3,532)	(264,889)
Redemption of OP Units for common stock	5,573,293	55	87,120	—	(2,280)	84,895	(84,895)	—
Balance as of December 31, 2019	541,642,725	5,416	9,010,194	(524,588)	(276,600)	8,214,422	51,656	8,266,078
Capital distributions	—	—	—	—	—	—	(2,137)	(2,137)
Net income	—	—	—	196,212	—	196,212	1,237	197,449
Dividends and dividend equivalents declared ($0.60 per share)	—	—	—	(332,786)	—	(332,786)	—	(332,786)
Issuance of common stock — settlement of RSUs, net of tax	386,717	4	(4,431)	—	—	(4,427)	—	(4,427)
Issuance of common stock, net	25,088,224	251	686,472	—	—	686,723	—	686,723
Share-based compensation expense	—	—	15,023	—	—	15,023	2,067	17,090
Total other comprehensive loss	—	—	—	—	(270,342)	(270,342)	(1,575)	(271,917)
Balance as of December 31, 2020	567,117,666	$ 5,671	$ 9,707,258	$ (661,162)	$ (546,942)	$ 8,504,825	$ 51,248	$ 8,556,073

The accompanying notes are an integral part of these consolidated financial statements.

INVITATION HOMES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Operating Activities:			
Net income (loss)	$ 197,449	$ 147,111	$ (5,013)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	552,530	533,719	560,541
Share-based compensation expense	17,090	18,158	29,499
Amortization of deferred leasing costs	11,733	10,621	11,258
Amortization of deferred financing costs	25,828	39,259	27,191
Amortization of debt discounts	5,458	7,343	9,124
Provisions for impairment	4,578	14,210	6,709
Unrealized gains on investments in equity securities	(29,723)	(6,480)	—
Gain on sale of property, net of tax	(54,594)	(96,336)	(49,682)
Change in fair value of derivative instruments	9,129	1,913	12,039
Other non-cash amounts included in net income (loss)	3,288	(89)	6,342
Changes in operating assets and liabilities:			
Other assets, net	(38,012)	(10,890)	(14,083)
Accounts payable and accrued expenses	(27,040)	5,207	(26,643)
Resident security deposits	10,149	(1,208)	2,306
Other liabilities	8,849	(408)	(8,347)
Net cash provided by operating activities	696,712	662,130	561,241
Investing Activities:			
Amounts deposited and held by others	(906)	(395)	9,074
Acquisition of single-family residential properties	(621,697)	(586,075)	(252,391)
Initial renovations to single-family residential properties	(98,769)	(57,437)	(45,733)
Other capital expenditures for single-family residential properties	(172,284)	(164,244)	(141,688)
Proceeds from sale of single-family residential properties	414,927	855,583	490,699
Purchases of investments in debt securities	—	—	(211,737)
Repayment proceeds from retained debt securities	72,106	49,960	224,035
Investments in unconsolidated joint ventures	(16,345)	—	—
Other investing activities	(2,188)	4,834	(9,266)
Net cash provided by (used in) investing activities	(425,156)	102,226	62,993
Financing Activities:			
Payment of dividends and dividend equivalents	(332,151)	(276,681)	(230,072)
Distributions to non-controlling interests	(2,137)	(3,074)	(4,020)
Payment of taxes related to net share settlement of RSUs	(4,427)	(8,164)	(9,245)
Proceeds from mortgage loans	—	—	4,234,483
Payments on mortgage loans	(1,434,626)	(997,421)	(4,579,594)
Proceeds from secured term loan	—	403,464	—
Payments on secured term loan	(101)	—	—
Proceeds from term loan facility	2,500,000	—	—
Payments on term loan facility	(1,500,000)	—	—
Proceeds from revolving facility	320,000	485,000	285,000
Payments on revolving facility	(320,000)	(485,000)	(320,000)

INVITATION HOMES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(in thousands)

	For the Years Ended December 31,		
	2020	2019	2018
Proceeds from issuance of common stock, net	686,723	55,263	—
Deferred financing costs paid	(41,411)	(2,613)	(55,681)
Other financing activities	(17,903)	(8,876)	(1,676)
Net cash used in financing activities	(146,033)	(838,102)	(680,805)
Change in cash, cash equivalents, and restricted cash	125,523	(73,746)	(56,571)
Cash, cash equivalents, and restricted cash, beginning of period (Note 4)	286,245	359,991	416,562
Cash, cash equivalents, and restricted cash, end of period (Note 4)	$ 411,768	$ 286,245	$ 359,991
Supplemental cash flow disclosures:			
Interest paid, net of amounts capitalized	$ 313,076	$ 322,085	$ 335,973
Cash paid for income taxes	1,284	2,781	2,069
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	5,560	5,365	N/A
Financing cash flows from finance leases	2,382	498	N/A
Non-cash investing and financing activities:			
Accrued renovation improvements at period end	$ 7,709	$ 13,382	$ 7,189
Accrued residential property capital improvements at period end	6,785	11,520	7,189
Transfer of residential property, net to other assets, net for held for sale assets	168,533	545,448	441,005
Change in other comprehensive loss from cash flow hedges	(280,773)	(266,676)	(73,242)
ROU assets obtained in exchange for operating lease liabilities	6,427	1,721	N/A
ROU assets obtained in exchange for finance lease liabilities	9,561	—	N/A
Capital leases	N/A	N/A	2,209
Net settlement of 2019 Convertible Notes in shares of common stock	—	229,944	—

The accompanying notes are an integral part of these consolidated financial statements.

Note 1—Organization and Formation

Invitation Homes Inc. ("INVH") is a real estate investment trust ("REIT") that conducts its operations through Invitation Homes Operating Partnership LP ("INVH LP"). INVH LP was formed for the purpose of owning, renovating, leasing, and operating single-family residential properties. Through THR Property Management L.P., a wholly owned subsidiary of INVH LP (the "Manager"), we provide all management and other administrative services with respect to the properties we own.

On February 6, 2017, INVH completed an initial public offering ("IPO"), changed its jurisdiction of incorporation to Maryland, and amended its charter to provide for the issuance of up to 9,000,000,000 shares of common stock and 900,000,000 shares of preferred stock, in each case $0.01 par value per share. In connection with certain pre-IPO reorganization transactions, INVH LP became (1) owned by INVH directly and through Invitation Homes OP LLC, a wholly owned subsidiary of INVH, and (2) the owner of all of the assets, liabilities, and operations of certain pre-IPO ownership entities. These transactions were accounted for as a reorganization of entities under common control utilizing historical cost basis.

On November 16, 2017 (the "Merger Date"), INVH and certain of its affiliates entered into a series of transactions with Starwood Waypoint Homes ("SWH") and certain SWH affiliates which resulted in SWH and its operating partnership being merged into INVH and INVH LP, respectively, with INVH and INVH LP being the surviving entities (the "Mergers"). The Mergers were accounted for as a business combination in accordance with ASC 805, *Business Combinations*, and INVH was designated as the accounting acquirer.

The limited partnership interests of INVH LP consist of common units and other classes of limited partnership interests that may be issued (the "OP Units"). As of December 31, 2020, INVH owns 99.4% of the common OP Units and has the full, exclusive, and complete responsibility for and discretion over the day to day management and control of INVH LP.

Our organizational structure includes several wholly owned subsidiaries of INVH LP that were formed to facilitate certain of our financing arrangements (the "Borrower Entities"). These Borrower Entities are used to align the ownership of our single-family residential properties with certain of our debt instruments. Collateral for certain of our individual debt instruments may be in the form of equity interests in the Borrower Entities or in pools of single-family residential properties owned either directly by the Borrower Entities or indirectly by their wholly owned subsidiaries (see Note 7).

References to "Invitation Homes," the "Company," "we," "our," and "us" refer, collectively, to INVH, INVH LP, and the consolidated subsidiaries of INVH LP.

Note 2—Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and with the rules and regulations of the Securities and Exchange Commission. These consolidated financial statements include the accounts of INVH and its consolidated subsidiaries. All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

We consolidate entities when we own, directly or indirectly, a majority interest in the entity or are otherwise able to control the entity. We consolidate variable interest entities ("VIEs") in accordance with ASC 810, *Consolidation*, if we are the primary beneficiary of the VIE as determined by our power to direct the VIE's activities and the obligation to absorb its losses or the right to receive its benefits, which are potentially significant to the VIE. A VIE is broadly defined as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity's activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights.

As described in Note 5, we invested in joint ventures with Rockpoint Group, L.L.C. (“Rockpoint”) and the Federal National Mortgage Association (“FNMA”), both of which are voting interest entities. We do not hold a controlling financial interest in either joint venture but have significant influence over the operating and financial policies of each joint venture. Additionally, both Rockpoint and FNMA hold certain substantive participating rights that preclude the presumption of control by us of either joint venture; as such, we account for each investment using the equity method. Our investment in the Rockpoint joint venture is recorded at cost, and our investment in the FNMA joint venture was initially recorded at fair value in connection with purchase accounting for the Mergers. The investments in these joint ventures are subsequently adjusted for our proportionate share of net earnings or losses and other comprehensive income or loss, cash contributions made and distributions received, and other adjustments, as appropriate. Distributions of operating profit from the joint ventures are reported as part of operating cash flows while distributions related to a capital transaction, such as a refinancing transaction or sale, are reported as investing activities.

Non-controlling interests represent the OP Units not owned by INVH, including any vested OP Units granted in connection with certain share-based compensation awards. Non-controlling interests are presented as a separate component of equity on the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of operations for the years ended December 31, 2020, 2019, and 2018 include an allocation of the net income (loss) attributable to the non-controlling interest holders. Vested OP Units are redeemable for shares of our common stock on a one-for-one basis or, in our sole discretion, cash, and redemptions of OP Units are accounted for as a reduction in non-controlling interests with an offset to stockholders’ equity based on the pro rata number of OP Units redeemed.

Significant Risks and Uncertainties

One of the most significant risks and uncertainties to our financial condition and results of operations is the potential adverse effect of the ongoing pandemic resulting from the coronavirus, or COVID-19. Since the outbreak, a number of our residents have requested rent deferral and/or late fee relief, and components of our rental revenues and other property income have been impacted by the pandemic. In addition, entities directed by, or notionally affiliated with, the Federal government as well as some state and local jurisdictions across the United States, have imposed temporary eviction moratoriums if certain criteria are met by residents, are allowing residents to defer missed rent payments without incurring late fees, and are prohibiting rent increases. Jurisdictions and other local and national authorities may expand or extend measures imposing restrictions on our ability to enforce residents’ contractual rental obligations and limiting our ability to increase rents. We cannot predict if states, municipalities, local, and/or national authorities will expand existing restrictions, if additional states or municipalities will implement similar restrictions, or when restrictions currently in place will expire. Certain other restrictions imposed by jurisdictions across the United States are intended to limit operations by businesses not deemed “essential businesses.” While none of the current restrictions have materially impacted our ability to provide services to our residents or homes, future measures may negatively impact our ability to access our homes, complete service requests, or make our homes ready for new residents.

The COVID-19 pandemic could have material and adverse effects on our financial condition, results of operations, and cash flows in the near term due to, but not limited to, the following: (1) reduced economic activity that severely impacts the earnings or health of our residents, thereby causing them to be unable to fully meet their obligations to us and resulting in increases in uncollectible revenues and thus reductions in rental revenues and other property income; (2) governmental restrictions and moratoriums that negatively impact our ability to charge and collect rental revenues and other property income or impose restrictions on our ability to provide services to our residents and homes; (3) negative financial impact of the pandemic that could impact our ability to access funds available under our Revolving Facility (as defined in Note 7) or affect future compliance with financial covenants of our Credit Facility (as defined in Note 7) and other debt agreements; and (4) weaker economic conditions that could cause us to recognize impairments in value of our tangible assets or goodwill.

The extent to which the COVID-19 pandemic ultimately impacts our operations depends on ongoing developments, which remain highly uncertain and cannot be predicted with confidence, including the scope, severity, and duration of the pandemic, the extent and duration of actions taken to contain the pandemic or mitigate its impact, the availability of an effective vaccine and therapeutic drugs and the effectiveness of the distribution of any such vaccines and therapeutic drugs, and the direct and indirect economic effects of the pandemic, containment measures, monetary and/or fiscal policies implemented to provide support or relief to businesses and/or residents, and other government, regulatory, and/or legislative changes precipitated by the COVID-19 pandemic, among others. While we have taken steps to mitigate the impact of the pandemic on our results of operations, there can be no assurance that these efforts will be successful.

Reclassification

As of December 31, 2019, we reclassified the $54,778 carrying value of our investment in the FNMA joint venture from other assets, net on the consolidated balance sheet to a separate balance sheet line item, investments in unconsolidated joint ventures, to conform to our current presentation.

Additionally, we reclassified $6,480 of unrealized gains on investments in equity securities from other, net into unrealized gains on investments in equity securities for the year ended December 31, 2019 to conform to our current presentation. This reclassification had no effect on the total reported net income on the consolidated statement of operations for the year ended December 31, 2019.

Adoption of New Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which changes how companies measure credit losses for certain financial assets, excluding receivables arising from operating leases. This guidance requires an entity to estimate its expected credit loss and record an allowance based on this estimate so that it is presented at the net amount expected to be collected on the financial asset. We adopted this standard as of January 1, 2020, and it did not have a material impact on our consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848*) ("ASU 2020-04"), which contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives, and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. We have elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future London Interbank Offer Rate ("LIBOR") indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. We continue to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

In April 2020, the FASB staff issued a question and answer document (the "Lease Modification Q&A") focused on the application of lease accounting guidance to lease accommodations resulting from the COVID-19 pandemic as many lessors have been asked to provide rent deferrals, rent abatements, late fee waivers, and other lease concessions to lessees (collectively, "lease accommodations"). While the lease modification guidance in ASC 842, *Leases* ("ASC 842"), addresses routine changes to lease terms resulting from negotiations between a lessee and lessor, it did not contemplate the rapid implementation of lease accommodations to address the sudden liquidity constraints of some lessees arising from the COVID-19 pandemic.

Under existing lease guidance, we would have been required to determine, on a lease by lease basis, if each lease accommodation resulted from a new arrangement reached with the resident (treated within the lease modification accounting framework) or if each was contemplated under the enforceable rights and obligations within the existing lease agreement (precluded from applying the lease modification accounting framework). If certain criteria are met, the Lease Modification Q&A allows lessors to bypass the lease by lease analysis and instead elect to either apply the lease modification accounting framework or not, with such election applied consistently to leases with similar characteristics and similar circumstances. We elected to apply the Lease Modification Q&A guidance not to perform a lease by lease analysis with respect to any lease accommodations and to account for such accommodations outside of the lease modification framework. The Lease Modification Q&A has not had a material impact on our consolidated financial statements for the year ended December 31, 2020. However, the extent of lease accommodations granted to residents as a result of the COVID-19 pandemic in future periods may materially affect our consolidated financial statements.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. These estimates are inherently subjective in nature and actual results could differ from those estimates.

