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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

OR

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

For the transition period from ___________ to ____________.

Commission file number 001-39253

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

Delaware	**98-1515020**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
410 N. Scottsdale Road, Suite 1600	
Tempe, AZ	**85281**
(Address of Principal Executive Offices)	(Zip Code)

(415) 896-6737
Registrant's telephone number, including area code

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

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of voting and non-voting stock held by non-affiliates of the registrant as of June 30, 2021 was $8,530,606,083. Shares of common stock beneficially owned by each executive officer, director, and holder of more than 10% of our common stock have been excluded in that such persons may be deemed to be affiliates.

The number of shares of registrant's common stock outstanding as of February 18, 2022 was approximately 620,131,694.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2022 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2021 are incorporated by reference into Part III of this Annual Report on Form 10-K.

OPENDOOR TECHNOLOGIES INC.

Annual Report On Form 10-K
For Fiscal Year Ended December 31, 2021

TABLE OF CONTENTS

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

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Annual Report on Form 10-K, including statements regarding our future results of operations or financial condition; business strategy and plans; expectations regarding the impact of COVID-19; and market opportunity and expansion and objectives of management for future operations, including our statements regarding the benefits and timing of the roll out of new markets, products, or technology, and the expected diversification of funding sources, are forward-looking statements. When used in this Annual Report on Form 10-K, words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "forecast," "future," "intend," "may," "might," "opportunity," "plan," "possible," "potential," "predict," "project," "should," "strategy," "strive," "target," "will," or "would," including their antonyms or other similar terms or expressions may identify forward-looking statements. The absence of these words does not mean that a statement is not forward-looking.

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

- our public securities' potential liquidity and trading;
- our ability to raise financing in the future;
- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- the impact of the regulatory environment and complexities with compliance related to such environment; and
- factors relating to our business, operations and financial performance, including:
  - the impact of the COVID-19 pandemic;
  - our ability to maintain an effective system of internal controls over financial reporting;
  - our ability to grow market share in our existing markets or any new markets we may enter;
  - our ability to respond to general economic conditions;
  - the health of the U.S. residential real estate industry;
  - risks associated with our real estate assets and increased competition in the U.S. residential real estate industry;
  - our ability to manage our growth effectively;
  - our ability to achieve and maintain profitability in the future;
  - our ability to access sources of capital, including debt financing and securitization funding to finance our real estate inventories and other sources of capital to finance operations and growth;
  - our ability to maintain and enhance our products and brand, and to attract customers;
  - our ability to manage, develop and refine our technology platform, including our automated pricing and valuation technology;
  - the success of our strategic relationships with third parties; and
  - other factors detailed under the section entitled "Risk Factors" in this Annual Report on Form 10-K.

Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

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

SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties that represent challenges that we face in connection with the successful implementation of our strategy and the growth of our business. In particular, the following considerations, among others, may offset our competitive strengths or have a negative effect on our business strategy or operating results, which could cause a decline in the price of shares of our common stock:

- The extent to which the pandemic caused by COVID-19 and its variants will impact our future operations is highly uncertain and cannot be predicted at this time;
- Our business and operating results may be significantly impacted by general economic conditions, the health of the U.S. residential real estate industry and risks associated with our real estate assets;
- We have a history of losses, and we may not achieve or maintain profitability in the future;
- We operate in a competitive and fragmented industry, which could impair our ability to attract users of our products, which could harm our business, results of operations and financial condition;
- Our business is dependent upon our ability to appropriately price and manage our portfolio of inventory. An ineffective pricing or portfolio management strategy may have a material adverse effect on our business, sales, and results of operations;
- Our growth depends in part on the success of our strategic relationships with third parties;
- Our business is dependent upon access to desirable inventory. Obstacles to acquiring attractive inventory, whether because of supply, competition, or other factors may have a material adverse effect on our business, sales and results of operations;
- We process, store and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and violation of these privacy obligations could result in a claim for damages, regulatory action, loss of business, or unfavorable publicity;
- We operate in a highly regulated industry and are subject to a wide range of federal, state and local laws, rules and regulations. Failure to comply with these laws, rules and regulations or to obtain and maintain required licenses, could adversely affect our business, financial condition and results of operations; and
- We utilize a significant amount of debt and financing arrangements in the operation of our business, and so our cash flows and operating results could be adversely affected by required payments of debt or related interest and other risks of our debt financing.

PART I

Item 1. Business.

Mission

Our mission is to empower everyone with the freedom to move.

Our Company

We are a leading digital platform for residential real estate. In 2014, we founded Opendoor to reinvent one of life's most important transactions and make it possible to buy, sell, and move at the tap of a button. By leveraging software, data science, product design and operations, we have rebuilt the service model for real estate and have made buying and selling possible on a mobile device. We believe that the end state for the real estate marketplace will inevitably be a marketplace powered by technology.

