Article Title: Criteria | Corporates | Industrials: Key Credit Factors For The Homebuilder And Real Estate Developer Industry Data: (EDITOR'S NOTE: —On April 6, 2021, we republished this criteria article to make nonmaterial changes. See the "Revisions And Updates" section for details.) 1. This article presents S&P; Global Ratings' criteria for the global homebuilder and real estate developer industry and is related to our global corporate criteria ("Corporate Methodology") and to "Principles Of Credit Ratings." 2. This paragraph has been deleted. I. SCOPE OF THE CRITERIA 3. This article presents S&P; Global Ratings' criteria for the global homebuilder and real estate developer industry. We define homebuilders as companies that derive 50% or more of their EBITDA from the sale of newly constructed, detached, single-family houses. We define real estate developers as companies that derive 50% or more of their EBITDA from the development and sale of other types of newly constructed residential or commercial properties, either in whole or in the form of condominiums. In both cases, the company opportunistically develops (or acquires) and sells properties. Holding periods of completed properties are usually relatively brief--typically no more than several months for homebuilders and up to one year for developers. 4. These criteria are not intended to apply to real estate companies that derive a majority of their EBITDA from property rental income, though it is not unusual for homebuilders and developers to have some business activity of this type (see "Key Credit Factors For The Real Estate Industry" ). For homebuilders and developers that participate in other businesses, including the real estate industry, our approach to assessing their overall country risk, industry risk, and competitive position is the same as described in our global corporate criteria. II. SUMMARY OF CRITERIA UPDATE 5. Our global criteria for analyzing homebuilders and developers applies our global corporate criteria. When we assess an industry's various risks, we apply our criteria for assessing industry risk (see "Methodology: Industry Risk"). In assessing the competitive position of a homebuilder or developer, we put particular emphasis on market position, geographic and product diversification, and operating efficiency. Working capital requirements--including in-process and completed property inventory--are a key consideration in our assessment of financial risk, as are the related funding requirements. 6. This paragraph has been deleted. 7. This paragraph has been deleted. III. METHODOLOGY Part I--Business Risk Analysis A) Industry risk 8. The industry risk is assessed by applying S&P; Global Ratings' criteria for assessing industry risk (see "Methodology: Industry Risk"). For the most recent assessments for the homebuilder and real estate developer industry, see "Industry Risk Assessments Update," which is updated from time to time. 9. This paragraph has been deleted. 10. This paragraph has been deleted. 11. This paragraph has been deleted. 12. This paragraph has been deleted. 13. This paragraph has been deleted. 14. This paragraph has been deleted. 15. This paragraph has been deleted. 16. This paragraph has been deleted. 17. This paragraph has been deleted. 18. This paragraph has been deleted. 19. This paragraph has been deleted. 20. This paragraph has been deleted. 21. This paragraph has been deleted. B) Country risk 22. Country risk plays a critical role in determining all ratings on companies in a given country: Country risk factors can have a substantial effect on company creditworthiness. In assessing country risk for a homebuilder or developer, we use the same methodology as with other corporate issuers (see global corporate criteria). A key factor in our business risk analysis for corporate issuers is the country risk assessment, which includes the broad range of economic, institutional, financial market, and legal risks that arise from doing business in a country. 23. In assessing country risk for homebuilders or developers, we generally determine exposure to country risk using revenues or EBITDA, as this information is most consistently available. C) Competitive position (including profitability) 24. Under our global corporate criteria, a company's competitive position is assessed as (1) excellent, (2) strong, (3) satisfactory, (4) fair, (5) weak, or (6) vulnerable. In assessing the competitive position for developers, we review an individual company's: Competitive advantage. Scale, scope, and diversity. Operating efficiency. Profitability. 25. The first three components are independently assessed as 1) 'strong,' 2) 'strong/adequate,' 3) 'adequate,' 4) 'adequate/weak,' or 5) 'weak.' After separately assessing competitive advantage; scale, scope, and diversity; and operating efficiency, we determine the preliminary competitive position assessment by ascribing a specific weight to each component. The applicable weightings will depend on the company's competitive position group profile (CPGP). In the case of homebuilders and developers, the CPGP generally applied is "Capital or asset focus," whereby we weight the first three sub-factors of competitive position as follows: competitive advantage (30%);