Investments in Single-Family Residential Properties

The following significant accounting policies affect the acquisition, disposition, recognition, classification, and fair value measurements (on a nonrecurring basis) related to our portfolio of over 80,000 single-family residential properties in 16 markets across the United States as of December 31, 2020:

- *Acquisition of Real Estate Assets:* Upon acquisition, we evaluate our acquired single-family residential properties for purposes of determining whether a transaction should be accounted for as an asset acquisition or business combination. Upon adoption of ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, our purchases of homes are treated as asset acquisitions and are recorded at their purchase price, which is allocated between land, building and improvements, and in-place lease intangibles (when a resident is in place at the acquisition date) based upon their relative fair values at the date of acquisition. The purchase price for purposes of this allocation is inclusive of acquisition costs which typically include legal fees, bidding service and title fees, payments made to cure tax, utility, homeowners' association ("HOA"), and other mechanic's and miscellaneous liens, as well as other closing costs. Properties acquired in the Mergers were recorded at fair value. The fair values of acquired in-place lease intangibles, if any, are based on the costs to execute similar leases, including commissions and other related costs. The origination value of in-place lease intangibles also includes an estimate of lost rent revenue at in-place rental rates during the estimated time required to lease the property. In-place lease intangibles are amortized over the life of the leases and are recorded in other assets, net in our consolidated balance sheets.
- *Cost Capitalization:* We incur costs to acquire, stabilize, and prepare our single-family residential properties to be leased. We capitalize these costs as a component of our investment in each single-family residential property, using specific identification and relative allocation methodologies, including renovation costs and other costs associated with activities that are directly related to preparing our properties for use as rental real estate. Other costs include interest costs, property taxes, property insurance, utilities, HOA fees, and a portion of the salaries and benefits of the Manager's employees who are directly responsible for the execution of our stabilization activities. The capitalization period associated with our stabilization activities begins at the time that such activities commence and concludes at the time that a single-family residential property is available to be leased.

  Once a property is ready for its intended use, expenditures for ordinary maintenance and repairs thereafter are expensed to operations as incurred, and we capitalize expenditures that improve or extend the life of a home, a portion of the salaries and benefits of the Manager's employees who are directly responsible for such improvements, and for certain furniture and fixtures additions. The determination of which costs to capitalize requires significant judgment. Accordingly, many factors are considered as part of our evaluation processes with no one factor necessarily determinative.
- *Depreciation:* Costs capitalized in connection with single-family residential property acquisitions, stabilization activities, and on an ongoing basis are depreciated over their estimated useful lives on a straight-line basis. The depreciation period commences upon the completion of stabilization-related activities or upon the completion of improvements made on an ongoing basis. For those costs capitalized in connection with residential property acquisitions and stabilization activities and those capitalized on an ongoing basis, the weighted average useful lives range from 7 years to 28.5 years.
- *Provisions for Impairment:* We continuously evaluate, by property, whether there are any events or changes in circumstances indicating that the carrying amount of our single-family residential properties may not be recoverable. Examples of such events and changes in circumstances that we consider include significant and persistent declines in an individual property's net operating income, regional changes in home price appreciation as measured by certain independently developed indices, change in expected use of the property, significant adverse legal factors, substantive damage to the individual property as a result of natural disasters and other risks inherent in our business not covered by insurance proceeds, or a current expectation that a property will be disposed of prior to the end of its estimated useful life.

  To the extent an event or change in circumstance is identified, a residential property is considered to be impaired only if its carrying value cannot be recovered through estimated future undiscounted cash flows from the use and eventual disposition of the property. Cash flow projections are prepared using internal analyses based on current rental, renewal, and occupancy rates, operating expenses, and inputs from our annual planning process that give consideration to each property's historical results, current operating trends, and current market conditions. To the extent an impairment has occurred, the carrying amount of our investment in a property is adjusted to its estimated fair value. To determine the estimated fair value, we consider local broker price opinions ("BPOs") and automated valuation model ("AVM") data, each of which are important components of our process with no one information source being necessarily determinative. In order to validate the BPOs and AVM data received and used in our assessment of fair value of real estate, we perform an internal review to determine if an acceptable valuation approach was used to estimate fair value in compliance with guidance provided by ASC 820, *Fair Value Measurements*. Additionally, we undertake an internal review to assess the relevance and appropriateness of comparable transactions that have been used, and any adjustments to comparable transactions made, in reaching the value opinions.

The process whereby we assess our single-family residential properties for impairment requires significant judgment and assessment of factors that are, at times, subject to significant uncertainty. We evaluate multiple information sources and perform a number of internal analyses, each of which are important components of our process with no one information source or analysis being necessarily determinative.

- *Single-Family Residential Properties Held for Sale:* From time to time, we may identify single-family residential properties to be sold. At the time that any such properties are identified, we perform an evaluation to determine whether or not such properties should be classified as held for sale in accordance with GAAP. Factors considered as part of our held for sale evaluation process include whether the following conditions have been met: (i) we have committed to a plan to sell a property; (ii) the property is immediately available for sale in its present condition; (iii) an active program to locate a buyer and other actions required to complete the plan to sell a property have been initiated; (iv) the sale of a property is probable within one year (generally determined based upon listing for sale); (v) the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. To the extent that these factors are all present, we cease depreciating the property, measure the property at the lower of its carrying amount or its fair value less estimated costs to sell, and present the property separately within other assets, net on our consolidated balance sheets. As of December 31, 2020 and 2019, we classified \$44,163 and \$116,529, respectively, as held for sale assets in our consolidated balance sheets (see Note 6).

Cash and Cash Equivalents

For purposes of presentation on both the consolidated balance sheets and statements of cash flows, we consider financial instruments with an original maturity of three months or less to be cash and cash equivalents. We maintain our cash and cash equivalents in multiple financial institutions and, at times, these balances exceed federally insurable limits. As a result, there is a concentration of credit risk related to amounts on deposit. We believe any risks are mitigated through the size of the financial institution at which our cash balances are held.

Restricted Cash

Restricted cash represents cash deposited in accounts related to certain rent deposits and collections, security deposits, property taxes, insurance premiums and deductibles, and capital expenditures (see Note 4). Amounts deposited in the reserve accounts associated with the mortgage loans and secured term loan can only be used as provided for in the respective loan agreements (see Note 7), and security deposits held pursuant to lease agreements are required to be segregated. Accordingly, these items are separately presented within our consolidated balance sheets.

Held to Maturity Investments

Investments in debt securities that we have a positive intent and ability to hold to maturity are classified as held to maturity and are presented within other assets, net on our consolidated balance sheets (see Note 6). These investments are recorded at amortized cost net of the amount expected not to be collected. Interest income, including amortization of any premium or discount, is classified as other in the consolidated statements of operations. For purposes of classification within the consolidated statements of cash flows, purchases of and repayments from these securities are classified as investing activities.

Investments in Equity Securities

Investments in equity securities consist of investments both with and without a readily determinable fair value. These are presented within other assets, net on our consolidated balance sheets (see Note 6). Investments with a readily determinable fair value are measured at fair value. Investments without a readily determinable fair value are measured at cost, less any impairment, plus or minus changes resulting from observable price changes for identical or similar investment in the same issuer. Unrealized gains and losses are included in other, net in the consolidated statements of operations.

Deferred Financing Costs

Costs incurred that are directly attributable to procuring external financing are deferred and amortized over the term of the related financing agreement as interest expense in the consolidated statements of operations, and we accelerate amortization if the debt is retired before the maturity date. Costs that are deferred for the procurement of such financing are presented either as an asset in other assets, net when associated with a revolving debt instrument and prior to funding of a loan or as a liability in mortgage loans, net, secured term loan, net, or term loan facility, net, when associated with other indebtedness.

Convertible Senior Notes

ASC 470-20, *Debt with Conversion and Other Options*, requires that the liability and equity components of convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement, be separately accounted for in a manner that reflects the issuer’s nonconvertible debt borrowing rate. The initial proceeds from the issuance of convertible notes are allocated between a liability component and an equity component in a manner that reflects interest expense at the rate of similar nonconvertible debt that could have been issued at such time. The equity component represents the excess initial proceeds received over the fair value of the liability component of the notes as of the date of issuance. We measure the fair value of the debt component of our convertible senior notes as of the issuance date based on our nonconvertible debt borrowing rate. In connection with Mergers, we assumed convertible senior notes that were recorded at their estimated fair value based on our nonconvertible debt borrowing rate as of the Merger Date (see Note 7). The resulting discount from the outstanding principal balance of the convertible senior notes is being amortized using the effective interest rate method over the periods to maturity. Amortization of this discount is recorded as interest expense in the consolidated statement of operations for the years ended December 31, 2020, 2019, and 2018.

Revenue Recognition and Resident Receivables

On January 1, 2019, we adopted ASC 842 which requires lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than one year. Lessor accounting remains similar to previous GAAP, while aligning with ASC 606, *Revenue from Contracts with Customers* (“ASC 606”). We adopted ASC 842 using the optional transition approach. As such, previously reported financial information was not updated, and additional disclosures required under ASC 842 are not provided for periods prior to January 1, 2019. Additionally, we elected the practical expedient package related to lease identification, lease classification, and initial direct costs. As such, we did not reassess our existing contracts and leases for these items. We did not elect the hindsight practical expedient, which permits entities to use hindsight in determining lease term and assessing impairment.

Rental revenues and other property income, net of any concessions and uncollectible amounts, consists primarily of rents collected under lease agreements related to our single-family residential properties. We enter into leases directly with our residents, and our leases typically have a term of one to two years. As a lessor, our leases with residents are classified as operating leases under ASC 842. We elected the practical expedient in ASC 842 not to separate the lease and nonlease components of these operating leases with our residents. Our lease components consist primarily of rental income, pet rent, and smart home system fees. Nonlease components include resident reimbursements for utilities and various other fees, including late fees and lease termination fees, among others. The lease component is the predominant component in these arrangements, and as such, we recognize rental revenues and other property income in accordance with ASC 842 for the years ended December 31, 2020 and 2019, and in accordance with previous GAAP for the year ended December 31, 2018.

Variable lease payments consist of resident reimbursements for utilities, and various other fees, including late fees and lease termination fees, among others. Variable lease payments are charged based on the terms and conditions included in the resident leases. Sales taxes and other similar taxes assessed by governmental authorities that we collect from residents are excluded from our rental revenues and other property income.

Leases Entered Into as a Lessee

We lease our corporate and regional offices, related office equipment, and a fleet of vehicles for use by our field associates. As of January 1, 2019, these leases are accounted for pursuant to ASC 842 (see Note 6 and Note 14). Prior to adoption of ASC 842, these leases were accounted for in accordance with previous GAAP.

We account for leases for our corporate and regional offices as operating leases. In addition to monthly rent payments, we reimburse the lessors of our office spaces for our share of operating expenses as defined in the leases. Such amounts are not included in the measurement of the lease liability but are recognized as a variable lease expense when incurred. At this time, it is not reasonably certain that we will exercise any of the future renewal or termination options on these leases, and the measurement of the right-of-use (“ROU”) asset and lease liability is calculated assuming we will not exercise any of the remaining renewal or termination options.

We have elected the practical expedient under which the lease components of our office and vehicle fleet leases are not separated from the nonlease components. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. We use our incremental borrowing rate to calculate the present value of our lease payments.

We have elected the short-term lease recognition exemption for our office equipment leases and therefore do not record these leases on our consolidated balance sheets. These office equipment leases are not material to our consolidated financial statements.

Deferred Leasing Costs

Costs associated with leasing our single-family residential properties, which consist primarily of commissions paid to leasing agents, are deferred in the period in which they are incurred as a component of deferred leasing costs and are subsequently amortized over the lease term. Deferred leasing costs are included as a component of other assets, net within our consolidated balance sheets and their amortization is classified as property operating and maintenance within the consolidated statements of operations (see Note 6). Costs incurred in connection with our leasing activities that do not result in the execution of a lease are expensed in the period incurred.

Goodwill

In connection with the Mergers, we recorded goodwill, which is not amortized as it has an indefinite life. We test goodwill for impairment annually, on October 31st, or more frequently if circumstances indicate that the goodwill carrying value may exceed its fair value. As of December 31, 2020, no impairment of goodwill has been recorded.

Fair Value Measurements

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between two willing parties. This amount is determined based on an exit price approach, which contemplates the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. GAAP has established a valuation hierarchy based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1—Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;

Level 2—Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

See Note 11 for further information related to our fair value measurements.

Earnings Per Share

We present both basic and diluted earnings (loss) per common share ("EPS") in our consolidated financial statements. Basic EPS excludes dilution and is computed by dividing net income (loss) available to common stockholders for the period by the weighted average number of shares of common stock outstanding for the period, excluding non-vested share-based awards. Our share-based awards consist of restricted stock units ("RSUs"), including certain RSUs that contain performance and market based vesting conditions ("PRSUs"), and Outperformance Awards (as defined in Note 10) (see *Share-Based Compensation Expense* below). Diluted EPS reflects the maximum potential dilution that could occur from non-vested share-based awards and the convertible senior notes using the "if-converted" method. For diluted EPS, the numerator is adjusted for any changes in net income (loss) that would result from the assumed conversion of these potential shares of common stock. Potential dilutive shares are excluded from the calculation if they have an anti-dilutive effect in the period.

All outstanding non-vested share-based awards with nonforfeitable rights to dividends or dividend equivalents that participate in undistributed earnings with common stock are considered participating securities, as identified in Note 10. As such, the two-class method of computing EPS is required, unless another method is determined to be more dilutive. The two-class method is an earnings allocation formula that determines EPS for each class of common stock and participating securities according to dividends or dividend equivalents and participation rights in undistributed earnings in periods when we have net income.

Derivatives

We enter into interest rate swap and interest rate cap agreements (collectively, "Hedging Derivatives") for interest rate risk management purposes. We do not enter into Hedging Derivatives for trading or other speculative purposes, and all of our Hedging Derivatives are carried at fair value in our consolidated balance sheets. Designated hedges are derivatives that meet the criteria for hedge accounting and that we have elected to designate as hedges. Non-designated hedges are derivatives that do not meet the criteria for hedge accounting or that we have not elected to designate as hedges.

Pursuant to the terms of certain of our mortgage loans, we are required to maintain interest rate caps. Additionally, in certain instances, in order to minimize the cash impact of purchasing required interest rate caps, we simultaneously sell interest rate caps (which have identical terms and notional amounts) such that the purchase price and sale proceeds of the related interest rate caps are intended to offset each other. We have elected not to designate these interest cap agreements for hedge accounting (collectively, the "Non-Designated Hedges"). We enter into interest rate swap agreements to hedge the risk arising from changes in our interest payments on variable-rate debt due to changes in the one-month LIBOR (or a comparable or successor rate). We have elected to account for our interest rate swap agreements as effective cash flow hedges (collectively, the "Designated Hedges"). We assess the effectiveness of these interest rate swap cash flow hedging relationships on an ongoing basis. The effect of these interest rate cap agreements and interest rate swap agreements is to reduce the variability of interest payments due to changes in LIBOR.