Residential real estate is the largest undisrupted category in the United States. In 2021 alone, more than six million existing homes were sold, representing nearly $2.3 trillion in transactions. Additionally, with approximately two-thirds of Americans living in a home they own, housing is the single largest consumer expenditure in the United States, ahead of transportation, food, insurance, and healthcare.

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

We streamline the process of buying and selling a home into a seamless digital experience that is simple, certain, and fast. Sellers can go to Opendoor.com, receive an offer, and sign and choose their closing date. Buyers can download the Opendoor app, tour and visit both Opendoor and non-Opendoor homes, and make an offer, all with just a mobile device. Homebuyers and sellers can also integrate our current suite of adjacent services, such as title and escrow and Opendoor Home Loans to complete their transaction. We have built a simple, on-demand way to buy and sell a home.

Over the past seven years, customers have shown their desire for our digital, on-demand real estate solution. Since launch, we have bought and sold over 140,000 homes, across the United States. We have historically achieved growth at scale, with revenue growth of over 100% in each of the four fiscal years preceding 2020, when the COVID-19 pandemic impacted our business. In 2021, we sold over 21,000 homes and generated $8.0 billion in revenue, which represents a compound annual growth rate of 83% since 2017. Importantly, we have been able to achieve this growth while continuing to delight customers with an average Net Promoter Score of over 80 from our sellers.

Since our initial market launch in Phoenix in 2014, we have expanded across the United States and operated in 44 markets as of December 31, 2021: Asheville, Atlanta, Austin, Birmingham, Boise, Charlotte, Chattanooga, Cleveland, Columbus, Corpus Christi, Colorado Springs, Columbia, Dallas-Fort Worth, Denver, Greensboro-Winston, Greenville, Houston, Indianapolis, Jacksonville, Kansas City, Killeen, Knoxville-Morristown, Las Vegas, Los Angeles, Miami, Minneapolis-St. Paul, Nashville, Northern Colorado, Oklahoma City, Orlando, Phoenix, Portland, Prescott, Raleigh-Durham, Reno, Riverside, Sacramento, Saint Louis, Salt Lake City, San Antonio, San Diego, Tampa, Tucson, and Washington, DC.

We believe we are still in the early stages of the digital transformation of real estate. Over the coming years, we plan on increasing our market share in existing markets, launching in new markets across the country, and expanding our products and services to become a digital, one-stop shop for buyers and sellers of residential real estate.

Market Overview

Residential real estate is a massive offline market. With transactions totaling approximately $2.3 trillion in 2021, online penetration based on iBuyer (companies that use technology for online residential real estate transactions) volumes represented less than 1% of 2021 real estate transactions.

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

Real estate will migrate online. Consumers are shifting their spend online and demanding digital-first experiences for greater efficiency, certainty and speed. They are increasingly comfortable with transacting online across retail, food and transportation, and now expect similar experiences in real estate. While the majority of home buyers browse for homes online, the transaction is still largely offline, requiring real estate agents to access homes and requiring physical closings. The COVID-19 pandemic catalyzed an increase in demand for digital-first experiences with consumers prioritizing safety and convenience. It has also accelerated the adoption of remote work, facilitating greater geographic mobility as consumers explore less densely populated areas, and pursue more space.

The Problem

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

- *Find a listing agent.* Before the seller can list, they must find a qualified agent. Over 80% of sellers contact only one real estate agent before listing.
- *Prepare the home for listing.* The seller often needs to get the home “sale ready”. This preparation, including cleaning, staging and any necessary upgrades, typically involves a lot of guesswork, time and money.
- *List the home.* A home typically needs to be listed for 30 days or more on average before it goes into contract.
- *Host open houses and home visits*. During the process, the seller will typically host dozens of strangers walking through their home, and deal with the hassle of cleaning up and clearing out, often on short notice and during inconvenient times.
- *Receive an offer.* Once an offer is received, the seller has to negotiate the offer, negotiate the closing date, and deal with any contingencies the buyer may have.
- *Negotiate repairs or fix issues identified by buyers.* After the offer is accepted, the buyer conducts an inspection, which often forces the seller to re-negotiate the offer or fix issues, increasing the homeowner’s costs and potentially delaying closing.
- *Wait for closing.* Once the contract is signed, it still takes an average of 35 days to close. The seller is reliant on the home buyer and a disparate set of counterparties — such as their agent, mortgage broker and escrow officer — to coordinate and complete the closing process.
- *Fall-through risk.* Finally, there is an approximately 20% chance the contract falls through between signing and closing (based on average multiple listing services (“MLS”) contract fall through rates in our markets in 2021), forcing the home seller to start the entire process all over again.

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

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

Our Solution

Opendoor is an end-to-end real estate platform enabling consumers to buy and sell a home online. We also offer a number of services that revolve around customers who sell directly to Opendoor (what we consider our core transaction), including those that may also be buying their next home, as well as for buyers touring our homes independently via our app or website.