scale, scope, and diversity (30%); and operating efficiency (40%). 26. Some developers have material holdings of investment properties that generate recurring rental income and, in some cases, recurring management fees. In this context, we define "material" as accounting for more the 20% of expected EBITDA on average during the current full year and over the next two years. In such cases, in assessing the company's industry risk and competitive position, we apply to this business line our criteria for the real estate industry (see "Key Credit Factors For The Real Estate Industry"). We derive our overall assessment of industry risk and competitive position by combining our assessments of the homebuilder/developer and real estate businesses, using the methodology described in our global corporate criteria. 1. Competitive advantage 27. In assessing the competitive advantage of a homebuilder or developer, we consider its market position. We assess market position in terms of: The company's size and market share. The effectiveness of its marketing strategy. Its approach to land procurement. Its capabilities in offering sales support. Its business strategy execution. 28. Size and market share.While size is also relevant to assessing a homebuilder's/developer's scale, scope, and diversity, large size can also confer a competitive advantage. We consider a homebuilder's/developer's overall size (in terms of revenue base and unit sales volume) and market share because these can constitute key elements of competitive advantage. Companies with greater scale and market shares may be better able to attract capital to support growth, garner economies of scale, enjoy better access to well-situated land parcels, garner some pricing advantage, retain access to the best sub-contractors and vendors, maintain better sales performance amid adverse market environments, and support investment in systems to enhance sales effectiveness and better understand its target end market. 29. Effectiveness of marketing strategy.We assess the effectiveness of a homebuilder's/developer's marketing strategy as reflected in its reputation, the variety and appeal of the property designs it offers, and the attractiveness of its development areas or communities, including location and amenities. Another component of marketing strategy is price strategy. Homebuilders'/developers' pricing strategies vary somewhat. In some cases, in periods of weakening demand, companies are particularly aggressive in lowering selling prices or offering sales incentives, such as free or enhanced property features, paying closing costs or mortgage points, or subsidizing tax costs. Such measures could lead to weaker profitability and dilution of franchise value. (For financial reporting purposes, such incentives are variously accounted for as contra-revenues or expenses.) In considering the relative effectiveness of a homebuilder/developer's marketing strategy, we consider such performance indicators as the rate of new orders, contract backlog value, order cancellation rates by market, and average selling price per unit compared with market averages. (These measures are of greatest value in making comparisons among similarly constituted peers.) For developers, a reputation of completing construction projects on time at the agreed asset quality can serve to enhance its reputation and brand image and lead to repeat business from the end purchasers. However, in broad terms, we believe the ability to achieve a competitive advantage through reputation and brand recognition is limited compared with most consumer-related industry sectors. 30. Land procurement.Another key element of homebuilders'/developers' market position is the ability to source attractively situated land parcels in sufficient quantity to support growth. This may be a particularly critical consideration in the case of developers that operate primarily in densely populated urban areas where land available for development is scarce. In seeking to achieve competitive advantage, companies pursue different land procurement strategies: Some homebuilders/developers maintain very long land positions. This reduces the risk that revenue could be constrained by limited land supply. However, this strategy is relatively capital intensive. Also, land prices invariably are even more volatile than property prices, and there is the risk that land positions could lose value if industry sales are significantly curtailed during a recession or if there are population/market shifts. Alternatively, some homebuilders/developers employ a so-called land-light strategy, whereby they either secure land supply primarily using options or maintain a relatively short (two to three years) supply of lots on their own balance sheets. This approach minimizes capital needs and related capital costs, and it facilitates quick inventory adjustments during industry downturns. However, it can be difficult to orchestrate, requiring strong relationships with land owners and other suppliers. It also may be more difficult to sustain during periods of rapid industry growth when competition for well-located land parcels intensifies. 31. Sales support.Some homebuilders and developers offer mortgage finance or mortgage brokerage services, which can afford a competitive advantage by helping customers to obtain financing in a timely fashion and on favorable terms and also generate fee income for the company. Although funding requirements are thereby heightened for the homebuilder/developer, in most cases the loans are quickly sold to financial institutions under various arrangements. (An exception is the rent-to-own programs offered by homebuilders in certain countries, which are effectively long-term financing.) While the loans are generally sold on a non-recourse basis, we assess ongoing "representation and warranty" contingencies that are borne by the homebuilder/developer, under which the company could be forced to repurchase non-performing loans, under certain circumstances. We view a history of excessive representation and warranty claims versus peers as a negative factor in our assessment of competitive advantage. 