The fair value of Hedging Derivatives that are in an asset position are included in other assets, net and those in a liability position are included in other liabilities in our consolidated balance sheets. For Non-Designated Hedges, changes in fair value are reflected within interest expense in the consolidated statements of operations. For Designated Hedges, changes in fair value are reported as a component of other comprehensive income (loss) in our consolidated balance sheets and reclassified into earnings as interest expense in our consolidated statements of operations when the hedged transactions affect earnings. See Note 8 for further discussion of derivative financial instruments.

Share-Based Compensation Expense

We recognize share-based compensation expense for share-based awards based on their grant-date fair value, net of expected forfeitures, over the service period from the grant date to vest date for each tranche. The grant-date fair value of RSUs and PRSUs with performance condition vesting criteria are generally based on the closing price of our common stock on the grant date. However, the grant-date fair values for PRSUs and Outperformance Awards with market condition vesting criteria are based on Monte-Carlo option pricing models. Compensation expense for share-based awards with performance conditions is adjusted based on the probable outcome of the performance conditions as of each reporting period.

Additional compensation expense is recognized if modifications to existing share-based award agreements result in an increase in the post-modification fair value of the units that exceeds their pre-modification fair value. Share-based compensation expense is presented as components of general and administrative expense and property management expense in our consolidated statements of operations. See Note 10 for further discussion of share-based compensation expense.

Income Taxes

Prior to the IPO, we conducted our business through a group of six affiliated holding entities (the "Invitation Homes Partnerships"). As a result of the pre-IPO reorganization transactions, the following occurred: (1) the Invitation Homes Partnerships transferred all assets, liabilities, and operations to INVH through certain mergers and related transactions; and (2) INVH became subject to the REIT election made by one of the Invitation Homes Partnerships (the "Predecessor REIT") during the taxable year ended December 31, 2013. Following the Mergers on November 16, 2017, the assets and income derived from the assets acquired from SWH became the assets and income of INVH.

We intend to continue to operate as a REIT, and our current and continuing qualification as a REIT depends on our ability to meet the various requirements imposed by the Internal Revenue Code of 1986, as amended (the "Code"), which are related to organizational structure, distribution levels, diversity of stock ownership and certain restrictions with regard to owned assets and categories of income. While we qualify for taxation as a REIT, we will generally not be subject to United States federal corporate income tax on our taxable income that is currently distributed to stockholders. This treatment substantially eliminates the "double taxation" (at the corporate and stockholder levels) that generally results from an investment in a corporation. If we fail to qualify as a REIT in any taxable year, we will be subject to United States federal income taxes at regular corporate rates and may not be able to qualify as a REIT for subsequent taxable years.

Even if we qualify as a REIT, we may be subject to United States federal income and excise taxes in various situations, such as on our undistributed income. We also will be required to pay a 100% tax on any net income on non-arm's length transactions between us and a TRS, defined below, and on any net income from sales of assets that were held for sale to customers in the ordinary course. State and local tax laws may not conform to the United States federal income tax treatment, and we may be subject to state or local taxation in various state or local jurisdictions, including those in which we transact business. Any taxes imposed on us reduce our operating cash flow and net income.

As part of the formation of INVH, each of the Invitation Homes Partnerships (excluding the Predecessor REIT) transferred assets into INVH solely in exchange for shares of common stock. Certain of the assets contributed contained built-in gains. Prior to the pre-IPO reorganization transactions, the contributing partnerships had indirect C corporation partners to which a portion of the built-in gain would be allocated. As a result, if we dispose of any such assets during the five-year period following the date the REIT acquired such assets, we will be subject to the regulations under Section 337(d) of the Code. In general terms, such regulations subject the REIT to the maximum corporate level tax rate on the lesser of (i) such built-in gains and (ii) the gain recognized by the REIT upon a taxable disposition of the contributed assets. We may, however, choose not to sell such assets during such five-year period or to sell them in a non-taxable transaction. As such, the potential taxes associated with these built-in gains are not estimable.

Certain of our operations, or a portion thereof, are conducted through taxable REIT subsidiaries ("TRSs"). A TRS is a subsidiary C corporation that has not elected REIT status and as such is subject to United States federal and state corporate income tax. We use TRS entities to facilitate our ability to perform non-real estate related activities and/or perform non-customary services for residents that cannot be offered directly by a REIT.

For our TRS entities, deferred income taxes result from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for United States federal income tax purposes and are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. We reduce deferred tax assets by recording a valuation allowance when we determine, based on available evidence, that it is more likely than not that the assets will not be realized. We recognize the tax consequences associated with intercompany transfers between the REIT and TRS entities when the related assets affect our net income or loss, generally through depreciation, impairment losses, or sales to third party entities.

(dollar amounts in thousands)

Tax benefits associated with uncertain tax positions are recognized only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position.

We file income tax returns in the United States federal jurisdiction as well as various state and local jurisdictions. Our filings are subject to normal reviews by regulatory agencies until the related statute of limitations expires, with open tax years varying based upon the date of incorporation of the specific entity. The years open to examination range from 2016 to present.

Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. Our CODM is the Chief Executive Officer.

Under the provisions of ASC 280, *Segment Reporting*, we have determined that we have one reportable segment related to acquiring, renovating, leasing, and operating single-family homes as rental properties. The CODM evaluates operating performance and allocates resources on a total portfolio basis. The CODM utilizes net operating income as the primary measure to evaluate performance of the total portfolio. The aggregation of individual homes constitutes the total portfolio. Decisions regarding acquisitions and dispositions of homes are made at the individual home level with a focus on growing accretively in high-growth locations where we have greater scale and density.

Recent Accounting Pronouncements

In August 2020, the FASB issued 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)* ("ASU 2020-06"), which simplifies an issuer's accounting for convertible instruments and contracts in its own equity. The guidance reduces the number of accounting models for convertible instruments, requires entities to use the "if-converted" method in diluted EPS, and requires that the effect of potential share settlement be included in the diluted EPS calculation when an instrument may be settled in cash or shares. The new standard will be effective for annual reporting periods beginning after December 15, 2021, and interim periods within that reporting period, with early adoption permitted beginning after December 15, 2020 and interim periods within that reporting period. Our 2022 Convertible Notes (as defined in Note 7) are the only instruments we have that will be subject to ASU 2020-06, and these notes mature on January 15, 2022. As such, ASU 2020-06 will not materially affect our consolidated financial statements.

Note 3—Investments in Single-Family Residential Properties

The following table sets forth the net carrying amount associated with our properties by component:

	December 31, 2020	December 31, 2019
Land	$ 4,539,796	$ 4,499,346
Single-family residential property	13,631,859	13,121,179
Capital improvements	515,479	513,269
Equipment	114,616	113,370
Total gross investments in the properties	18,801,750	18,247,164
Less: accumulated depreciation	(2,513,057)	(2,003,972)
Investments in single-family residential properties, net	$ 16,288,693	$ 16,243,192

(dollar amounts in thousands)

As of December 31, 2020 and 2019, the carrying amount of the residential properties above includes $119,929 and $119,608, respectively, of capitalized acquisition costs (excluding purchase price), along with $68,197 and $65,747, respectively, of capitalized interest, $26,899 and $25,565, respectively, of capitalized property taxes, $4,654 and $4,616, respectively, of capitalized insurance, and $3,090 and $2,836, respectively, of capitalized HOA fees.

During the years ended December 31, 2020, 2019, and 2018, we recognized $546,419, $529,205, and $511,988, respectively, of depreciation expense related to the components of the properties, $0, $0, and $37,517, respectively, of amortization related to in-place lease intangible assets, and $6,111, $4,514, and $11,036, respectively, of depreciation and amortization related to corporate furniture and equipment. These amounts are included in depreciation and amortization in the consolidated statements of operations. Further, during the years ended December 31, 2020, 2019, and 2018, impairments totaling $4,578, $14,210, and $6,709, respectively, have been recognized and are included in impairment and other in the consolidated statements of operations. See Note 11 for additional information regarding these impairments.

Note 4—Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported on the consolidated balance sheets that sum to the total of such amounts shown in the consolidated statements of cash flows:

	December 31, 2020	December 31, 2019
Cash and cash equivalents	$ 213,422	$ 92,258
Restricted cash	198,346	193,987
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	$ 411,768	$ 286,245

Pursuant to the terms of the mortgage loans and Secured Term Loan (as defined in Note 7), we are required to establish, maintain, and fund from time to time (generally, either monthly or at the time borrowings are funded) certain specified reserve accounts. These reserve accounts include, but are not limited to, the following types of accounts: (i) property tax reserves; (ii) insurance reserves; (iii) capital expenditure reserves; and (iv) HOA reserves. The reserve accounts associated with our mortgage loans and Secured Term Loan are under the sole control of the loan servicer. Additionally, we hold security deposits pursuant to resident lease agreements that we are required to segregate. We are also required to hold letters of credit by certain of our insurance policies. Accordingly, amounts funded to these reserve accounts, security deposit accounts, and other restricted accounts have been classified on our consolidated balance sheets as restricted cash.

The amounts funded, and to be funded, to the reserve accounts are subject to formulae included in the mortgage loan and Secured Term Loan agreements and are to be released to us subject to certain conditions specified in the loan agreements being met. To the extent that an event of default were to occur, the loan servicer has discretion to use such funds to either settle the applicable operating expenses to which such reserves relate or reduce the allocated loan amount associated with a residential property of ours.

The balances of our restricted cash accounts, as of December 31, 2020 and 2019, are set forth in the table below. As of December 31, 2020 and 2019, no amounts were funded to the insurance accounts as the conditions specified in the mortgage loan and Secured Term Loan agreements that require such funding did not exist.

	December 31, 2020	December 31, 2019
Resident security deposits	$ 158,244	$ 148,186
Collections	22,978	24,034
Property taxes	7,511	10,443
Capital expenditures	4,919	5,627
Letters of credit	3,320	3,459
Special and other reserves	1,374	2,238
Total	$ 198,346	$ 193,987

(dollar amounts in thousands)

Note 5—Investments In Unconsolidated Joint Ventures

We have invested in two joint ventures which are accounted for using the equity method model of accounting. The following table summarizes our investments in unconsolidated joint ventures as of December 31, 2020 and 2019:

		Number of Properties		Carrying Value	
	Ownership Percentage	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
FNMA(1)	10 %	571	641	$ 53,678	$ 54,778
Rockpoint(2)	20 %	140	—	15,589	—
Total				$ 69,267	$ 54,778

(1) Contains homes primarily located in Arizona, California, and Nevada.
(2) Contains homes in markets within the Western United States, Southeast United States, Florida, and Texas.

In October 2020, we entered into an agreement with Rockpoint to form a joint venture that will acquire homes in markets where we already own homes. As of December 31, 2020, we are committed to fund an additional $59,400 to the joint venture.

For the years ended December 31, 2020, 2019, and 2018, we recorded of $599, $1,668, and $596, respectively, of income from investments in unconsolidated joint ventures which is included in other, net in the accompanying consolidated statements of operations.

The administrative manager of Rockpoint and the managing member of FNMA are wholly owned subsidiaries of INVH LP and are responsible for the operations and management of the properties, subject to Rockpoint and FNMA's respective approval of major decisions. The subsidiaries earn asset and property management fees from our joint ventures, which are considered to be related parties. For the years ended December 31, 2020, 2019, and 2018, we earned $2,585, $2,823, and $2,834, respectively, of management fees which are included in other, net in the accompanying consolidated statements of operations.

(dollar amounts in thousands)

Note 6—Other Assets

As of December 31, 2020 and 2019, the balances in other assets, net are as follows:

	December 31, 2020	December 31, 2019
Investments in debt securities, net	$ 245,237	$ 316,991
Investments in equity securities	47,189	16,650
Held for sale assets[(1)]	44,163	116,529
Prepaid expenses	41,347	32,106
Rent and other receivables, net	35,256	25,244
ROU lease assets — operating and finance, net	21,705	13,768
Deferred financing costs, net	11,637	2,765
Corporate fixed assets, net	9,995	9,825
Deferred leasing costs, net	7,631	7,427
Amounts deposited and held by others	2,852	1,348
Derivative instruments (Note 8)	1	1,643
Other	11,274	6,192
Total	$ 478,287	$ 550,488

(1) As of December 31, 2020 and 2019, 179 and 478 properties, respectively, are classified as held for sale.

Investments in Debt Securities, net

In connection with certain of our Securitizations (as defined in Note 7), we have retained and purchased certificates totaling $245,237, net of unamortized discounts of $2,289, as of December 31, 2020. These investments in debt securities are classified as held to maturity investments. As of December 31, 2020, we have not recognized any credit losses with respect to these investments in debt securities. As of December 31, 2019, there were no gross unrecognized holding gains or losses, and there were no other than temporary impairments recognized in accumulated other comprehensive loss. As of December 31, 2020, our retained certificates are scheduled to mature over the next one month to seven years.

Investments in Equity Securities

We hold investments in equity securities both with and without a readily determinable fair value. Investments with a readily determinable fair value are measured at fair value. Investments without a readily determinable fair value are measured at cost, less any impairment, plus or minus changes resulting from observable price changes for identical or similar investments in the same issuer. As of December 31, 2020 and 2019, the values of our investments in equity securities are as follows:

	December 31, 2020	December 31, 2019
Investments with a readily determinable fair value	$ 46,339	$ —
Investments without a readily determinable fair value	850	16,650
Total	$ 47,189	$ 16,650

(dollar amounts in thousands)

During the year ended December 31, 2020, we determined a readily determinable fair value became available for one of our investments in equity securities without a readily determinable fair value, and we began treating the investment as an investment with a readily determinable value. For the year ended December 31, 2020, we recognized $29,689 of unrealized gains on our investments in equity securities with a readily determinable fair value. For the years ended December 31, 2020 and 2019, we recorded $34 and $6,480 of unrealized gains on our investments in equity securities without a readily determinable fair value, respectively. No unrealized gains or losses were recorded during the year ended December 31, 2018.

Rent and Other Receivables

We lease our properties to residents pursuant to leases that generally have an initial contractual term of at least 12 months, provide for monthly payments, and are cancelable by the resident and us under certain conditions specified in the related lease agreements. Rental revenues and other property income and the corresponding rent and other receivables are recorded net of any concessions and bad debt (including actual write-offs, credit reserves, and uncollectible amounts) for all periods presented.

Variable lease payments consist of resident reimbursements for utilities, and various other fees, including late fees and lease termination fees, among others. Variable lease payments are charged based on the terms and conditions included in the resident leases. For the years ended December 31, 2020 and 2019, rental revenues and other property income includes $91,573 and $92,759 of variable lease payments, respectively.

Future minimum rental revenues and other property income under leases existing on our single-family residential properties as of December 31, 2020 are as follows:

Year	Lease Payments to be Received
2021	$ 1,028,387
2022	127,950
2023	—
2024	—
2025	—
Thereafter	—
Total	$ 1,156,337

ROU Lease Assets — Operating and Finance, net

The following table presents supplemental information related to leases into which we have entered as a lessee as of December 31, 2020 and 2019:

	December 31, 2020		December 31, 2019	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Other assets	$ 12,942	$ 8,763	$ 12,552	$ 1,216
Other liabilities (Note 14)	15,988	8,389	13,787	1,210
Weighted average remaining lease term	4.0 years	3.1 years	3.8 years	2.0 years
Weighted average discount rate	3.5 %	4.0 %	4.0 %	4.0 %

During the year ended December 31, 2020, we recorded $1,750 of impairment on one of our ROU lease assets in other, net in the consolidated statements of operations. We did not record any impairment on our ROU lease assets for the year ended December 31, 2019. See Note 11 for additional information regarding this impairment.