We expect these adjacent services to be highly accretive to our unit economics over time. Today, our product and service offerings include:

- ***Opendoor Complete.*** Launched in late 2021, Opendoor Complete brings together all of our products and services into a single, streamlined experience so customers can move seamlessly. It provides customers with certainty on the equity in their existing home with our all-cash offer, the power to make a stronger offer on their next home with our cash backing, and the ability to line up closing dates and avoid double moves or mortgages. Customers are able to track and manage their move via a consumer dashboard and interact with Opendoor through a single primary point of contact, significantly streamlining the process of selling and buying their home.

- ***Sell to Opendoor.*** By selling to Opendoor, homeowners can avoid the stress of open houses, home repairs, overlapping mortgages and the uncertainty that can come with listing a home on the open market. Using our website, sellers can receive a preliminary offer online. We then conduct a virtual interior home assessment and a contact-free exterior assessment to verify the home data information and finalize the offer, taking into consideration the home's condition. Sellers can then select their preferred closing date and close electronically (where permitted).

  For customers who sell directly to us, we charge a service fee. We also ask for a repair credit that relates to our assessment of home condition. Beginning in the first quarter of 2021, our service fee was set at 5% across all markets. This can compare favorably to the traditional listing process, which can include a broker fee of 5% to 6%, depending on location, as well as the potential for a number of additional costs, such as resale concessions, inspection costs, staging costs, double mortgage payments on two homes, and additional moving and storage costs. Many of these expenses may be unforeseen by the homeowner at the outset. Our final offer, inclusive of purchase price, service fee, and repair credit, provides the homeowner with more certainty and transparency as to their expected sale proceeds, while removing the hassle of doing any repairs to get the home "sale ready."

  Customers have responded positively to this modern way of selling, enabling us to achieve a real seller conversion rate of over 35% in 2021. We define real sellers as homeowners who are intent on selling their home and either enter into a contract to sell their home to Opendoor or list their home on the MLS within 60 days after receiving an offer from us.

- ***Buy with Opendoor.*** Opendoor has built an on-demand, seamless and digital home buying experience with the launch of Buy with Opendoor in 2019 and the Opendoor Backed Offers feature in early 2021. Buy with Opendoor is currently offered in 16 markets. Unlike the traditional process that is intermediated by agents, Buy with Opendoor customers can use our app or website to self-tour or virtually tour both Opendoor and non-Opendoor homes at their convenience, shop for financing and submit an offer backed by Opendoor's cash. In these transactions, we collect the buyer's agent commission from the seller.

  With Opendoor Backed Offers, qualified buyers can present the certainty of an all-cash offer to the seller, free of financing, appraisal, and home sale contingencies, thereby increasing the attractiveness of their offer and their chance of being able to purchase that home. In certain instances where the buyer takes longer than expected to obtain financing, we leverage our expertise in the home acquisition process to acquire the home. Once the buyer has obtained financing, the buyer can purchase the home at the price Opendoor paid. Customers interested in Opendoor Backed Offers can also quickly pre-qualify with Opendoor Home Loans in available markets and conveniently integrate mortgage financing with the competitive and time-sensitive home bidding process.

- ***Opendoor Home Loans.*** In late 2019, we launched Opendoor Home Loans, a tech-enabled mortgage platform for customers looking to buy or refinance a home. Since then, we have expanded our market coverage for this product to 26 markets across nine states. We have built this platform from the ground up with the goal of combining savings, convenience and certainty into a simpler, more transparent mortgage process for customers. In 2021, we acquired the assets of RedDoor, a digital-first mortgage brokerage, which will help accelerate our ability to make buying a home as easy as a tap of a button with a 60-second pre-approval process and digital, mobile-first app experience.

- ***Title and Escrow.*** We offer customers integrated title insurance and escrow services through our subsidiaries. Currently, we offer title insurance services in a majority of our markets and on both the acquisition and resale side of the transaction. In the markets where our title services are offered, we provided title insurance services for over 75% of Opendoor home transactions that closed in 2021. Our title companies charge buyers and/or sellers fees related to settlement and escrow and these fees vary by market. Additionally, as agents for national title insurance companies, they charge title insurance premiums based on promulgated rates or rates filed by national title insurance companies, which vary by market.

Our Business Model

The vast majority of our revenue and margins today are generated by acquiring homes directly from individual sellers and reselling those homes to buyers. We also provide additional services to home sellers and home buyers, including title and escrow services, Buy with Opendoor, Opendoor Home Loans and Opendoor Complete.

To achieve our long-term margin objectives, we must continue to provide competitive offers that customers choose, provide value-added adjacent services that our customers will increasingly adopt, and launch new adjacent services over time. We plan to achieve operating leverage by growing our revenue at a faster pace than our fixed cost base, which includes general and administrative as well as technology and development expenses. In the near term, given the size of the opportunity ahead, we plan to continue to invest aggressively in our business and appropriately balance trade-offs between growth and margin as we scale.