32. Business strategy executionis a critical aspect of a homebuilder's/developer's competitive position. For developers in particular, management's ability to plan and implement development projects that garner adequate returns without posing undue risks is a key area for our analysis. The developer's ability to undertake large-scale, complex projects (for example, incorporating multiple property types) may be a key competitive differentiator, but such projects also add to delivery execution and concentration risks. Developers in certain markets also must manage the balance between building residential or commercial buildings and determine whether to sell properties for immediate returns or hold onto properties for recurring income. For homebuilders and developers, the need to adapt to changing market conditions--particularly in emerging markets that are subject to rapid acceleration or deceleration of demand and where reliable market data may not be available--adds to management challenges. 33. A homebuilder/developer with a "strong" or "strong/adequate" competitive advantage assessment typically is characterized by a combination of: Consistent, proven, and adaptable business strategy, including an ability to tap into new or growing market with products that are attractive to end purchasers. Large volume, with leading market share. Some degree of name/brand recognition and product differentiation. Control of sufficient attractively located land to support its growth, with the ability to replenish land reserves of high quality. Demonstrated strength in its sales support capabilities. A demonstrated ability to outperform the market in terms of sales volume and unit pricing (net of incentives) and to adapt quickly to changing market conditions. 34. A homebuilder/developer with a "weak" or "adequate/weak" assessment of its competitive advantage typically is characterized by a combination of: Inconsistent or aggressive business strategy. Small volume and lack of leadership or near-leadership market positions. Lack of differentiated brands and product offerings. Insufficient control of attractively located land to support growth. Typically is a price follower. Lack of demonstrated strength in its sales support capabilities. Typically underperforms market in terms of sales volume and unit pricing (net of incentives) and shows a degree of inflexibility in adapting to changing market conditions. 2. Scale, scope, and diversity 35. In assessing the scale, scope, and diversity of a homebuilder or developer, we consider: Geographic diversity. Relative attractiveness of the markets served. Product type diversity. Price segment diversity. 36. Geographic diversity is important because a company that participates across a variety of markets is less exposed to cyclical downturns or secular changes in competitive conditions that affect specific regional markets. 37. We consider the attractiveness of the markets served by a homebuilder or developer in terms of size and expected growth in demand (for example, as driven by demographic trends and employment growth).We consider the competitive dynamics, including the extent to which homebuilding/development activity is fragmented among relatively weak local players or concentrated among large industry participants. In addition, we consider the likely degree of correlation of supply and demand among the markets served. 38. As part of our assessment of the attractiveness of the markets served by a homebuilder or developer, we consider the nature of local/regional/national government regulation and policy with respect to the real estate sector, as these bear on the operating environment for homebuilders/developers and affect demand. Our assessment encompasses: The ease and predictability of permitting/licensing/entitlement processes related to real estate development and sales. The extent to which the government seeks to stimulate or dampen property buying through such means as altering availability of tax credits and rebates and subsidized mortgage financing programs. The track record of the government's participation in the property sector and the extent to which government actions have either stabilized or destabilized the market. 39. The ability of a company to switch its focus between geographic markets to adapt to changing market conditions can be an important source of competitive advantage. 40. We consider product type diversity, including the homebuilder's/developer's scope of offerings. For example, offerings within residential property development might include single-family detached, townhomes/attached, mid-rise, and high-rise. Having broader product capabilities could enable a more nimble reaction to shifts in buyer preferences and regulatory changes, although a greater degree of product type diversity may also add to management challenges. The ability of a developer to switch its focus between property segments--between residential and office properties, for example--to adapt to changing market conditions can be an important source of competitive advantage. 