(dollar amounts in thousands)

Deferred Financing Costs, net

During the year ended December 31, 2020, we incurred $11,832 of financing costs which have been deferred as other assets, net on our consolidated balance sheets. These costs were incurred in connection with a new amended and restated Revolving Facility (see Note 7). We amortize deferred financing costs as interest expense on a straight-line basis over the term of the related financing agreement and accelerate amortization if the debt is retired before the maturity date. The $2,765 of deferred financing costs as of December 31, 2019 were related to a previous revolving facility that was repaid in full during the year ended December 31, 2020. As of December 31, 2020 and 2019, the unamortized balances of these deferred financing costs are $11,637 and $2,765, respectively.

Note 7—Debt

Mortgage Loans

Our securitization transactions (the "Securitizations" or the "mortgage loans") are collateralized by certain homes owned by the respective Borrower Entities. We utilize the proceeds from our securitizations to fund: (i) repayments of then-outstanding indebtedness; (ii) initial deposits into Securitization reserve accounts; (iii) closing costs in connection with the mortgage loans; and (iv) general costs associated with our operations.

The following table sets forth a summary of our mortgage loan indebtedness as of December 31, 2020 and 2019:

						Outstanding Principal Balance(5)	
	Origination Date	Maturity Date(1)	Maturity Date if Fully Extended(2)	Interest Rate(3)	Range of Spreads(4)	December 31, 2020	December 31, 2019
IH 2017-1(6)	April 28, 2017	June 9, 2027	June 9, 2027	4.23%	N/A	$ 994,787	$ 995,520
SWH 2017-1(7)	September 29, 2017	December 9, 2020	N/A	—%	N/A	—	744,092
IH 2017-2(7)	November 9, 2017	December 9, 2021	December 9, 2024	1.29%	91-186 bps	612,506	624,475
IH 2018-1(7)(8)	February 8, 2018	March 9, 2021	March 9, 2025	1.09%	76-151 bps	646,021	793,720
IH 2018-2(7)	May 8, 2018	June 9, 2021	June 9, 2025	1.23%	95-150 bps	693,988	957,135
IH 2018-3(7)	June 28, 2018	July 9, 2021	July 9, 2025	1.42%	105-205 bps	1,036,561	1,213,035
IH 2018-4(7)(9)	November 7, 2018	January 9, 2021	January 9, 2026	1.49%	115-200 bps	848,270	938,430
Total Securitizations						4,832,133	6,266,407
Less: deferred financing costs, net						(12,035)	(27,946)
Total						$ 4,820,098	$ 6,238,461

(1) Maturity date represents repayment date for mortgage loans which have been repaid in full prior to December 31, 2020. For all other mortgage loans, the maturity dates above reflect all extension options that have been exercised.
(2) Represents the maturity date if we exercise each of the remaining one year extension options available, which are subject to certain conditions being met.
(3) Except for IH 2017-1, interest rates are based on a weighted average spread over LIBOR (or a comparable or successor rate as provided for in our loan agreements), plus applicable servicing fees; as of December 31, 2020, LIBOR was 0.14%. Our IH 2017-1 mortgage loan bears interest at a fixed rate of 4.23% per annum, equal to the market determined pass-through rate payable on the certificates including applicable servicing fees.
(4) Range of spreads is based on outstanding principal balances as of December 31, 2020.
(5) Outstanding principal balance is net of discounts and does not include deferred financing costs, net.
(6) Net of unamortized discount of $2,289 and $2,641 as of December 31, 2020 and 2019, respectively.

(7) The initial maturity term of each of these mortgage loans is two years, individually subject to three to five, one year extension options at the Borrower Entity's discretion (provided that there is no continuing event of default under the mortgage loan agreement and the Borrower Entity obtains and delivers a replacement interest rate cap agreement from an approved counterparty within the required timeframe to the lender). Our IH 2018-1, IH 2018-2, and IH 2018-3 mortgage loans have exercised the first extension option, and our IH 2017-2 mortgage loan has exercised the second extension option. The maturity dates above reflect all extensions that have been exercised.
(8) On December 1, 2020, we submitted a notification to request an extension of the maturity date of the IH 2018-1 mortgage loan from March 9, 2021 to March 9, 2022.
(9) On January 9, 2021, the extension of the maturity date of the IH 2018-4 mortgage loan from January 9, 2021 to January 9, 2022 was approved by the lender (see Note 15).

Securitization Transactions

For each Securitization transaction, the Borrower Entity executed a loan agreement with a third party lender. Except for IH 2017-1, each outstanding mortgage loan originally consisted of six floating rate components. The two year initial terms are individually subject to three to five, one year extension options at the Borrower Entity's discretion. Such extensions are available provided there is no continuing event of default under the respective mortgage loan agreement and the Borrower Entity obtains and delivers a replacement interest rate cap agreement from an approved counterparty within the required timeframe to the lender. IH 2017-1 is a 10 year, fixed rate mortgage loan comprised of two components. Certificates issued by the trust in connection with Component A of IH 2017-1 benefit from FNMA's guaranty of timely payment of principal and interest.

Each mortgage loan is secured by a pledge of the equity in the assets of the respective Borrower Entities, as well as first-priority mortgages on the underlying properties and a grant of security interests in all of the related personal property. As of December 31, 2020 and 2019, a total of 31,316 and 37,040 homes, respectively, with a net book value of $5,761,551 and $7,137,576, respectively, are pledged pursuant to the mortgage loans. Each Borrower Entity has the right, subject to certain requirements and limitations outlined in the respective loan agreements, to substitute properties. We are obligated to make monthly payments of interest for each mortgage loan.

Transactions with Trusts

Concurrent with the execution of each mortgage loan agreement, the respective third party lender sold each loan it originated to individual depositor entities (the "Depositor Entities") who subsequently transferred each loan to Securitization-specific trust entities (the "Trusts"). The Depositor Entities for our currently outstanding Securitizations are wholly owned subsidiaries. We accounted for the transfers of the individual Securitizations from the wholly owned Depositor Entities to the respective Trusts as sales under ASC 860, *Transfers and Servicing*, with no resulting gain or loss as the Securitizations were both originated by the lender and immediately transferred at the same fair market value.

As consideration for the transfer of each loan to the Trusts, the Trusts issued classes of certificates which mirror the components of the individual loans (collectively, the "Certificates") to the Depositor Entities, except that Class R certificates do not have related loan components as they represent residual interests in the Trusts. The Certificates represent the entire beneficial interest in the Trusts. Following receipt of the Certificates, the Depositor Entities sold the Certificates to investors and used the proceeds as consideration for the loans sold to the Depositor Entities by the lenders. These transactions had no effect on our consolidated financial statements other than with respect to Certificates we retained in connection with Securitizations or purchased at a later date.

The Trusts are structured as pass-through entities that receive interest payments from the Securitizations and distribute those payments to the holders of the Certificates. The assets held by the Trusts are restricted and can only be used to fulfill the obligations of those entities. The obligations of the Trusts do not have any recourse to the general credit of any entities in these consolidated financial statements. We have evaluated our interests in certain certificates of the Trusts held by us (discussed below) and determined that they do not create a more than insignificant variable interest in the Trusts. Additionally, the retained certificates do not provide us with any ability to direct activities that could impact the Trusts' economic performance. Therefore, we do not consolidate the Trusts.

Retained Certificates

As the Trusts made Certificates available for sale to both domestic and foreign investors, sponsors of the mortgage loans are required to retain a portion of the risk that represents a material net economic interest in each loan pursuant to Regulation RR (the "Risk Retention Rules") under the Securities Exchange Act of 1934, as amended. As such, loan sponsors are required to retain a portion of the credit risk that represents not less than 5% of the aggregate fair value of the loan as of the closing date.

IH 2017-1 issued Class B certificates, which are restricted certificates that were made available exclusively to INVH LP in order to comply with the Risk Retention Rules. The Class B certificates bear a stated annual interest rate of 4.23%, including applicable servicing fees.

For SWH 2017-1, IH 2017-2, IH 2018-1, IH 2018-2, IH 2018-3, and IH 2018-4, we retain 5% of each class of certificates to meet the Risk Retention Rules. These retained certificates accrue interest at a floating rate of LIBOR plus a spread ranging from 0.76% to 2.05%.

The retained certificates total $245,237 and $316,991 as of December 31, 2020 and 2019, respectively, and are classified as held to maturity investments and recorded in other assets, net on the consolidated balance sheets (see Note 6).

Loan Covenants

The general terms that apply to all of the mortgage loans require each Borrower Entity to maintain compliance with certain affirmative and negative covenants. Affirmative covenants include each Borrower Entity's, and certain of their respective affiliates', compliance with (i) licensing, permitting and legal requirements specified in the mortgage loan agreements, (ii) organizational requirements of the jurisdictions in which they are organized, (iii) federal and state tax laws, and (iv) books and records requirements specified in the respective mortgage loan agreements. Negative covenants include each Borrower Entity's, and certain of their affiliates', compliance with limitations surrounding (i) the amount of each Borrower Entity's indebtedness and the nature of their investments, (ii) the execution of transactions with affiliates, (iii) the Manager, (iv) the nature of each Borrower Entity's business activities, and (v) the required maintenance of specified cash reserves. As of December 31, 2020, and through the date our consolidated financial statements were issued, we believe each Borrower Entity is in compliance with all affirmative and negative covenants.

Prepayments

For the mortgage loans, prepayments of amounts owed by us are generally not permitted under the terms of the respective mortgage loan agreements unless such prepayments are made pursuant to the voluntary election or mandatory provisions specified in such agreements. The specified mandatory provisions become effective to the extent that a property becomes characterized as a disqualified property, a property is sold, and/or upon the occurrence of a condemnation or casualty event associated with a property. To the extent either a voluntary election is made, or a mandatory prepayment condition exists, in addition to paying all interest and principal, we must also pay certain breakage costs as determined by the loan servicer and a spread maintenance premium if prepayment occurs before the month following the one or two year anniversary of the closing dates of each of the mortgage loans except for IH 2017-1. For IH 2017-1, prepayments on or before December 2026 will require a yield maintenance premium. For the years ended December 31, 2020, 2019, and 2018, we made voluntary and mandatory prepayments of $1,434,626, $997,421, and $4,579,594, respectively, under the terms of the mortgage loan agreements. During the year ended December 31, 2020, prepayments included the full repayment of the SWH 2017-1 mortgage loan. During the year ended December 31, 2019, prepayments included the full repayment of the CSH 2016-2 mortgage loan. During the year ended December 31, 2018, prepayments included full repayment of the CAH 2014-1, CAH 2014-2, CAH 2015-1, CSH 2016-1, IH 2015-1, IH 2015-2, and IH 2015-3 mortgage loans.

(dollar amounts in thousands)

Secured Term Loan

On June 7, 2019, 2019-1 IH Borrower LP, a consolidated subsidiary ("2019-1 IH Borrower" and one of our Borrower Entities), entered into a 12 year loan agreement with a life insurance company (the "Secured Term Loan"). The Secured Term Loan bears interest at a fixed rate of 3.59%, including applicable servicing fees, for the first 11 years and bears interest at a floating rate based on a spread of 147 bps, including applicable servicing fees, over one month LIBOR (subject to certain adjustments as outlined in the loan agreement) for the twelfth year. The Secured Term Loan is secured by first priority mortgages on a portfolio of single-family rental properties as well as a first priority pledge of the equity interests of 2019-1 IH Borrower. We utilized the proceeds from the Secured Term Loan to fund: (i) repayments of then-outstanding indebtedness; (ii) initial deposits into the Secured Term Loan's reserve accounts; (iii) transaction costs related to the closing of the Secured Term Loan; and (iv) general corporate purposes.

The following table sets forth a summary of our Secured Term Loan indebtedness as of December 31, 2020 and 2019:

	Maturity Date	Interest Rate(1)	December 31, 2020	December 31, 2019
Secured Term Loan	June 9, 2031	3.59%	$ 403,363	$ 403,464
Deferred financing costs, net			(2,268)	(2,486)
Secured Term Loan, net			$ 401,095	$ 400,978

(1) The Secured Term Loan bears interest at a fixed rate of 3.59% per annum including applicable servicing fees for the first 11 years and for the twelfth year bears interest at a floating rate based on a spread of 147 bps over one month LIBOR (or a comparable or successor rate as provided for in our loan agreement), including applicable servicing fees, subject to certain adjustments as outlined in the loan agreement. Interest payments are made monthly.

Collateral

The Secured Term Loan's collateral pool contains 3,332 and 3,333 homes, respectively, as of December 31, 2020 and 2019, with a net book value of $719,762 and $734,759, respectively. 2019-1 IH Borrower has the right, subject to certain requirements and limitations outlined in the loan agreement, to substitute properties representing up to 20% of the collateral pool annually, and to substitute properties representing up to 100% of the collateral pool over the life of the Secured Term Loan. In addition, four times after the first anniversary of the closing date, 2019-1 IH Borrower has the right, subject to certain requirements and limitations outlined in the loan agreement, to execute a special release of collateral representing up to 15% of the then-outstanding principal balance of the Secured Term Loan in order to bring the loan-to-value ratio back in line with the Secured Term Loan's loan-to-value ratio as of the closing date. Any such special release of collateral would not change the then-outstanding principal balance of the Secured Term Loan, but rather would reduce the number of single-family rental homes included in the collateral pool.

Loan Covenants

The Secured Term Loan requires 2019-1 IH Borrower to maintain compliance with certain affirmative and negative covenants. Affirmative covenants include 2019-1 IH Borrower's, and certain of its affiliates', compliance with (i) licensing, permitting and legal requirements specified in the loan agreement, (ii) organizational requirements of the jurisdictions in which they are organized, (iii) federal and state tax laws, and (iv) books and records requirements specified in the loan agreement. Negative covenants include 2019-1 IH Borrower's, and certain of its affiliates', compliance with limitations surrounding (i) the amount of 2019-1 IH Borrower's indebtedness and the nature of its investments, (ii) the execution of transactions with affiliates, (iii) the Manager, (iv) the nature of 2019-1 IH Borrower's business activities, and (v) the required maintenance of specified cash reserves. As of December 31, 2020, and through the date our consolidated financial statements were issued, we believe 2019-1 IH Borrower is in compliance with all affirmative and negative covenants.

(dollar amounts in thousands)

Prepayments

Prepayments of the Secured Term Loan are generally not permitted unless such prepayments are made pursuant to the voluntary election or mandatory provisions specified in the loan agreement. The specified mandatory provisions become effective to the extent that a property becomes characterized as a disqualified property, a property is sold, and/or upon the occurrence of a condemnation or casualty event associated with a property. To the extent either a voluntary election is made, or a mandatory prepayment condition exists, in addition to paying all interest and principal, we must also pay certain breakage costs as determined by the loan servicer and a yield maintenance premium if prepayment occurs before June 9, 2030. For the year ended December 31, 2020, we made mandatory prepayments of $101. No prepayments were made for the year ended December 31, 2019.