Offers

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

In order to finalize our offer, we conduct a virtual interior home assessment and an in-person exterior home assessment to verify the condition of the home and determine what kind of repairs will need to be performed after we acquire the home. We ask for a repair credit that relates to our assessment of home condition. We have developed purpose-built software to guide home assessment workflows and collect over 100 unique data points regarding a home's condition and quality. In addition to informing the offer price for that particular home, we incorporate the proprietary data that we collect during home assessments as structured data into our underlying pricing models. After all the data has been collected and incorporated, each offer is reviewed and finalized by members of our pricing team, allowing us to marry the best of our algorithmic insights with human judgment. We produce the purchase agreement for the seller inclusive of repair charges. Our objective is to provide a transparent and competitive cash offer and a customer experience that is simple, certain and fast.

We closely track the number of potential sellers who accept the Opendoor offer versus listing their home on the MLS. This conversion rate is an important measure of the strength of our value proposition and driver of future growth.

Home acquisition and repairs

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

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

Home resale

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

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

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

Industry-Leading Pricing Capabilities

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

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

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

- *Proprietary offline data.* We have conducted approximately 375,000 assessments during which we collect over 100 data points on each home and its surroundings. We have invested in building custom inspection and operator tooling to systematically source and translate home features into a robust data library. These proprietary data points have led us to make approximately 1.4 billion annotations and adjustments to MLS and tax assessor data, as well as build out unique geospatial data assets, such as power line proximity and road noise level. Once we list a home for resale, we collect additional home-level demand data such as home visits and visitor feedback, which enable us to continuously calibrate our resale strategy and acquisition home pricing.

- *Responsive feedback loop.* Advancements in model sophistication and the integration of systematic modeling and human insights have accelerated our feedback loops, such that our pricing system can dynamically adjust to leading market indicators and human insights, and react to macro- and micro-economic conditions on a daily basis. This responsiveness is critical to quality pricing processes and maintaining margins, especially in periods of volatility.

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

Robust Risk Management Framework

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

- Our business model is based on transaction velocity and short-duration hold times. We have historically concentrated our home purchases on those segments of the residential real estate market with the highest transaction volumes, thereby limiting the risk of involuntarily holding a home for longer than our target average days in possession. Moreover, residential real estate prices tend to move gradually relative to other asset classes, which reduces our exposure to price fluctuations during our ownership period.

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

- Our operations across 44 markets and a range of price and home types allow us to benefit from significant diversification effects. Individual buyers and sellers are exposed to price and behavioral effects that are associated with specific markets or home segments. Our scale and diverse coverage allow us to mitigate such exposures across a wider range of markets and home segments so that our overall risk per home decreases as we increase the breadth of markets, price points and home types across which we operate.

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

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

Low Cost Transaction Platform

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

Our proprietary construction management technology enables us to drive efficiencies across all home servicing functions, tying together pre-acquisition assessments, pricing, repair scoping, centralized back-office operations, and renovation project management. Our systems and processes facilitate the centralization of previously local labor, which provides staffing flexibility, cost economies, training and quality enhancements, and faster turnaround times, all of which result in a superior customer experience. One example is our virtual home assessment capability where home sellers are able to take our operators on a virtual, guided tour of their home. Our centralized team of construction experts then determine home condition or flag for any outlier risk prior to acquisition, leveraging a combination of industry best practices and big data. Virtual and self-service assessments have reduced our turnaround time to provide a final offer, as well as our dependence on local third-party labor, while preserving the quality of our home assessments.

We have also established a network of more than 700 trade partners and local service providers that use our proprietary technology to complete home repairs and maintenance. By leveraging our technology platform and directly interfacing with our trade partners, we reduce delays, eliminate waste, and improve quality of repairs while capturing data at every step to continuously improve the system. Due to our scale, we have driven down the cost of materials used in our home repairs through volume discounts. In addition, we have designed our home inventory management processes and home access technology to ensure our homes are regularly cleaned, well-maintained and safe to enable our on-demand, self-tour experience.

Strategic Growth Priorities

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

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

Expand to new markets. At 44 markets as of December 31, 2021, we are making good progress towards our long-term goal of being able to deliver for customers nationwide. We select new markets by looking at drivers of supply, demand and affordability, housing stock, cost structure and expected pricing competitiveness. We have honed our market launch playbook by centralizing many of our core pricing, operations and customer service functions, enabling us to efficiently launch new markets with limited in-market physical presence. Our largely centralized and scalable framework for new market entry enabled us to more than double our market footprint in 2021. Furthermore, decision making for each home is informed by centralized, robust, data-driven playbooks that allow us to drive consistency across our markets and reach profitability in new markets more quickly.

Expand product and service offerings. Our north star is to build the best end-to-end digital experience for every home buyer and seller. We are focused on continuing to refine our best-in-class seller experience and to drive additional scale and efficiencies; making investments in enhancing the buyer experience with Opendoor Home Loans and Opendoor Backed Offers; and continuing to integrate the seller and buyer experience via Opendoor Complete. Over time, we plan to launch additional services that are adjacent to the core real estate transaction, bringing us closer to our vision for a digital one-stop-shop that powers all transactions.