41. Finally, we also consider how a homebuilder or developer is positioned with respect to price segments. In some residential markets, upscale consumers may be somewhat less affected by recessions (and access to financing), and the higher selling price could provide the company with more of a cushion in a downturn; however, we believe that an upscale focus provides only a limited competitive advantage because the degree of correlation among segments is generally high. Also, in some cases land and construction costs related to upscale properties may be high. Moreover, in some markets, purchases undertaken by upscale consumers may be more discretionary than otherwise, such as when residences are second homes. We note that it is difficult for a homebuilder/developer to be effective across the price spectrum because the resources required to offer a comprehensive range of attractive products can be prohibitive. Our assessment of diversity of product offerings takes into account the tradeoff between expertise and diversity. 42. A homebuilder or developer that warrants a "strong" or "strong/adequate" assessment of scale, scope, and diversity typically is characterized by a combination of: Participation in a variety of markets with favorable supply/demand fundamentals with markets that are not closely correlated. The operating capability to provide a broad range of product types. Demonstrated strength in markets/segments/price points that afford better-than-average profitability. 43. A homebuilder or developer warranting a "weak" or "adequate/weak" assessment of scale, scope, and diversity typically is characterized by a combination of: Participation in only a few markets. Concentration in markets with limited growth prospects. Concentration in intensely competitive markets. Limited capabilities in terms of types of products offered. 3. Operating efficiency 44. In assessing the operating efficiency of a homebuilder or developer, we consider its: Ability to procure attractively situated land parcels on a cost-effective basis. Working capital management, including control of land and building inventory. Cost structure, as influenced by building/construction, marketing, and overhead costs. 45. For developers, the track record of completing construction projects on time and within budgeted costs, with lower-than-average construction costs compared to peers, can be a key operating efficiency differentiator. 46. A key aspect of a homebuilder's/developer's operating efficiency is its ability to procure competitively priced, well-located land parcels. As discussed in the "Competitive Advantage" section above, differences in strategy with respect to land procurement have significant ramifications for a homebuilder's/developer's degree of asset intensity and resulting operating risks. 47. Land cost is often the largest component of a homebuilder/developer's cost structure. For developers, whether land is leased or purchased may be a reflection of operating strategy or local market characteristics. Whatever the form of control of the land, it is key that the end purchasers of the property be able to exercise full ownership rights if the property is to be attractive from the purchaser's perspective. 48. In assessing operating efficiency for a homebuilder/developer, we also consider its working capital management, track record of constructing and delivering buildings on schedule and on budget, and project execution and cost management relative to peers. As part of our assessment, we consider the homebuilder's/developer's ability to pass along potential increases in construction costs. Particularly for companies with multiple projects in multiple locations, standardized and integrated operations management (encompassing design, procurement, construction, and sales) can be beneficial to operating efficiency. 49. A homebuilder's/developer's cost structure depends on its relative land costs, unit construction costs, marketing costs, corporate overhead, and financing costs. While scale may afford the company only limited pricing power, it can contribute to operating efficiency and margins, as larger-scale competitors can better: Compete for choice parcels of land. Obtain better prices from building material suppliers, leveraging centralized purchasing functions. Attract the best subcontractors (subcontractors typically are relied upon extensively during construction) and avoid cost overruns and construction delays caused by these subcontractors. Maintain overhead costs at competitive levels.

Pass along increases in input costs. Efficiently manage fixed and variable costs in a cyclical downturn. Maintain marketing support systems, including customer-interface Web sites. Employ designers best able to offer up-do-date and varied design. 50. Management of property inventory is another important aspect of operating efficiency. In the case of homebuilders in some markets, construction of a property generally begins only when a customer has entered into a sales contract, and this generally involves payment of a significant deposit. Still, a certain number of speculative (spec) homes are built to serve as models for marketing purposes and to cater to customers who do not care to wait out the construction period. If a homebuilder allows the level of speculative home inventory to become substantial, it will be disproportionately exposed to a sudden market downturn. We typically assess speculative home inventory as a percentage of total inventory, taking into account the norms of the industry peer group. When, on this basis, a company has a relatively high amount of speculative inventory, this is a negative factor in our consideration of operating efficiency. However, in certain countries, the pre-sale of houses prior to construction is not the market norm, particularly where the homebuilder's focus is on government-sponsored affordable housing programs. This heightens risks for all homebuilders/developers, given the gap between construction and the time of sale. In some cases, regulations actually prohibit the pre-sale of properties before certain construction benchmarks have been achieved. For example, in Shanghai, China, according to local regulations, developers of high-rise residential buildings need to reach a minimum two-thirds of a building's planned height before pre-selling can commence. Again, this elevates the risk for all homebuilders/developers operating in this market. 