Term Loan Facility and Revolving Facility

On December 8, 2020, we entered into an Amended and Restated Revolving Credit and Term Loan Agreement with a syndicate of banks, financial institutions, and institutional lenders for a new credit facility (the "Credit Facility"). The Credit Facility provides $3,500,000 of borrowing capacity and consists of a $1,000,000 revolving facility (the "Revolving Facility") and a $2,500,000 term loan facility (the "Term Loan Facility"), both of which mature on January 31, 2025, with two six month extension options available. The Revolving Facility also includes borrowing capacity for letters of credit. The Credit Facility provides us with the option to enter into additional incremental credit facilities (including an uncommitted incremental facility that provides us with the option to increase the size of the Revolving Facility and/or the Term Loan Facility such that the aggregate amount does not exceed at any time $4,000,000), subject to certain limitations.

The Credit Facility replaced a credit facility that consisted of a $1,000,000 revolving facility (the "2017 Revolving Facility") and a $1,500,000 term loan facility (the "2017 Term Loan Facility" and together with the 2017 Revolving Facility, the "2017 Credit Facility"). The terms and conditions of the Credit Facility are consistent with those of the 2017 Credit Facility unless otherwise noted below. Proceeds from the Term Loan Facility were used to repay then-outstanding indebtedness, including the 2017 Term Loan Facility. Proceeds from the Revolving Facility are used for general corporate purposes.

The following table sets forth a summary of the outstanding principal amounts under the Credit Facility and 2017 Credit Facility as of December 31, 2020 and 2019, respectively:

	Maturity Date	Interest Rate(1)	December 31, 2020	December 31, 2019
Term Loan Facility(2)	January 31, 2025	1.79%	$ 2,500,000	$ 1,500,000
Deferred financing costs, net			(29,093)	(6,253)
Term Loan Facility, net			$ 2,470,907	$ 1,493,747
Revolving Facility(2)	January 31, 2025	1.84%	$ —	$ —

(1) Interest rates for the Term Loan Facility and the Revolving Facility are based on LIBOR plus an applicable margin. As of December 31, 2020, the applicable margins were 1.65% and 1.70% respectively, and LIBOR was 0.14%.
(2) If we exercise the two six month extension options, the maturity date will be January 31, 2026.

Interest Rate and Fees

Borrowings under the Credit Facility bear interest, at our option, at a rate equal to a margin over either (a) a LIBOR rate determined by reference to the Bloomberg LIBOR rate (or a comparable or successor rate as provided for in our loan agreement) for the interest period relevant to such borrowing, or (b) a base rate determined by reference to the highest of (1) the administrative agent's prime lending rate, (2) the federal funds effective rate plus 0.50%, and (3) the LIBOR rate that would be payable on such day for a LIBOR rate loan with a one month interest period plus 1.00%. The margin is based on a total leverage based grid. The margins for the Term Loan Facility, Revolving Facility, 2017 Term Loan Facility, and 2017 Revolving Facility are as follows:

(dollar amounts in thousands)

	Base Rate Loans	LIBOR Rate Loans
Term Loan Facility	0.45 % — 1.15%	1.45 % — 2.15%
Revolving Facility	0.50 % — 1.15%	1.50 % — 2.15%
2017 Term Loan Facility	0.70 % — 1.30%	1.70 % — 2.30%
2017 Revolving Facility	0.75 % — 1.30%	1.75 % — 2.30%

In addition, the Credit Facility provides that, upon receiving an investment grade rating on its non-credit enhanced, senior unsecured long term debt of BBB- or better from Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., or Baa3 or better from Moody's Investors Service, Inc., we may elect to convert to a credit rating based pricing grid. The margins for the Term Loan Facility and Revolving Facility under the credit rating based pricing grid are as follows:

	Base Rate Loans	LIBOR Rate Loans
Term Loan Facility	— % — 0.65%	0.80 % — 1.65%
Revolving Facility	— % — 0.45%	0.75 % — 1.45%

The Credit Facility also includes a sustainability component whereby the Revolving Facility pricing can improve upon the Company's achievement of certain sustainability ratings, determined via an independent third party evaluation. This sustainability feature was not included in the 2017 Revolving Facility.

In addition to paying interest on outstanding principal under the Credit Facility, we are required to pay an unused facility fee to the lenders under the Revolving Facility in respect of the unused commitments thereunder. The unused facility fee rate is based on the daily unused amount of the Revolving Facility and is either 0.30% or 0.20% per annum based on the unused facility amount. The unused facility fee rate for the 2017 Revolving Facility was 0.35% or .20% per annum based on the unused facility amount. Upon conversion to a credit rating pricing based grid, the unused facility fee will no longer apply and we will be required to pay a facility fee ranging from 0.10% to 0.30%. We are also required to pay customary letter of credit fees.

Prepayments and Amortization

No principal reductions are required under the Credit Facility. We are permitted to voluntarily repay amounts outstanding under the Term Loan Facility at any time without premium or penalty, subject to certain minimum amounts and the payment of customary "breakage" costs with respect to LIBOR loans. Once repaid, no further borrowings will be permitted under the Term Loan Facility.

Loan Covenants

The Credit Facility contains certain customary affirmative and negative covenants and events of default. Such covenants will, among other things, restrict, subject to certain exceptions, our ability and that of the Subsidiary Guarantors (as defined below) and their respective subsidiaries to (i) engage in certain mergers, consolidations or liquidations, (ii) sell, lease or transfer all or substantially all of their respective assets, (iii) engage in certain transactions with affiliates, (iv) make changes to our fiscal year, (v) make changes in the nature of our business and our subsidiaries, and (vi) enter into certain burdensome agreements.

The Credit Facility also requires us, on a consolidated basis with our subsidiaries, to maintain a (i) maximum total leverage ratio, (ii) maximum secured leverage ratio, (iii) maximum unencumbered leverage ratio, (iv) minimum fixed charge coverage ratio, (v) minimum unsecured interest coverage ratio, and (vi) maximum secured recourse leverage ratio. If an event of default occurs, the lenders under the Credit Facility are entitled to take various actions, including the acceleration of amounts due under the Credit Facility. As of December 31, 2020, and through the date our consolidated financial statements were issued, we believe we were in compliance with all affirmative and negative covenants.

(dollar amounts in thousands)

Guarantees and Security

The obligations under the Credit Facility are guaranteed on a joint and several basis by each of our direct and indirect domestic wholly owned subsidiaries that directly own unencumbered assets (the "Subsidiary Guarantors"), subject to certain exceptions. These guarantees will be automatically released upon the occurrence of certain events, including if the applicable Subsidiary Guarantor is no longer a direct owner of an unencumbered asset. In addition, INVH and each subsidiary of INVH that owns equity in the Borrower may be required to provide a guarantee of the Credit Facility under certain circumstances, including if INVH does not maintain its qualification as a REIT.

Although the 2017 Credit Facility was secured, such security interests have been released and the Credit Facility is unsecured.

Convertible Senior Notes

In connection with the Mergers, we assumed SWH's convertible senior notes. In July 2014, SWH issued $230,000 in aggregate principal amount of 3.00% convertible senior notes due 2019 (the "2019 Convertible Notes"). Interest on the 2019 Convertible Notes was payable semiannually in arrears on January 1st and July 1st of each year. The notes matured on July 1, 2019, and we settled substantially all of the outstanding balance of the 2019 Convertible Notes through the issuance of 12,553,864 shares of our common stock.

In January 2017, SWH issued $345,000 in aggregate principal amount of 3.50% convertible senior notes due 2022 (the "2022 Convertible Notes" and together with the 2019 Convertible Notes, the "Convertible Senior Notes"). Interest on the 2022 Convertible Notes is payable semiannually in arrears on January 15th and July 15th of each year. The 2022 Convertible Notes will mature on January 15, 2022.

The following table summarizes the terms of the Convertible Senior Notes outstanding as of December 31, 2020 and 2019:

						Principal Amount	
	Coupon Rate	Effective Rate(1)	Conversion Rate(2)	Maturity Date	Remaining Amortization Period	December 31, 2020	December 31, 2019
2022 Convertible Notes	3.50%	5.12%	43.7694	January 15, 2022	1.04 years	$ 345,000	$ 345,000
Net unamortized fair value adjustment						(5,596)	(10,701)
Total						$ 339,404	$ 334,299

(1) Effective rate includes the effect of the adjustment to the fair value of the debt as of the Merger Date, the value of which reduced the initial liability recorded to $324,252 for the 2022 Convertible Notes.
(2) The conversion rate as of December 31, 2020 represents the number of shares of common stock issuable per $1,000 principal amount (actual $) of the 2022 Convertible Notes converted on such date, as adjusted in accordance with the indenture as a result of cash dividend payments and the effects of previous mergers. As of December 31, 2020, the 2022 Convertible Notes do not meet the criteria for conversion. We have the option to settle the 2022 Convertible Notes in cash, common stock, or a combination thereof.

Terms of Conversion

On July 1, 2019, we settled substantially all of the outstanding balance of the 2019 Convertible Notes with the issuance of 12,553,864 shares of our common stock. At the settlement date, the conversion rate applicable to the 2019 Convertible Notes was 54.5954 shares of our common stock per $1,000 principal amount (actual $) of the 2019 Convertible Notes (equivalent to a conversion price of approximately $18.32 per common share — actual $). For the years ended December 31, 2019 and 2018, interest expense for the 2019 Convertible Notes, including non-cash amortization of discounts, was $5,586 and $11,057, respectively.

(dollar amounts in thousands)

As of December 31, 2020, the conversion rate applicable to the 2022 Convertible Notes is 43.7694 shares of our common stock per $1,000 principal amount (actual $) of the 2022 Convertible Notes (equivalent to a conversion price of approximately $22.85 per common share — actual $). The conversion rate for the 2022 Convertible Notes is subject to adjustment in some events, but will not be adjusted for any accrued and unpaid interest. In addition, following certain events that occur prior to the maturity date, we will adjust the conversion rate for a holder who elects to convert its 2022 Convertible Notes in connection with such an event in certain circumstances. At any time prior to July 15, 2021, holders may convert the 2022 Convertible Notes at their option only under specific circumstances as defined in the indenture agreement, dated as of January 10, 2017, between us and our trustee, Wilmington Trust National Association (the "Convertible Notes Trustee"). On or after July 15, 2021 and until maturity, holders may convert all or any portion of the 2022 Convertible Notes at any time. Upon conversion, we will pay or deliver, as the case may be, cash, common stock, or a combination of cash and common stock, at our election. The "if-converted" value of the 2022 Convertible Notes exceeds the principal amount by $103,483 as of December 31, 2020 as the closing market price of our common stock of $29.70 per common share (actual $) exceeds the implicit conversion price. For the years ended December 31, 2020, 2019, and 2018, interest expense for the 2022 Convertible Notes, including non-cash amortization of discounts, was $17,181, $16,929, and $16,690 respectively.

General Terms

We may not redeem the 2022 Convertible Notes prior to their maturity date except to the extent necessary to preserve our status as a REIT for United States federal income tax purposes, as further described in the indenture. If we undergo a fundamental change as defined in the indenture, holders may require us to repurchase for cash all or any portion of their 2022 Convertible Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2022 Convertible Notes to be repurchased, plus accrued and unpaid interest up to, but excluding, the fundamental change repurchase date.

The indenture contains customary terms and covenants and events of default. If an event of default occurs and is continuing, the Convertible Notes Trustee, by notice to us, or the holders of at least 25% in aggregate principal amount of the outstanding 2022 Convertible Notes, by notice to us and the Convertible Notes Trustee, may, and the Convertible Notes Trustee at the request of such holders shall, declare 100% of the principal of and accrued and unpaid interest on all the 2022 Convertible Notes to be due and payable. In the case of an event of default arising out of certain events of bankruptcy, insolvency or reorganization in respect to us (as set forth in the indenture), 100% of the principal of and accrued and unpaid interest on the 2022 Convertible Notes will automatically become due and payable.

Debt Maturities Schedule

The following table summarizes the contractual maturities of our debt as of December 31, 2020:

Year	Mortgage Loans(1)(2)	Secured Term Loan	Term Loan Facility(3)	Revolving Facility(3)	Convertible Senior Notes	Total
2021	$ 3,837,346	$ —	$ —	$ —	$ —	$ 3,837,346
2022	—	—	—	—	345,000	345,000
2023	—	—	—	—	—	—
2024	—	—	—	—	—	—
2025	—	—	2,500,000	—	—	2,500,000
Thereafter	994,787	403,363	—	—	—	1,398,150
Total	4,832,133	403,363	2,500,000	—	345,000	8,080,496
Less: deferred financing costs, net	(12,035)	(2,268)	(29,093)	—	—	(43,396)
Less: unamortized fair value adjustment	—	—	—	—	(5,596)	(5,596)
Total	$ 4,820,098	$ 401,095	$ 2,470,907	$ —	$ 339,404	$ 8,031,504

(1) The maturity dates of the obligations are reflective of all extensions that have been exercised as of December 31, 2020. If fully extended, we would have no mortgage loans maturing before 2024. Such extensions are available provided there is no continuing event of default under the respective mortgage loan agreement and the Borrower Entity obtains and

(dollar amounts in thousands)

delivers a replacement interest rate cap agreement from an approved counterparty within the required timeframe to the lender.

(2) On December 1, 2020, we submitted a notification to request an extension of the maturity date of the IH 2018-1 mortgage loan from March 9, 2021 to March 9, 2022. Additionally, on January 9, 2021, the extension of the maturity date of the IH 2018-4 mortgage loan from January 9, 2021 to January 9, 2022 was approved by the lender (see Note 15).

(3) If we exercise the two six month extension options, the maturity date will be in 2026.

Note 8—Derivative Instruments

From time to time, we enter into derivative instruments to manage the economic risk of changes in interest rates. We do not enter into derivative transactions for speculative or trading purposes. Designated Hedges are derivatives that meet the criteria for hedge accounting and that we have elected to designate as hedges. Non-Designated Hedges are derivatives that do not meet the criteria for hedge accounting or that we did not elect to designate as hedges.

Designated Hedges

We have entered into various interest rate swap agreements, which are used to hedge the variable cash flows associated with variable-rate interest payments. Currently, each of our swap agreements is indexed to LIBOR and is designated for hedge accounting purposes. LIBOR is set to expire at the end of 2021, and we will work with the counterparties to our swap agreements to adjust each floating rate to a comparable or successor rate. Changes in the fair value of these swaps are recorded in other comprehensive income and are subsequently reclassified into earnings in the period in which the hedged forecasted transactions affect earnings.