Marketing

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

Competition

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

Our Values and People

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

- *Start and end with the customer.* We invent, build and execute to improve the lives of our customers. We put in the hard work to delight customers, even when no one is looking.

- *BPs for Breakfast.* We eat "BPs (or basis points) for breakfast" — meaning we are always looking for where we can take costs out of the transaction —so we can put more money in the pockets of our customers. We will win by building the lowest cost platform.
- *Act from ownership.* When we see a problem, we roll up our sleeves and fix it. We hold ourselves accountable because it is our home and it is our responsibility to take care of it.
- *Build openness.* We are open, honest and direct about problems and seek the truth. We assume good intentions and treat feedback as a gift.
- *1% Better Every Day.* We value a growth mindset and operate from a place of humility. We are energized by constantly improving.
- *Startup mentality.* We move fast, operate with urgency, and have a bias towards action without sacrificing quality. We are relentlessly resourceful.
- *One Team, One Dream.* Our superpower is a diverse community that combines technology, operational excellence, talent and respect. We work through teams and care for each other professionally and personally. We honor and respect our diverse workforce and actively work to ensure everyone feels represented.
- *Results matter.* We focus on outputs and outcomes and hold ourselves accountable to hitting ambitious goals. We have a high quality bar and pay attention to the pixels, words, and results.
- *Celebrate moments.* We work tirelessly for our customers and teammates so we take the time to celebrate moments large and small.

Employees

As of December 31, 2021, we employed 2,816 individuals. None of our employees are currently represented by a labor organization or a party to any collective bargaining.

Technology

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

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

Intellectual Property

We rely on trademarks, domain names, patents, copyrights, trade secrets, contractual provisions and restrictions on access and use to establish and protect our proprietary rights.

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

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

Government Regulation

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

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

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

In order to provide the broad range of products and services that we offer customers, certain of our subsidiaries maintain real estate brokerage, title insurance and escrow, property and casualty insurance, mortgage and general contract licenses, and we may in the future apply for additional licenses as our business grows and develops. These entities are subject to stringent state and federal laws and regulations, including, but not limited to, the Real Estate Settlement Procedures Act ("RESPA") and those administered by applicable state departments of real estate, banking, insurance and consumer services, and to the scrutiny of state and federal government agencies as licensed businesses as noted above. As of December 31, 2021:

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

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

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

Seasonality

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

Corporate History and Background

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

Available Information

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

Item 1A. Risk Factors.

In the course of conducting our business operations, we are exposed to a variety of risks. These risks are generally inherent to the U.S. residential real estate industry or otherwise generally impact iBuyers like us. Any of the risk factors we describe below have affected or could materially adversely affect our business, financial condition and results of operations. The market price of shares of our common stock could decline, possibly significantly or permanently, if one or more of these risks and uncertainties occurs. Certain statements in "Risk Factors" are forward-looking statements. See "Forward-Looking Statements."

Risks Related to Our Business and Industry

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

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

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

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

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

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

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

We have incurred net losses on an annual basis since we were founded. We incurred net losses of $662 million, $253 million, and $339 million for the years ended December 31, 2021, 2020, and 2019, respectively. We had an accumulated deficit of $1.7 billion and $1.0 billion as of December 31, 2021 and 2020, respectively. We expect to continue to make future investments in developing and expanding our business, including technology, recruitment and training, marketing and pursuing strategic opportunities. These investments may not result in increased revenue or growth in our business. Additionally, we may incur significant losses in the future for a number of reasons, including:

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

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

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

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

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

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

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

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

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

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

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

Failures by our perceived competitors may adversely impact Opendoor.

In November 2021, an internet-based advertising and lead generation company, who was attempting to compete with Opendoor's digital home buying business, announced that it was exiting the "iBuyer" business. The company cited their inability to accurately price homes and operational constraints as the chief reasons for winding down their home buying business. Because of the novelty of our business model and our limited track record as a public company, high profile failures of companies operating in similar or adjacent spaces may impact investor perceptions of the digital home buying industry as a whole. Such events may negatively impact our stock price and ability to raise capital regardless of whether those events have any actual relationship with our business and financial or operational performance.

We have experienced rapid growth since inception which may not be indicative of our future growth and, if we continue to grow rapidly, we may not be able to manage our growth effectively.

We have experienced rapid growth and demand for our products since inception. We expect that, in the future, even if our revenues increase, our rate of growth may decline. In any event, we will not be able to grow as fast or at all if we do not, among other things:

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

Furthermore, in order to preserve our market position, we may expand into new markets or launch new products or services in existing or new markets more quickly than we would if we did not operate in such a highly competitive industry. Expanding into new markets may prove to be challenging as some markets may have very different characteristics than the markets we currently operate in, some of which may be unanticipated or unknown to us. These differences may result in greater pricing uncertainty, as well as higher capital requirements, hold times, repair costs and transaction costs that may result in those markets being less profitable for us than those that we currently operate in.