51. Developers undertaking large-scale projects generally outsource a certain amount of project management and construction to third parties. This gives rise to counterparty performance risk and reputational risk, and the quality and reliability of the third-party builders utilized is crucial. Where relevant, we consider the key terms of the contracts governing the developer's relationship with its builders, including provisions governing responsibility for cost overruns and penalties for delays. However, we are sensitive to contracts being difficult to enforce in certain jurisdictions, heightening risks for the developer. 52. A homebuilder/developer with a "strong" or "strong/adequate" operating efficiency assessment typically is characterized by a combination of: Economies of scale, process standardization, and efficiencies that lead to "above average" and "average" profit margins (measured by EBITDA to revenues and return on capital), taking into account differences in sales mix and average selling prices. A high level of pre-sold space in its development projects, with levels of work-in-process or finished but unsold property inventory that is well-balanced with future demand. Land inventory is managed efficiently, with inventory being maintained at levels sufficient to support growth for several years in a stable market environment, without excess, and with the land holdings being actively managed with respect to changing market conditions. Overhead costs at competitive levels (measured via selling, general, and administrative [SG&A;] expenses as a percentage of revenues). 53. A homebuilder/developer with a "weak" or "adequate/weak" operating efficiency assessment typically is characterized by a combination of: Lack of economies of scale and other inefficiencies that lead to high construction costs and below-average profit margins compared to peers, taking into account differences in sales mix and average selling prices. A low level of pre-sold space in its development projects, with excessive levels of work in process or finished but unsold property inventory. Land inventory that is either insufficient to support growth for several years in a stable market environment or excessive. Overhead costs at uncompetitive levels (measured via SG&A; as % of revenues). Land inventory is managed inefficiently, with inventory maintained at levels that are excessive relative to likely requirements over the next several years. 4. Profitability 54. The profitability assessment can confirm or modify the preliminary Competitive Position assessment. The profitability assessment consists of two components: the level of profitability and the volatility of profitability. We combine the two components into the final profitability assessment using a matrix (see global corporate criteria). To assess volatility, we generally consider seven years of historical data. When we do not have such historical data, we perform the volatility assessment based on peer analysis. a) Level of profitability 55. The level of profitability is calculated on a three-point scale: 'above average,' 'average,' and 'below average.' 56. We use EBITDA margin and return on capital (ROC) as the primary indicators of a homebuilder's or a developer's level of profitability. Given the very wide cyclical fluctuations that characterize the financial performance of homebuilders and developers, and structural differences in the industry from one country to another, there are no fixed ranges for these financial measures that are useful on a global basis as benchmarks over the whole course of the cycle. Rather, in assessing whether a company's profitability is "above average," "average," or "below average," we emphasize comparisons with similarly constituted peers (including where the accounting basis is the same, in terms of cost basis of assets: see section D below), ranking companies based on the five-year average EBITDA margin and ROC, encompassing the prior two years' actual results, and our base case forecast for the current year and the next two years. In most cases, we assess EBITDA margin to measure homebuilders' and developers' profitability. But where the company follows an "asset churn" strategy emphasizing high turnover of assets, ROC is a more meaningful profitability indicator. b) Volatility of profitability 57. We evaluate volatility of profitability on a scale from '1' to '6', '1' being the least volatile. As with the level of profitability, we evaluate the volatility of profitability within the context of the industry. 