The table below summarizes our interest rate swap instruments as of December 31, 2020:

Agreement Date	Forward Effective Date	Maturity Date	Strike Rate	Index	Notional Amount
December 11, 2019	February 28, 2017	December 31, 2024	1.74%	One month LIBOR	$ 750,000
April 19, 2018	January 31, 2019	January 31, 2025	2.86%	One month LIBOR	400,000
February 15, 2019	March 15, 2019	March 15, 2022	2.23%	One month LIBOR	800,000
April 19, 2018	March 15, 2019	November 30, 2024	2.85%	One month LIBOR	400,000
April 19, 2018	March 15, 2019	February 28, 2025	2.86%	One month LIBOR	400,000
January 10, 2017	January 15, 2020	January 15, 2021	2.13%	One month LIBOR	550,000
May 8, 2018	March 9, 2020	June 9, 2025	2.99%	One month LIBOR	325,000
May 8, 2018	June 9, 2020	June 9, 2025	2.99%	One month LIBOR	595,000
June 3, 2016	July 15, 2020	July 15, 2021	1.47%	One month LIBOR	450,000
June 28, 2018	August 7, 2020	July 9, 2025	2.90%	One month LIBOR	1,100,000
January 10, 2017	January 15, 2021	July 15, 2021	2.23%	One month LIBOR	550,000
December 9, 2019	July 15, 2021	November 30, 2024	2.90%	One month LIBOR	400,000
November 7, 2018	March 15, 2022	July 31, 2025	3.14%	One month LIBOR	400,000
November 7, 2018	March 15, 2022	July 31, 2025	3.16%	One month LIBOR	400,000

During the year ended December 31, 2020, we terminated an interest rate swap and paid the counterparty $15,249 in connection with this termination. During the year ended December 31, 2019, we modified the start date of an interest rate swap and paid the counterparty $8,239 in connection with the modification.

During the years ended December 31, 2020, 2019, and 2018, such derivatives were used to hedge the variable cash flows associated with existing variable-rate interest payments. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt. During the next 12 months, we estimate that $147,020 will be reclassified to earnings as an increase in interest expense.

(dollar amounts in thousands)

During the year ended December 31, 2020, we accelerated the reclassification of certain amounts in other comprehensive income to earnings as a result of a portion of the hedged forecasted transactions becoming probable not to occur. The accelerated amounts represented a loss of $3,111 and were recorded as interest expense in the accompanying consolidated statement of operations for the year ended December 31, 2020. We did not accelerate the reclassification of any amounts in other comprehensive income to earnings during the years ended December 31, 2019 and 2018.

Non-Designated Hedges

Concurrent with entering into certain of the mortgage loan agreements and in connection with previous mergers, we entered into or acquired and maintain interest rate cap agreements with terms and notional amounts equivalent to the terms and amounts of the mortgage loans made by the third party lenders. Currently, each of our cap agreements is indexed to LIBOR, which is set to expire at the end of 2021. We will work with the counterparties to our cap agreements to adjust each floating rate to a comparable or successor rate. To the extent that the maturity date of one or more of the mortgage loans is extended through an exercise of one or more extension options, replacement or extension interest rate cap agreements must be executed with terms similar to those associated with the initial interest rate cap agreements and strike prices equal to the greater of the interest rate cap strike price and the interest rate at which the debt service coverage ratio (as defined) is not less than 1.2 to 1.0. The interest rate cap agreements, including all of our rights to payments owed by the counterparties and all other rights, have been pledged as additional collateral for the mortgage loans. Additionally, in certain instances, in order to minimize the cash impact of purchasing required interest rate caps, we simultaneously sell interest rate caps (which have identical terms and notional amounts) such that the purchase price and sales proceeds of the related interest rate caps are intended to offset each other. The purchased and sold interest rate caps have strike prices ranging from approximately 3.75% to 6.32%.

Fair Values of Derivative Instruments on the Consolidated Balance Sheets

The table below presents the fair value of our derivative financial instruments as well as their classification on the consolidated balance sheets as of December 31, 2020 and 2019:

	Asset Derivatives			Liability Derivatives		
		Fair Value as of			Fair Value as of	
	Balance Sheet Location	December 31, 2020	December 31, 2019	Balance Sheet Location	December 31, 2020	December 31, 2019
Derivatives designated as hedging instruments:						
Interest rate swaps	Other assets	$ —	$ 1,643	Other liabilities	$ 539,560	$ 275,679
Derivatives not designated as hedging instruments:						
Interest rate caps	Other assets	1	—	Other liabilities	—	—
Total		$ 1	$ 1,643		$ 539,560	$ 275,679

(dollar amounts in thousands)

Offsetting Derivatives

We enter into master netting arrangements, which reduce risk by permitting net settlement of transactions with the same counterparty. The tables below present a gross presentation, the effects of offsetting, and a net presentation of our derivatives as of December 31, 2020 and 2019:

	December 31, 2020					
				Gross Amounts Not Offset in the Statement of Financial Position		
	Gross Amounts of Recognized Assets/ Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets/ Liabilities Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received	Net Amount
Offsetting assets:						
Derivatives	$ 1	$ —	$ 1	$ —	$ —	$ 1
Offsetting liabilities:						
Derivatives	$ 539,560	$ —	$ 539,560	$ —	$ —	$ 539,560

	December 31, 2019					
				Gross Amounts Not Offset in the Statement of Financial Position		
	Gross Amounts of Recognized Assets/ Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets/ Liabilities Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received	Net Amount
Offsetting assets:						
Derivatives	$ 1,643	$ —	$ 1,643	$ (1,054)	$ —	$ 589
Offsetting liabilities:						
Derivatives	$ 275,679	$ —	$ 275,679	$ (1,054)	$ —	$ 274,625

(dollar amounts in thousands)

Effect of Derivative Instruments on the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Operations

The tables below present the effect of our derivative financial instruments in the consolidated statements of comprehensive loss and the consolidated statements of operations for the years ended December 31, 2020, 2019, and 2018:

	Amount of Loss Recognized in OCI on Derivative			Location of Gain (Loss) Reclassified from Accumulated OCI into Net Income (Loss)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Net Income (Loss)			Total Amount of Interest Expense Presented in the Consolidated Statements of Operations		
	For the Years Ended December 31,				For the Years Ended December 31,			For the Years Ended December 31,		
	2020	2019	2018		2020	2019	2018	2020	2019	2018
Derivatives in cash flow hedging relationships:										
Interest rate swaps	$ (388,466)	$ (244,126)	$ (43,211)	Interest expense	$ (116,549)	$ 20,763	$ 18,627	$ 353,923	$ 367,173	$ 383,595

	Location of Loss Recognized in Net Income (Loss) on Derivative	Amount of Loss Recognized in Net Income (Loss) on Derivative		
		For the Years Ended December 31,		
		2020	2019	2018
Derivatives not designated as hedging instruments:				
Interest rate caps	Interest expense	$ 273	$ 126	$ 641

Credit-Risk-Related Contingent Features

The agreements with our derivative counterparties which govern our interest rate swap agreements contain a provision where we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to our default on the indebtedness.

As of December 31, 2020, the fair value of certain derivatives in a net liability position was $539,560. If we had breached any of these provisions at December 31, 2020, we could have been required to settle the obligations under the agreements at their termination value, which includes accrued interest and excludes the nonperformance risk related to these agreements, of $564,623.

Note 9—Stockholders' Equity

As of December 31, 2020, we have issued 567,117,666 shares of common stock. In addition, we issue OP Units from time to time which, upon vesting, are redeemable for shares of our common stock on a one-for-one basis or, in our sole discretion, cash and are reflected as non-controlling interests on our consolidated balance sheets and statements of equity. As of December 31, 2020, 3,463,285 outstanding OP Units are redeemable.

During the years ended December 31, 2020, 2019, and 2018, we issued 25,474,941, 20,994,748, and 1,474,835 shares of common stock, respectively.

Public Offering

On June 4, 2020, we completed an underwritten public offering of 16,675,000 shares of our common stock, including 2,175,000 shares sold pursuant to the underwriters’ full exercise of the option to purchase additional shares. During the year ended December 31, 2020, this offering generated net proceeds of $447,533, after giving effect to commissions and other costs totaling $6,861.

(dollar amounts in thousands)

At the Market Equity Program

On August 22, 2019, we entered into distribution agreements with a syndicate of banks (the "Agents"), pursuant to which we may sell, from time to time, up to an aggregate sales price of $800,000 of our common stock through the Agents (the "ATM Equity Program"). During the years ended December 31, 2020 and 2019, we sold 8,413,224 and 1,957,139, respectively, shares of our common stock under our ATM Equity Program, generating net proceeds of $239,190 and $55,263, respectively, after giving effect to Agent commissions and other costs totaling $3,851 and $1,696, respectively. As of December 31, 2020, $500,000 remains available for future offerings under the ATM Equity Program.

Dividends

To qualify as a REIT, we are required to distribute annually to our stockholders at least 90% of our REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and to pay tax at regular corporate rates to the extent that we annually distribute less than 100% of our net taxable income. We intend to pay quarterly dividends to our stockholders, which in the aggregate are approximately equal to or exceed our net taxable income in the relevant year. The timing, form, and amount of distributions, if any, to our stockholders, will be at the sole discretion of our board of directors.

The following table summarizes our dividends declared from January 1, 2019 through December 31, 2020:

	Record Date	Amount per Share	Pay Date	Total Amount Declared
Q4-2020	November 10, 2020	$ 0.15	November 25, 2020	$ 84,911
Q3-2020	August 12, 2020	0.15	August 28, 2020	84,286
Q2-2020	May 13, 2020	0.15	May 29, 2020	81,916
Q1-2020	February 12, 2020	0.15	February 28, 2020	81,673
Q4-2019	November 13, 2019	0.13	November 27, 2019	70,693
Q3-2019	August 15, 2019	0.13	August 30, 2019	70,465
Q2-2019	May 15, 2019	0.13	May 31, 2019	68,334
Q1-2019	February 13, 2019	0.13	February 28, 2019	67,965

On January 28, 2021, our board of directors declared a dividend of $0.17 per share to stockholders of record on February 10, 2021, which is payable on February 26, 2021.

Note 10—Share-Based Compensation

Prior to completion of the IPO, our board of directors adopted, and our stockholders approved, the Invitation Homes Inc. 2017 Omnibus Incentive Plan (the "Omnibus Incentive Plan") to provide a means through which to attract and retain key personnel and to provide a means whereby our directors, officers, employees, consultants, and advisors can acquire and maintain an equity interest in us, or be paid incentive compensation, including incentive compensation measured by reference to the value of our common stock, and to align their interests with those of our stockholders. Under the Omnibus Incentive Plan, we may issue up to 16,000,000 shares of common stock.

Our share-based awards consist of time-vesting RSUs, PRSUs, and Outperformance Awards (defined below). Time-vesting RSUs are participating securities for EPS purposes, and PRSUs and Outperformance Awards are not.

Share-Based Awards

The following summarizes our share-based award activity during the years ended December 31, 2020, 2019, and 2018.

Annual Long Term Incentive Plan ("LTIP"):

- *Annual LTIP Awards Granted:* During the years ended December 31, 2020, 2019, and 2018, we granted 499,228, 534,547, and 644,733 RSUs, respectively, pursuant to LTIP awards. Each award includes components which vest based on time-vesting conditions, market based vesting conditions, and performance based vesting conditions, each of which is subject to continued employment through the applicable vesting date.

LTIP time-vesting RSUs vest in three equal annual installments based on an anniversary date of March 1st. LTIP PRSUs may be earned based on the achievement of certain measures over a three year performance period. The number of PRSUs earned will be determined based on performance achieved during the performance period for each measure at certain threshold, target, or maximum levels and corresponding payout ranges. In general, the LTIP PRSUs are earned after the end of the performance period on the date on which the performance results are certified by our compensation and management development committee (the "Compensation Committee").

All of the LTIP Awards are subject to certain change in control and retirement eligibility provisions that may impact these vesting schedules.

- *PRSU Results:* During the years ended December 31, 2020, 2019, and 2018, certain LTIP PRSUs vested and achieved performance in excess of the target level, resulting in the issuance of an additional 91,200, 23,392, and 39,871 shares of common stock, respectively. Such awards are reflected as an increase in the number of awards granted and vested in the table below. Certain other LTIP PRSUs did not achieve performance criteria, resulting in the cancellation of 5,348 and 52,896 awards during the years ended years ended December 31, 2020 and 2019, respectively. Such awards are reflected as an increase in the number of awards forfeited/canceled in the table below. As of December 31, 2020, all PRSU awards issued as part of the 2017 LTIP have fully vested.

Other Awards

- *Director Awards:* During the year ended December 31, 2020, we granted 58,690 time-vesting RSUs to members of our board of directors, which awards will fully vest on the date of INVH's 2021 annual stockholders meeting, subject to continued service on the board of directors through such date. During the years ended December 31, 2019 and 2018, INVH issued 53,704 and 52,114 time-vesting RSUs, which awards fully vested on the dates of INVH's 2020 and 2019 annual stockholders meetings, respectively.
- *Supplemental Bonus Plan:* Upon the completion of our IPO, $59,797 of supplemental bonus awards were converted into 2,988,120 time-vesting RSUs that generally vested in three equal installments unless modified in connection with the Mergers or the resulting integration. During the year ended December 31, 2019, the final supplemental bonus awards were fully vested.
- *Merger-Related Awards:* During the year ended December 31, 2018, the grant date was established for 168,184 PRSUs issued in connection with the Mergers. These merger-related PRSUs were eligible to be earned based on the achievement of certain measures over performance periods that began on the Merger Date and ended approximately one and a half to three years thereafter. The number of merger-related PRSUs earned was determined based on performance achieved during the performance period for each measure at certain threshold, target, or maximum levels and corresponding payout ranges. During the year ended December 31, 2019, vesting of all remaining time-vesting merger-related awards was accelerated in accordance with the terms of the award agreement. During the year ended December 31, 2019, 77,926 of such PRSUs were forfeited; and during the year ended December 31, 2020, all outstanding merger-related PRSUs vested. Certain of these PRSUs achieved performance in excess of the target level, resulting in the issuance of an additional 4,756 shares of common stock which are reflected as an increase in the number of awards granted and vested in the table below.
- *Bonus and Retention Awards:* During the year ended December 31, 2018, we granted 136,941 RSUs to employees (the "2018 Bonus Awards"). Each of the 2018 Bonus Awards is a time-vesting award which vests in three equal annual installments based on an anniversary date of March 1, 2018, subject to continued employment through the applicable vesting date. As of December 31, 2020, 138,122 retention awards issued during the year ended December 31, 2017 remain outstanding and are scheduled to vest in June 2021.

Assumed Awards

In connection with the Mergers, we assumed the terms of award agreements governing 949,698 (as calculated in number of INVH shares of common stock) non-vested RSUs granted prior to the Mergers under SWH's equity incentive plans. Each assumed award was a time-vesting award that was issued with service periods ranging from three years to four years, unless accelerated pursuant to the original agreement or otherwise modified in connection with the Mergers or the resulting integration. During the year ended December 31, 2020, the final SWH equity awards were fully vested.