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

We appraise and price the homes we buy and sell using data science, proprietary algorithms, and analysis from specially trained employees, incorporating a number of factors, including our knowledge of the real estate markets in which we operate. This assessment includes estimates on time of possession, seasonality, macro and hyper-local market conditions, renovation costs and holding costs, transaction costs, and anticipated resale proceeds. Our ability to acquire and resell homes profitability may be negatively impacted if our models lack robust historical data on home sales, material home features, or other market nuances, especially those outside of features and nuances we have previously encountered and modeled in our existing 44 markets. This, in turn, could negatively impact our revenue growth if resulting valuations are too low and/or fees are too high, or our profitability, if valuations are too high and/or fees are too low.

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

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

Our purchases of homes are based in large part on our estimates of projected demand. If actual sales are materially less than our forecasts, we would experience an over-supply of inventory. An over-supply of home inventory will generally cause downward pressure on our sales prices and margins and increase our average days to sale. Our inventory of homes purchased has typically represented a significant portion of total assets. Having such a large portion of our total assets in the form of non-income producing home inventory for an extended period of time subjects us to significant holding costs, including financing expenses, maintenance and upkeep, insurance, property taxes, homeowners' association fees, and other expenses that accompany the ownership of residential real property and increased risk of depreciation of value. In addition, the value of homes in inventory may decline significantly and we could experience losses, which in the aggregate could be detrimental to our business and results of operations. Disruptions in the supply chain for the materials necessary to restore and resell home inventory, such as paint and carpet, could lengthen the period of time during which we must hold home inventory. If we have excess inventory or our average days to sale increases, the results of our operations may be adversely affected because we may be unable to liquidate such inventory at prices that allow us to meet margin targets or to recover our costs.

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

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

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

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

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

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

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

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

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

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

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

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

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

Declining real estate values could result in recording inventory valuation adjustments and may also adversely affect our financial condition and operating results.

There are risks inherent in owning properties and inventory risks are substantial for our business. Home prices can be volatile and the values of our inventory may fluctuate significantly and we may incur inventory valuation adjustments due to changes in market conditions and/or economic sentiment. We periodically review the value of our properties to determine whether their value, based on market factors and generally accepted accounting principles, has permanently decreased such that it is necessary or appropriate to record an inventory valuation adjustment 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. Even if we do not determine that it is necessary or appropriate to record an inventory valuation adjustment, 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.

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

As of December 31, 2021, we were in 44 markets across the United States. For the year ended December 31, 2021, a majority of our revenue was generated from our top five markets by revenue. As a result, local and regional conditions in these markets, including those arising from COVID-19's impacts, may differ significantly from prevailing conditions in the United States or other parts of the country. Any unforeseen events or circumstances that negatively affect these areas could materially adversely affect our revenues and profitability. These risks include, without limitation: possible declines in the value of real estate; risks related to general and local economic conditions; demographic and population shifts and migration; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties; increases in competition, property taxes and operating expenses; changes in zoning laws; increased labor costs; unemployment; costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems; casualty or condemnation losses; and uninsured damages from floods, hurricanes, earthquakes or other natural disasters.

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

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

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

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

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

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

The secondary market for mortgage loans continues to primarily desire securities backed by Fannie Mae, Freddie Mac or Ginnie Mae, and we believe the liquidity these agencies provide to the mortgage industry is important to the housing market. Any significant change regarding the long-term structure and viability of Fannie Mae and Freddie Mac could result in adjustments to the size of their loan portfolios and to guidelines for their loan products. Additionally, a reduction in the availability of financing provided by these institutions could adversely affect interest rates, mortgage availability and sales of new homes and mortgage loans.

Mortgage interest rates are currently low as compared to most historical periods. However, they could increase in the future, particularly if the Federal Reserve Board raises its benchmark rate. When interest rates increase, the cost of owning a home increases, which will likely reduce the number of potential home buyers who can obtain mortgage financing and could result in a decline in the demand for our homes.

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

We frequently need to renovate or repair homes prior to listing for resale. We rely on third-party contractors and sub-contractors to undertake these renovations and repairs. These third-party providers may not be able to complete the required renovations or repairs within our expected timeline or proposed budget. Labor and supply shortages, as well as increased demand for home construction, may exacerbate these delays and increase our costs.

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

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

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

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

Customers will visit homes on a regular basis through our mobile application or with a real estate agent. Due to the number of homes we own, the safety of our homes is critical to the success of our business. A failure to keep our homes safe that results in a major or significant health and safety incident could expose us to liability that could be costly. Such an incident could generate significant negative publicity and have a corresponding impact on our reputation, our relationships with relevant regulatory agencies or governmental authorities, and our ability to attract customers and employees, which in turn could have a material adverse effect on our financial results and liquidity.