58. We determine volatility using the standard error of regression (SER), in accordance with our global corporate criteria. We use the EBITDA margin metric to determine the SER for homebuilders and developers. In accordance with the global corporate criteria, we may--subject to certain conditions--adjust the SER score by up to two categories worse or better. We only determine SER when companies have at least seven years of historical annual data to ensure the results are meaningful. If we do not have sufficient historical information to determine SER, we follow the global corporate criteria guidelines to determine the volatility. Part II--Financial Risk Analysis D) Accounting 59. Our analysis of a company's financial statements begins with a review of the accounting to determine whether the statements accurately measure a company's performance and position relative to its peers and the larger universe of corporate entities. To allow for globally consistent and comparable financial analyses, our rating analysis may include quantitative adjustments to a company's reported results. These adjustments also enable better alignment of a company's reported figures with our view of underlying economic conditions. Moreover, they allow a more accurate portrayal of a company's ongoing business. Adjustments that pertain broadly to all corporate sectors, including this sector, are discussed in "Corporate Methodology: Ratios And Adjustments". 60. This paragraph has been deleted. 61. This paragraph has been deleted. 62. This paragraph has been deleted. 63. This paragraph has been deleted. 64. This paragraph has been deleted. 65. This paragraph has been deleted. 66. This paragraph has been deleted. 67. This paragraph has been deleted. 68. This paragraph has been deleted. 69. This paragraph has been deleted. 70. This paragraph has been deleted. 71. This paragraph has been deleted. 72. This paragraph has been deleted. 73. Revenue recognition.Under U.S. GAAP and IFRS, homebuilder/developer revenue and related profit are generally recognized at the time of the closing of the sale, when title to and possession of the property are transferred to the buyer. Some companies based in Latin America, South East Asia, and Australia have historically used the less-conservative percentage of completion method of revenue recognition, which can lead to significant divergences between revenues and cash flow in certain market environments. In such cases, in making cross-border peer comparisons, we are sensitive to the possibility that certain profitability and cash flow/leverage metrics can be relatively overstated or understated. E) Cash flow/leverage analysis 74. In assessing the cash flow adequacy of a homebuilder or developer, our analysis uses the same methodology as with other corporate issuers (see global corporate criteria). We assess cash flow and leverage on a scale from '1' (minimal) to '6' (highly leveraged). We do this by combining the assessments of a range of credit ratios, predominantly cash-flow based, which complement each other by focusing attention on the different levels of a company's cash flow waterfall in relation to its obligations. 1. Core ratios 75. For each company, we determine in accordance with S&P; Global Ratings' Ratios And Adjustments criteria, two core payback ratios: FFO-to-debt and debt-to-EBITDA. 2. Supplemental ratios 76. In addition to our analysis of a company's core ratios, we consider supplemental ratios to develop a fuller understanding of its credit risk profile and refine our cash flow analysis in accordance with the global corporate criteria. The supplementary payback ratios--CFO/debt, FOCF/debt, and DCF/debt--are key to consider because while subject to wide swings, they take account of the extent to which working capital affects cash generation. Companies undergoing sustained secular growth may experience negative FOCF for an extended period, heightening risks. We consider two coverage ratios--FFO + interest/cash interest and EBITDA/interest--because they focus on a company's ability to meet ongoing debt service requirements. 77. For homebuilders and developers, we include an additional supplementary ratio, which is the traditional measure of financial leverage: debt to debt plus equity. In our experience, this is sometimes a good gauge of how the company has chosen to fund its operations and how much cushion it has to sustain losses. Where there is a divergence between results indicated by the core and other supplemental ratios, this can be a deciding factor. We assess this according to the below: Debt To Debt Plus Equity Ratio DEBT/DEBT + EQUITY (HISTORICAL COST BASIS) (%)* DEBT/DEBT + EQUITY (FAIR VALUE BASIS) (%)¶ Minimal Less than 25 Less than 20 Modest 25-35 20-30 Intermediate 35-45 30-40 Significant 45-50 40-45 Aggressive 50-60 45-55 Highly leveraged Greater than 60 Greater than 55 *To be used only for historical cost basis companies. ¶To be used only for companies that mark property values to market, such as under IFRS. 78. We utilize somewhat stricter benchmarks in the case of companies that mark their properties to market because we believe their assets are typically reflected at higher values than if they utilized historical cost basis accounting. Part III--Rating Modifiers F) Diversification/portfolio effect 79. In assessing a homebuilder's or developer's diversification/portfolio effect, our analysis uses the same methodology as with other corporate issuers (see global corporate criteria). G) Capital structure 80. In assessing a homebuilder's or developer's capital structure, our analysis uses the same general methodology as with other corporate issuers (see global corporate criteria). For some developers, consideration of their equity investments, a factor within our capital structure methodology, is particularly important. H) Financial Policy 81. In assessing Financial Policy of a homebuilder or developer, our analysis uses the same methodology as with other corporate issuers (see global corporate criteria). I) Liquidity 82. In assessing the liquidity of a homebuilder or developer, our analysis uses the same methodology as with other corporate issuers (see global corporate criteria and "Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers"). 