(dollar amounts in thousands)

Outperformance Awards

On May 1, 2019, the Compensation Committee approved one-time equity based awards with market based vesting conditions in the form of PRSUs and OP Units (the "Outperformance Awards"). The Outperformance Awards may be earned based on the achievement of rigorous absolute total shareholder return and relative total shareholder return thresholds over a three year performance period ending on March 31, 2022. Upon completion of the performance period, the dollar value of the awards earned under the absolute and relative total shareholder return components will be separately calculated, and the number of earned Outperformance Awards will be determined based on the earned dollar value of the awards and the stock price at the performance certification date. Earned awards will vest 50% on March 31, 2022 and 25% on each of the first and second anniversaries of such date, subject to continued employment. The current aggregate $12,390 grant-date fair value of the Outperformance Awards still outstanding was determined based on Monte-Carlo option pricing models which estimate the probability of the vesting conditions being satisfied.

Summary of Total Share-Based Awards

The following table summarizes activity related to non-vested time-vesting RSUs and PRSUs, other than Outperformance Awards, during the years ended December 31, 2020, 2019, and 2018:

	Time-Vesting Awards		PRSUs		Total Share-Based Awards[1]	
	Number	Weighted Average Grant Date Fair Value (Actual $)	Number	Weighted Average Grant Date Fair Value (Actual $)	Number	Weighted Average Grant Date Fair Value (Actual $)
Balance, December 31, 2017	2,695,902	$ 21.51	408,102	$ 22.25	3,104,004	$ 20.79
Granted	387,746	21.94	654,137	22.22	1,041,883	22.12
Vested[2]	(1,351,019)	(21.38)	(133,496)	(23.11)	(1,484,515)	(21.54)
Forfeited / canceled	(136,985)	(22.69)	(40,010)	(22.44)	(176,995)	(22.63)
Balance, December 31, 2018	1,595,644	21.63	888,733	22.09	2,484,377	21.79
Granted	242,224	23.44	369,419	24.27	611,643	23.94
Vested[2]	(1,076,025)	(21.46)	(83,938)	(21.21)	(1,159,963)	(21.45)
Forfeited / canceled	(76,774)	(22.03)	(249,138)	(21.75)	(325,912)	(21.81)
Balance, December 31, 2019	685,069	22.48	925,076	23.13	1,610,145	22.86
Granted	225,760	28.25	428,114	29.61	653,874	29.14
Vested[2]	(339,448)	(22.81)	(353,156)	(22.04)	(692,604)	(22.42)
Forfeited / canceled	(11,258)	(25.59)	(24,223)	(23.56)	(35,481)	(24.20)
Balance, December 31, 2020	560,123	$ 24.54	975,811	$ 26.36	1,535,934	$ 25.70

(1) Total share-based awards excludes Outperformance Awards.
(2) All vested share-based awards are included in basic EPS for the periods after each award's vesting date. The estimated fair value of share-based awards that fully vested during the years ended December 31, 2020, 2019, and 2018 was $12,625, $30,526, and $33,106, respectively. During the years ended December 31, 2020, 2019, and 2018, 2,109, 295,459, and 374,162 RSUs, respectively, were accelerated pursuant to the terms and conditions of the Omnibus Incentive Plan and related award agreements.

(dollar amounts in thousands)

Grant-Date Fair Values

The grant-date fair values of the time-vesting RSUs and PRSUs with performance condition vesting criteria are generally based on the closing price of our common stock on the grant date. However, the grant-date fair values for share-based awards with market condition vesting criteria are based on Monte-Carlo option pricing models. The following table summarizes the significant inputs utilized in these models for such awards granted during the years ended December 31, 2020, 2019, and 2018:

	For the Years Ended December 31,		
	2020	2019	2018
Expected volatility[1]	17.2 % — 17.3%	17.2 % — 17.4%	14.5 % — 17.3%
Risk-free rate	0.85%	2.25 % — 2.42%	2.38%
Expected holding period (years)	2.09 — 2.84	2.84 — 2.92	2.71 — 2.84

(1) Expected volatility was estimated based on the historical volatility of INVH's realized returns and the applicable index.

Summary of Total Share-Based Compensation Expense

During the years ended December 31, 2020, 2019, and 2018, we recognized share-based compensation expense as follows:

	For the Years Ended December 31,		
	2020	2019	2018
General and administrative	$ 13,579	$ 15,083	$ 23,999
Property management expense	3,511	3,075	5,500
Total	$ 17,090	$ 18,158	$ 29,499

As of December 31, 2020, there is $18,827 of unrecognized share-based compensation expense related to non-vested share-based awards which is expected to be recognized over a weighted average period of 1.77 years.

Note 11—Fair Value Measurements

The carrying amounts of restricted cash, certain components of other assets, accounts payable and accrued expenses, resident security deposits, and certain components of other liabilities approximate fair value due to the short maturity of these amounts. Our interest rate swap agreements, interest rate cap agreements, and investments in equity securities with a readily determinable fair value are recorded at fair value on a recurring basis within our consolidated financial statements. The fair values of our interest rate caps and swaps, which are classified as Level 2 in the fair value hierarchy, are estimated using market values of instruments with similar attributes and maturities. See Note 8 for the details of the consolidated balance sheet classification and the fair values for the interest rate caps and swaps. The fair values of our investments in equity securities with a readily determinable fair value are classified as Level 1 in the fair value hierarchy. For additional information related to our investments in equity securities as of December 31, 2020 and 2019, refer to Note 6.

(dollar amounts in thousands)

Recurring Fair Value Measurements

The following table displays the carrying values and fair values of financial instruments as of December 31, 2020 and 2019:

		December 31, 2020		December 31, 2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Assets carried at historical cost on the consolidated balance sheets:					
Investments in debt securities[1]	Level 2	$ 245,237	$ 249,736	$ 316,991	$ 318,299
Liabilities carried at historical cost on the consolidated balance sheets:					
Mortgage loans[2]	Level 2	$ 4,832,133	$ 4,923,107	$ 6,266,407	$ 6,292,261
Secured Term Loan[3]	Level 3	403,363	447,190	403,464	411,213
Term Loan Facility[4]	Level 3	2,500,000	2,514,623	1,500,000	1,500,444
Convertible Senior Notes[5]	Level 3	339,404	351,166	334,299	346,489

(1) The carrying values of investments in debt securities are shown net of discount.
(2) The carrying values of the mortgage loans are shown net of discount and exclude $12,035 and $27,946 of deferred financing costs as of December 31, 2020 and 2019, respectively.
(3) The carrying value of the Secured Term Loan excludes $2,268 and $2,486 of deferred financing costs as of December 31, 2020 and 2019, respectively.
(4) The carrying value of the Term Loan Facility excludes $29,093 and $6,253 of deferred financing costs as of December 31, 2020 and 2019, respectively.
(5) The carrying values of the Convertible Senior Notes include unamortized discounts of $5,596 and $10,701 as of December 31, 2020 and 2019, respectively.

The fair values of our investment in debt securities and mortgage loans, which are classified as Level 2 in the fair value hierarchy, are estimated based on market bid prices of comparable instruments at the end of the period. The following table displays the significant unobserverable inputs used to develop our Level 3 fair value measurements as of December 31, 2020:

	Quantitative Information about Level 3 Fair Value Measurement[1]			
	Fair Value	Valuation Technique	Unobservable Input	Rate
Secured Term Loan	$ 447,190	Discounted Cash Flow	Effective Rate	2.41%
Term Loan Facility	2,514,623	Discounted Cash Flow	Effective Rate	1.77 % — 2.55%
Convertible Senior Notes	351,166	Discounted Cash Flow	Effective Rate	1.76%

(1) Our Level 3 fair value instruments require interest only monthly payments.

(dollar amounts in thousands)

Nonrecurring Fair Value Measurements

Our assets measured at fair value on a nonrecurring basis are those assets for which we have recorded impairments.

Single-Family Residential Properties

The single-family residential properties for which we have recorded impairments, measured at fair value on a nonrecurring basis, are summarized below:

	For the Years Ended December 31,		
	2020	2019	2018
Investments in single-family residential properties, net held for use (Level 3):			
Pre-impairment amount	$ 451	$ 9,255	$ 2,179
Total impairments	(89)	(2,193)	(507)
Fair value	$ 362	$ 7,062	$ 1,672

	For the Years Ended December 31,		
	2020	2019	2018
Investments in single-family residential properties, net held for sale (Level 3):			
Pre-impairment amount	$ 21,427	$ 61,061	$ 33,609
Total impairments	(4,489)	(12,017)	(6,202)
Fair value	$ 16,938	$ 49,044	$ 27,407

For additional information related to our single-family residential properties as of December 31, 2020 and 2019, refer to Note 3.

ROU Lease Assets

During the year ended December 31, 2020, we relocated one of our corporate offices and vacated the former location. As the expected undiscounted sublease payments through the remaining original lease term of the vacated office space no longer exceed the carrying value of the related ROU lease asset, we concluded that the ROU lease asset was not fully recoverable. During the year ended December 31, 2020, we recorded impairment of $1,750 in other, net in the consolidated statements of operations. The fair value of the ROU lease asset measured at fair value on a nonrecurring basis, which is classified as Level 3 in the fair value hierarchy, was determined based on a discounted cash flow analysis reflective of the income expected from a sublease. For additional information related to our ROU lease assets as of December 31, 2020 and 2019, refer to Note 6.

Note 12—Earnings per Share

Basic and diluted EPS are calculated as follows:

	For the Years Ended December 31,		
	2020	2019	2018
(in thousands, except share and per share data)			
Numerator:			
Net income (loss) available to common stockholders — basic and diluted	$ 195,764	$ 145,068	$ (5,744)
Denominator:			
Weighted average common shares outstanding — basic	553,993,321	531,235,962	520,376,929
Effect of dilutive securities:			
Incremental shares attributed to non-vested share-based awards	1,465,286	1,263,825	—
Weighted average common shares outstanding — diluted	555,458,607	532,499,787	520,376,929
Net income (loss) per common share — basic	$ 0.35	$ 0.27	$ (0.01)
Net income (loss) per common share — diluted	$ 0.35	$ 0.27	$ (0.01)

Incremental shares attributed to non-vested share-based awards are excluded from the computation of diluted EPS when they are anti-dilutive. For the years ended December 31, 2020, 2019, and 2018, 467, 121, and 1,267,175 incremental shares attributed to non-vested share-based awards, respectively, are excluded from the denominator as their inclusion would have been anti-dilutive.

For the years ended December 31, 2020, 2019, and 2018, the vested OP Units have been excluded from the computation of EPS because all income attributable to the OP Units has been recorded as non-controlling interest and thus excluded from net income (loss) available to common stockholders.

For the years ended December 31, 2019 and 2018, using the “if-converted” method, 6,225,341 and 12,420,013, respectively, potential shares of common stock for the 2019 Convertible Notes for the period prior to conversion are excluded from the computation of diluted EPS as they are anti-dilutive. For the years ended December 31, 2020, 2019, and 2018, 15,100,443 potential shares of common stock issuable upon the conversion of the 2022 Convertible Notes are also excluded from the computation of diluted EPS as they are anti-dilutive. Additionally, no adjustment to the numerator is required for interest expense related to the Convertible Senior Notes for the years ended December 31, 2020, 2019, and 2018. See Note 7 for further discussion about the Convertible Senior Notes.

Note 13—Income Tax

We account for income taxes under the asset and liability method. For our TRSs, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. We provide a valuation allowance, from time to time, for deferred tax assets for which we do not consider realization of such assets to be more likely than not.

As of December 31, 2020 and 2019, we have not recorded any deferred tax assets and liabilities or unrecognized tax benefits. We do not anticipate a significant change in unrecognized tax benefits within the next 12 months.

We have sold assets that were either subject to Section 337(d) of the Internal Revenue Code of 1986, as amended, or were held by TRSs. These transactions resulted in $870, $2,490, and $1,241 of current income tax expense for the years ended December 31, 2020, 2019, and 2018, respectively, which has been recorded in gain on sale of property, net of tax in the consolidated statements of operations.

(dollar amounts in thousands)

Note 14—Commitments and Contingencies

Lease Commitments

The following table sets forth our fixed lease payment commitments as a lessee as of December 31, 2020, for the periods below:

Year	Operating Leases	Finance Leases
2021	$ 5,108	$ 3,174
2022	4,182	2,547
2023	3,202	2,495
2024	2,854	731
2025	1,415	—
Thereafter	383	—
Total lease payments	17,144	8,947
Less: imputed interest	(1,156)	(558)
Total lease liability	$ 15,988	$ 8,389

The components of lease expense for the years ended December 31, 2020 and 2019 are as follows:

	For the Years Ended December 31,	
	2020	2019
Operating lease cost:		
Fixed lease cost	$ 4,324	$ 4,059
Variable lease cost	1,155	1,294
Total operating lease cost	$ 5,479	$ 5,353
Finance lease cost:		
Amortization of ROU assets	$ 2,341	$ 491
Interest on lease liabilities	456	59
Total finance lease cost	$ 2,797	$ 550

During the year ended December 31, 2018, we incurred rent and other related occupancy expenses of $6,306.

Insurance Policies

Pursuant to the terms of certain of our loan agreements (see Note 7), laws and regulations of the jurisdictions in which our properties are located, and general business practices, we are required to procure insurance on our properties. As of December 31, 2020, there are no material contingent liabilities related to uninsured losses with respect to our properties.

Legal Matters

We are subject to various legal proceedings and claims that arise in the ordinary course of our business. We accrue a liability when we believe that it is both probable that a liability has been incurred and that we can reasonably estimate the amount of the loss. We do not believe that the final outcome of these proceedings or matters will have a material adverse effect on our consolidated financial statements.

Note 15—Subsequent Events

In connection with the preparation of the accompanying consolidated financial statements, we have evaluated events and transactions occurring after December 31, 2020, for potential recognition or disclosure.

Extensions of Existing Mortgage Loans

On January 9, 2021, the extension of the maturity date of the IH 2018-4 mortgage loan from January 9, 2021 to January 9, 2022 was approved by the lender.

Dividend Declaration

On January 28, 2021, our board of directors declared a dividend of $0.17 per share to stockholders of record on February 10, 2021, which is payable on February 26, 2021.