Environmentally hazardous conditions may adversely affect us.

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

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

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

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

Risks Related to Our Intellectual Property and Technology

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

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

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

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

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

Any significant change to applicable laws, regulations or industry practices regarding the use or disclosure of personal information, or regarding the manner in which the express or implied consent of customers for the use and disclosure of personal information is obtained, could require us to modify our products and features, possibly in a material manner and subject to increased compliance costs, which may limit our ability to develop new products and features that make use of the personal information that our customers voluntarily share. For example, the California Consumer Privacy Act (the “CCPA”), which took effect on January 1, 2020, imposes obligations and restrictions on companies regarding their collection, use, and sharing of personal information and provides new and enhanced data privacy rights to California residents. The CCPA imposes a severe statutory damages framework. Additionally, although not effective until January 1, 2023, we will be subject to the California Privacy Rights Act, or the CPRA, which expands upon the CCPA. The CCPA requires (and the CPRA will require) covered companies to, among other things, provide new disclosures to California consumers, and affords such consumers new privacy rights such as the ability to opt-out of certain sales of personal information and expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is collected, used and shared. The CCPA provides for civil penalties for violations, as well as a private right of action for certain security breaches that may increase security breach litigation. Further, Virginia enacted the Virginia Consumer Data Protection Act, or the CDPA, another comprehensive state privacy law, that will also be effective January 1, 2023. Also in 2021, Colorado enacted the Colorado Privacy Act, or the CPA, which goes into effect July 1, 2023.

The CCPA, CPRA, CDPA and CPA may increase our compliance costs and potential liability, particularly in the event of a data breach, and could have a material adverse effect on our business, including how we use personal information, our financial condition, the results of our operations or prospects. A number of other proposals exist for new federal and state privacy legislation that, if passed, could increase our potential liability, increase our compliance costs and adversely affect our business.

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

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

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

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

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

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

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

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

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

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

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

Our software is highly complex and may contain undetected errors.

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

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

Risks Related to Regulatory Compliance and Legal Matters

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

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

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

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

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

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

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

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

Our business is subject to the risks of international operations.

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

The Company is currently seeking to resolve an FTC investigation through consent order negotiations with the FTC, and the terms of a consent order (if any) could have a materially adverse effect on the Company’s business.

In August 2019, the Federal Trade Commission (‘‘FTC”) sent a civil investigative demand (“CID”) to Opendoor seeking documents and information relating primarily to statements in Opendoor’s advertising and website comparing selling homes to Opendoor with selling homes in a traditional manner using an agent and relating to statements that Opendoor’s offers reflect or are based on market prices. Thereafter, Opendoor responded cooperatively to the CID and related follow-up requests from the FTC. On December 23, 2020, the FTC notified the Company that they intend to recommend that the agency pursue an enforcement action against the Company and certain of its officers, if we are unable to reach a negotiated settlement acceptable to all parties. The FTC has indicated that they believe certain of Opendoor’s advertising claims relating to the amount of its offers, the repair costs charged to home sellers, and the amount of net proceeds a seller may receive from selling to Opendoor versus selling in the traditional manner were inaccurate and/or inadequately substantiated. The Company is engaged in settlement negotiations with the FTC. There can be no assurances that the Company will be successful in negotiating a favorable settlement. Any settlement could result in material monetary remedies and/or compliance requirements that impose significant and material cost and resource burdens on the Company and/or limit or eliminate the Company’s ability to make certain claims in its advertising materials or on its website. Any of these remedies or compliance requirements could adversely affect the Company’s ability to operate its business and/or have a materially adverse impact on its financial results.

Our risk management efforts may not be effective.

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

Risks Related to Our Financial Reporting

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

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

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

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

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

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

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

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

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

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

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

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

We have incurred losses during our history and do not expect to become profitable in the near future, and may never achieve profitability. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire, if at all. As of December 31, 2021, the Company had federal and state net operating loss ("NOL") carryforwards of $1.2 billion and $854 million, respectively. Under the Tax Act, as modified by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), U.S. federal net operating loss carryforwards generated in taxable periods beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such net operating loss carryforwards in taxable years beginning after December 31, 2020, is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to the Tax Act or the CARES Act.

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

Risks Related to Our Liquidity and Capital Resources

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

We may require additional capital and debt financing to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, including to increase our marketing expenditures to build and maintain our inventory of homes, develop new products or services or further improve existing products and services (including mortgage lending), improve our brand awareness, enhance our operating infrastructure and acquire complementary businesses and technologies. During past economic and housing downturns and more recently at the onset of the COVID-19 pandemic, credit markets constricted and reduced sources of liquidity.

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

Our ability to obtain financing will depend, among other things, on our product development efforts, business plans, operating performance, action or performance of competitors, and condition of the capital markets and housing markets at the time we seek financing. Volatility in the credit markets may also have an adverse effect on our ability to obtain debt financing.