83. This paragraph has been deleted. 84. This paragraph has been deleted. 85. This paragraph has been deleted. 86. This paragraph has been deleted. 87. This paragraph has been deleted. 88. This paragraph has been deleted. J) Management and governance 89. In assessing a homebuilder's or developer's management and governance, our analysis uses the same methodology as with other corporate issuers (see global corporate criteria and "Methodology: Management And Governance Credit Factors For Corporate Entities"). K) Comparable rating analysis 90. In assessing a homebuilder's or developer's comparable rating analysis, we use the same methodology as with other corporate issuers (see global corporate criteria). In comparing companies within the industry, a higher-than-average amount of recurring rental income or management fees is sometimes a positive differentiator. If not captured elsewhere in the analysis, this benefit is reflected in our comparable rating analysis assessment. REVISIONS AND UPDATES This article was originally published on Feb. 3, 2014. These criteria became effective on Feb. 3, 2014. Changes introduced after original publication: Following our periodic review completed on Feb. 12, 2016, we updated the contact information, updated criteria references, and deleted paragraphs 2, 6, and 7, which were related to the initial publication of our criteria and no longer relevant. Following our periodic review completed on Feb. 12, 2017, we updated the contact information. Following our periodic review completed on Feb. 12, 2018, we updated the contact information and criteria references and changed "Appendix: Revision History" to the "Revisions And Updates" section. On April 1, 2019, we republished this criteria article to make nonmaterial changes. We deleted paragraphs 60-72 because they were superseded by "Corporate Methodology: Ratios And Adjustments," published on April 1, 2019 (Ratios and Adjustments). The sector-specific accounting and analytical adjustments previously included in those paragraphs are now included in the Guidance supporting the Ratios and Adjustments criteria. In addition, we updated criteria references. On April 4, 2019, we republished this criteria article to make nonmaterial changes to the contact information. On Dec. 4, 2019, we republished this criteria article to make nonmaterial changes. We deleted paragraphs 83-88 because they were superseded by "Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers" (liquidity criteria), published Dec. 16, 2014. The sector-specific liquidity adjustments previously included in those paragraphs are now included in the guidance supporting the liquidity criteria. We also updated criteria references. On April 3, 2020, we republished this criteria article to make nonmaterial changes. We updated a number of criteria references throughout the article and in the "Related Criteria" section. On April 6, 2021, we republished this criteria article to make nonmaterial changes. We replaced the content of the "Industry risk" section (paragraphs 8-21) with a reference to the most recent "Industry Risk Assessments Update." In addition, we updated paragraph 5, referring readers to "Methodology: Industry Risk." We made these changes to refer to the most updated industry risk assessments. Lastly, we updated the "Related Research" section. RELATED PUBLICATIONS Superseded Criteria Key Credit Factors: Global Criteria For Single-Family Homebuilders, Sept. 27, 2011 Related Criteria Corporate Methodology: Ratios And Adjustments, April 1, 2019 Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018 Key Credit Factors For The Real Estate Industry, Feb. 26, 2018 Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016 Methodology: Jurisdiction Ranking Assessments, Jan. 21, 2016 The Impact Of Captive Finance Operations On Nonfinancial Corporate Issuers, Dec. 14, 2015 Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014 Corporate Methodology, Nov. 19, 2013 Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013 Methodology: Industry Risk, Nov. 19, 2013 Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012 Principles Of Credit Ratings, Feb. 16, 2011 Related Research Industry Risk Assessments Update, Jan. 27, 2021 Key Recovery Criteria Assumptions And Outcomes For U.S. Building Materials, Forest Products, And Homebuilders, Feb. 10, 2017 Related Guidance Guidance: Liquidity Descriptors For Global Corporate Issuers, Dec. 4, 2019 Guidance: Corporate Methodology: Ratios And Adjustments, April 1, 2019 These criteria represent the specific application of fundamental principles that define credit risk and ratings opinions. Their use is determined by issuer- or issue-specific attributes as well as Standard & Poor's Ratings Services' assessment of the credit and, if applicable, structural risks for a given issuer or issue rating. Methodology and assumptions may change from time to time as a result of market and economic conditions, issuer- or issue-specific factors, or new empirical evidence that would affect our credit judgment.