INVITATION HOMES INC.
Schedule III Real Estate and Accumulated Depreciation
As of December 31, 2020
(dollar amounts in thousands)

				Initial Cost to Company		Cost Capitalized Subsequent to Acquisition		Gross Amount at Close of Period						
Market	Number of Properties[(1)]	Number of Encumbered Properties[(2)]	Encumbrances[(2)]	Land	Depreciable Properties	Land	Depreciable Properties	Land	Depreciable Properties	Total[(3)]	Accumulated Depreciation	Date of Construction	Date Acquired	Depreciable Period
Atlanta	12,541	5,940	$ 659,381	$ 325,364	$ 1,616,121	$ —	$ 270,280	$ 325,364	$ 1,886,401	$ 2,211,765	$ (337,664)	1920-2020	2012-2020	7 - 28.5 years
Carolinas	4,930	2,124	271,492	174,664	744,465	—	98,108	174,664	842,573	1,017,237	(131,602)	1900-2019	2012-2020	7 - 28.5 years
Chicago	2,614	44	5,531	132,559	325,761	—	109,616	132,559	435,377	567,936	(97,398)	1877-2015	2012-2017	7 - 28.5 years
Dallas	2,753	974	127,497	126,191	475,510	—	30,770	126,191	506,280	632,471	(46,228)	1952-2020	2017-2020	7 - 28.5 years
Denver	2,340	1,198	209,518	194,229	544,952	—	38,882	194,229	583,834	778,063	(58,186)	1885-2020	2017-2020	7 - 28.5 years
Houston	2,148	584	58,464	63,695	310,875	—	16,078	63,695	326,953	390,648	(37,156)	1954-2014	2017	7 - 28.5 years
Jacksonville	1,867	970	130,498	86,725	219,973	—	56,090	86,725	276,063	362,788	(70,311)	1955-2015	2012-2020	7 - 28.5 years
Las Vegas	3,005	1,971	314,258	130,262	571,699	—	47,499	130,262	619,198	749,460	(83,554)	1953-2019	2012-2020	7 - 28.5 years
Minneapolis	1,126	68	9,766	66,782	138,038	—	52,414	66,782	190,452	257,234	(48,897)	1886-2015	2013-2015	7 - 28.5 years
Northern California	4,238	2,172	421,548	339,823	723,068	—	112,546	339,823	835,614	1,175,437	(163,004)	1900-2012	2012-2020	7 - 28.5 years
Orlando	6,207	2,977	363,492	215,256	868,491	—	151,140	215,256	1,019,631	1,234,887	(178,849)	1947-2018	2012-2020	7 - 28.5 years
Phoenix	8,168	4,298	535,818	316,002	1,005,748	—	184,084	316,002	1,189,832	1,505,834	(210,648)	1925-2020	2012-2020	7 - 28.5 years
Seattle	3,664	1,352	257,013	292,920	587,833	—	153,551	292,920	741,384	1,034,304	(135,373)	1890-2020	2012-2020	7 - 28.5 years
South Florida	8,286	2,073	377,633	718,446	1,484,121	—	216,393	718,446	1,700,514	2,418,960	(332,716)	1922-2020	2012-2020	7 - 28.5 years
Southern California	7,931	4,367	1,050,923	1,027,310	1,519,586	—	224,449	1,027,310	1,744,035	2,771,345	(327,411)	1900-2014	2012-2020	7 - 28.5 years
Tampa	8,180	3,487	435,577	329,568	1,179,327	—	184,486	329,568	1,363,813	1,693,381	(254,060)	1923-2020	2012-2020	7 - 28.5 years
Total	79,998	34,599	$ 5,228,409	$ 4,539,796	$ 12,315,568	$ —	$ 1,946,386	$ 4,539,796	$ 14,261,954	$ 18,801,750	$ (2,513,057)			

(1) Number of properties represents 80,177 total properties owned less 179 properties classified as held for sale and recorded in other assets, net on the consolidated balance sheet as of December 31, 2020.

(2) Number of encumbered properties and encumbrances include the number of properties secured by first priority mortgages under the mortgage loans and the Secured Term Loan, as well as the aggregate value of outstanding debt attributable to such properties. Excluded from this is original issue discount, deferred financing costs, and 49 held for sale properties with an encumbered balance of $9,376.

(3) The gross aggregate cost of total real estate in the table above for federal income tax purposes was approximately $17,003,597 (unaudited) as of December 31, 2020.

INVITATION HOMES INC.
Schedule III Real Estate and Accumulated Depreciation
(dollar amounts in thousands)

	For the Years Ended December 31,		
	2020	2019	2018
Residential Real Estate			
Balance at beginning of period	$ 18,247,164	$ 18,229,974	$ 18,387,898
Additions during the period			
Acquisitions	621,697	586,075	252,391
Initial renovations	93,096	63,630	44,207
Other capital expenditures	167,549	168,575	141,595
Deductions during the period			
Dispositions and other	(407,762)	(839,873)	(472,168)
Reclassifications			
Properties held for sale, net of dispositions	80,006	38,783	(123,949)
Balance at close of period	$ 18,801,750	$ 18,247,164	$ 18,229,974
Accumulated Depreciation			
Balance at beginning of period	$ (2,003,972)	$ (1,543,914)	$ (1,075,634)
Depreciation expense	(546,419)	(529,205)	(511,988)
Dispositions and other	44,974	70,382	32,429
Reclassifications			
Properties held for sale, net of dispositions	(7,640)	(1,235)	11,279
Balance at close of period	$ (2,513,057)	$ (2,003,972)	$ (1,543,914)

Subsidiaries of the Registrant
Effective 12/31/2020

Name	State of Formation
2013-1 IH Borrower G.P. LLC	Delaware
2013-1 IH Borrower L.P.	Delaware
2013-1 IH Equity Owner G.P. LLC	Delaware
2013-1 IH Equity Owner L.P.	Delaware
2013-1 IH Property Holdco L.P.	Delaware
2015-3 IH2 Borrower TRS LLC	Delaware
2015-3 IH2 Property Holdco L.P.	Delaware
2015-3 IH2 Equity Owner G.P. LLC	Delaware
2015-3 IH2 Equity Owner L.P.	Delaware
2015-3 IH2 Borrower G.P. LLC	Delaware
2017-1 IH Property Holdco L.P.	Delaware
2017-1 IH Equity Owner G.P. LLC	Delaware
2017-1 IH Equity Owner L.P.	Delaware
2017-1 IH Borrower GP LLC	Delaware
2017-1 IH Borrower LP	Delaware
2017-2 IH Property Holdco L.P.	Delaware
2017-2 IH Equity Owner G.P. LLC	Delaware
2017-2 IH Equity Owner L.P.	Delaware
2017-2 IH Borrower GP LLC	Delaware
2017-2 IH Borrower LP	Delaware
2018-1 IH Equity Owner GP LLC	Delaware
2018-1 IH Borrower G.P. LLC	Delaware
2018-1 IH Borrower L.P.	Delaware
2018-1 IH Equity Owner L.P.	Delaware
2018-1 Property Holdco LP	Delaware
2018-2 IH Borrower G.P. LLC	Delaware
2018-2 IH Borrower L.P.	Delaware
2018-2 IH Equity Owner LLC	Delaware
2018-2 IH Property Holdco LLC	Delaware
2018-3 IH Borrower G.P. LLC	Delaware
2018-3 IH Borrower L.P.	Delaware
2018-3 IH Equity Owner LLC	Delaware
2018-3 IH Property Holdco LLC	Delaware
2018-4 IH Borrower G.P. LLC	Delaware
2018-4 IH Borrower L.P.	Delaware
2018-4 IH Equity Owner LLC	Delaware
2018-4 IH Property Holdco LLC	Delaware
2019-1 IH Borrower G.P. LLC	Delaware
2019-1 IH Borrower L.P.	Delaware

2019-1 IH Equity Owner LLC	Delaware
2019-1 IH Property Holdco LLC	Delaware
Adalwin, LLC	Nevada
CSFR ColFin American Investors TRS, LLC	Delaware
CSFR FM 2012-1 U.S. West, LLC	Delaware
CSH Property One, LLC	Delaware
CSH Property Three, LLC	Delaware
CSHP One LP	Delaware
Dallin, LLC	Nevada
Dunley, LLC	Nevada
IH Asset Receiving G.P. LLC	Delaware
IH Asset Receiving Limited Partnership	Delaware
IH Javelin LLC	Delaware
IH Javelin GP LLC	Delaware
IH Merger Sub LLC	Delaware
IH2 Asset Receiving G.P. LLC	Delaware
IH2 Asset Receiving Limited Partnership	Delaware
IH2 Property Borrower L.P.	Delaware
IH2 Property Florida, L.P.	Delaware
IH2 Property Georgia, L.P.	Delaware
IH2 Property GP II LLC	Delaware
IH2 Property GP LLC	Delaware
IH2 Property Guarantor L.P.	Delaware
IH2 Property Holdco GP LLC	Delaware
IH2 Property Holdco L.P.	Delaware
IH2 Property Illinois, L.P.	Delaware
IH2 Property Nevada, L.P.	Delaware
IH2 Property North Carolina, L.P.	Delaware
IH2 Property Phoenix, L.P.	Delaware
IH2 Property TRS 2 L.P.	Delaware
IH2 Property TRS LLC	Delaware
IH2 Property Washington, L.P.	Delaware
IH2 Property West, L.P.	Delaware
IH3 Asset Receiving G.P. LLC	Delaware
IH3 Asset Receiving L.P.	Delaware
IH3 Property Borrower L.P.	Delaware
IH3 Property Florida, L.P.	Delaware
IH3 Property Georgia, L.P.	Delaware
IH3 Property GP LLC	Delaware
IH3 Property Guarantor L.P.	Delaware
IH3 Property Holdco GP LLC	Delaware
IH3 Property Holdco L.P.	Delaware
IH3 Property Illinois, L.P.	Delaware

IH3 Property Level GP LLC	Delaware
IH3 Property Minnesota, L.P.	Delaware
IH3 Property Nevada, L.P.	Delaware
IH3 Property North Carolina, L.P.	Delaware
IH3 Property Phoenix, L.P.	Delaware
IH3 Property Washington, L.P.	Delaware
IH3 Property West, L.P.	Delaware
IH4 Property Borrower L.P.	Delaware
IH4 Property Florida, L.P.	Delaware
IH4 Property Georgia, L.P.	Delaware
IH4 Property GP LLC	Delaware
IH4 Property Guarantor L.P.	Delaware
IH4 Property Holdco GP LLC	Delaware
IH4 Property Holdco L.P.	Delaware
IH4 Property Illinois, L.P.	Delaware
IH4 Property Level GP LLC	Delaware
IH4 Property Minnesota, L.P.	Delaware
IH4 Property Nevada, L.P.	Delaware
IH4 Property North Carolina, L.P.	Delaware
IH4 Property Phoenix, L.P.	Delaware
IH4 Property Washington, L.P.	Delaware
IH4 Property West, L.P.	Delaware
IH5 Property Borrower L.P.	Delaware
IH5 Property Florida, L.P.	Delaware
IH5 Property Georgia, L.P.	Delaware
IH5 Property GP LLC	Delaware
IH5 Property Guarantor L.P.	Delaware
IH5 Property Holdco GP LLC	Delaware
IH5 Property Holdco L.P.	Delaware
IH5 Property Illinois, L.P.	Delaware
IH5 Property Level GP LLC	Delaware
IH5 Property Minnesota, L.P.	Delaware
IH5 Property Nevada, L.P.	Delaware
IH5 Property North Carolina, L.P.	Delaware
IH5 Property Phoenix, L.P.	Delaware
IH5 Property Washington, L.P.	Delaware
IH5 Property West, L.P.	Delaware
IH6 Property Borrower L.P.	Delaware
IH6 Property Florida, L.P.	Delaware
IH6 Property Georgia, L.P.	Delaware
IH6 Property GP LLC	Delaware
IH6 Property Guarantor L.P.	Delaware
IH6 Property Holdco GP LLC	Delaware

IH6 Property Holdco L.P.	Delaware
IH6 Property Illinois, L.P.	Delaware
IH6 Property Level GP LLC	Delaware
IH6 Property Minnesota, L.P.	Delaware
IH6 Property Nevada, L.P.	Delaware
IH6 Property North Carolina, L.P.	Delaware
IH6 Property Phoenix, L.P.	Delaware
IH6 Property Washington, L.P.	Delaware
IH6 Property West, L.P.	Delaware
Invitation Homes 3 GP LLC	Delaware
Invitation Homes 3 L.P.	Delaware
Invitation Homes 4 GP LLC	Delaware
Invitation Homes 4 L.P.	Delaware
Invitation Homes 5 GP LLC	Delaware
Invitation Homes 5 L.P.	Delaware
Invitation Homes 6 GP LLC	Delaware
Invitation Homes 6 L.P.	Delaware
Invitation Homes GP LLC	Delaware
Invitation Homes L.P.	Delaware
Invitation Homes OP GP LLC	Delaware
Invitation Homes Realty LLC	Delaware
Louden, LLC	Nevada
Morven, LLC	Nevada
SFR 2012-1 U.S. West, LLC	Delaware
SFR Javelin Borrower LP	Delaware
SFR Javelin Equity Owner LP	Delaware
SFR Javelin GP LLC	Delaware
SFR Javelin Holdco LP	Delaware
SFR Javelin Holdco GP LLC	Delaware
SFR Javelin Venture LLC	
SRP Sub, LLC	Delaware
SRPS LP	Delaware
SWAY 2014-1 Borrower, LLC	Delaware
SWAY 2014-1 Equity Owner, LLC	Delaware
Invitation Homes Realty California Inc.	California
SWH 2017-1 Borrower GP, LLC	Delaware
SWH 2017-1 Borrower, LP	Delaware
SWH 2017-1 Equity Owner, LLC	Delaware
THR California, L.P.	Delaware
THR Florida, L.P.	Delaware
THR Georgia, L.P.	Delaware
THR Nevada II, L.P.	Delaware
THR North Carolina II, L.P.	Delaware

THR Phoenix, L.P.	Delaware
THR Property Borrower L.P.	Delaware
THR Property GP LLC	Delaware
THR Property Guarantor L.P.	Delaware
THR Property Holdco GP LLC	Delaware
THR Property Holdco L.P.	Delaware
THR Property Illinois, L.P.	Delaware
THR Property Management L.P.	Delaware
THR Washington II, L.P.	Delaware
Tirell, LLC	Nevada

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-215842 and 333-221617 on Form S-8 and Registration Statement Nos. 333-224697, 333-230393 and 333-230396 on Form S-3, of our reports dated February 19, 2021, relating to the financial statements of Invitation Homes Inc. and subsidiaries, and the effectiveness of Invitation Homes Inc. and subsidiaries’ internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2020.

/s/ Deloitte & Touche LLP

Dallas, Texas
February 19, 2021

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Dallas B. Tanner, certify that:

1. I have reviewed this Annual Report on Form 10-K of Invitation Homes Inc. for the fiscal year ended December 31, 2020;

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.

By: /s/ Dallas B. Tanner

Dallas B. Tanner
President and Chief Executive Officer
(Principal Executive Officer)
February 19, 2021

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Ernest M. Freedman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Invitation Homes Inc. for the fiscal year ended December 31, 2020;

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.

By: /s/ Ernest M. Freedman

Ernest M. Freedman
Chief Financial Officer
(Principal Financial Officer)
February 19, 2021

Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of Invitation Homes Inc. (the “Company”) for the fiscal year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dallas B. Tanner, President and Chief Executive Officer of the Company, certify, 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.

By: /s/ Dallas B. Tanner
Dallas B. Tanner
President and Chief Executive Officer
(Principal Executive Officer)
February 19, 2021

A signed original of this certification required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

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

In connection with the Annual Report on Form 10-K of Invitation Homes Inc. (the “Company”) for the fiscal year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ernest M. Freedman, Chief Financial Officer of the Company, certify, 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.

By: /s/ Ernest M. Freedman
Ernest M. Freedman
Chief Financial Officer
(Principal Financial Officer)
February 19, 2021

A signed original of this certification required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.