If we raise additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our common stock, or may require us to agree to unfavorable terms, and our existing stockholders may experience significant dilution.

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

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

As of December 31, 2021 we had approximately $6.1 billion of non-recourse asset-backed loans. Our leverage could have meaningful consequences to us, including increasing our vulnerability to economic downturns, limiting our ability to withstand competitive pressures, or reducing our flexibility to respond to changing business and economic conditions. We are also subject to general risks associated with debt financing, including (1) our cash flow may not be sufficient to satisfy required payments of principal and interest; (2) we may not be able to refinance our existing indebtedness or refinancing terms may be less favorable to us than the terms of our existing debt; (3) debt service obligations or facility prepayments could reduce funds available for capital investment and general corporate purposes; (4) any default on our indebtedness could result in acceleration of the indebtedness and foreclosure on the homes collateralizing that indebtedness, with our attendant loss of any prospective income and equity value from such property; and (5) aged real estate may be ineligible for financing on our debt facilities potentially forcing the sale of aged real estate for prices that do not allow us to meet our margin targets or cover our costs to repay those facilities. Any of these risks could place strains on our cash flows, reduce our ability to grow and adversely affect our results of operations.

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

We have entered into debt agreements with various counterparties to provide capital for the growth and operation of our businesses, including to finance our purchase and renovation of homes. If we fail to maintain adequate relationships with potential financial sources or we elect to prepay or we are unable to renew, refinance or extend our existing debt arrangements on favorable terms or at all, we may be unable to maintain sufficient inventory, which would adversely affect our business and results of operations. In addition, some of our financing facilities are not fully committed, meaning the applicable lender may not be obligated to advance new loan funds if they choose not to do so. Obtaining new or replacement funding arrangements may be at higher interest rates or other less favorable terms.

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

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

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

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

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

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

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

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

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

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

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

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

When the London Inter-Bank Offered Rate ("LIBOR") is discontinued, interest payments under our senior revolving credit facilities and our mortgage repurchase facility may be calculated using another reference rate.

In July 2017, the United Kingdom Financial Conduct Authority ("FCA"), which regulates LIBOR, announced that the FCA intends to phase out the use of LIBOR by the end of 2021. Subsequently, ICE Benchmark Administration, the administrator of LIBOR announced that publication of overnight 1-, 3-, 6-, and 12-month tenors of U.S. dollar LIBOR would continue through June 30, 2023 for use in legacy contracts, after which publication would cease unless the FCA were to use its powers to require continued publication. On March 5, 2021, the FCA stated that it did not intend to use such powers at that time, but would consult in the future on continued publication of select tenors of U.S. dollar LIBOR.

In response to the proposed discontinuance of LIBOR, the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, proposed replacing U.S. dollar LIBOR with the Secured Overnight Financing Rate ("SOFR"), which is a new index calculated by short-term repurchase agreements and backed by U.S. Treasury securities. The market transition away from LIBOR toward SOFR is expected to be complicated, and there is no guarantee that SOFR will become a widely accepted benchmark in place of LIBOR. LIBOR is used as a benchmark rate for our senior revolving credit facilities and our mortgage repurchase facility. Some of these agreements may not contain fulsome fallback language for circumstances in which LIBOR ceases to be published. The transition process may involve, among other things, increased volatility and illiquidity in markets for instruments that currently rely on LIBOR, as well as SOFR and other alternative rates, and may result in increased borrowing costs, uncertainty under our financing facilities, or difficult and costly processes to amend our financing agreements. There remains uncertainty regarding the future utilization of LIBOR and the nature, acceptance, and equivalence of any replacement rate, and we cannot predict what impact a transition away from LIBOR may have on our business, financial results, and operations.

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

Borrowings under our senior revolving credit facilities bear interest at variable rates and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase and our earnings and cash flows would correspondingly decrease. Increased interest costs could also reduce the amount of debt financing that our homes inventory can support. Assuming no change in the outstanding borrowings on our credit facilities, we estimate that a one percentage point increase in LIBOR would increase our interest expense by approximately $37 million and $4 million for the years ended December 31, 2021 and 2020, respectively.

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

Additional Risks Related to Ownership of Our Common Stock

The price of our common stock may be volatile.

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

- changes in the industries in which we and our customers operate;
- developments involving our competitors;
- changes in laws and regulations affecting our business;
- variations in our operating performance and the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- changes in financial estimates and recommendations by securities analysts;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- actions by stockholders, including the sale of their shares of our common stock;

- additions and departures of key personnel;
- commencement of, or involvement in, litigation involving our Company;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our common stock available for public sale; and
- general economic and political conditions, such as the effects of the pandemic related to COVID-19 and its variants, recessions, interest rates, local and national elections, fuel prices, international currency fluctuations, corruption, inflation, political instability and acts of war or terrorism.

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

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

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

General Risk Factors

Catastrophic events may disrupt our business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The market price of our common stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert management's attention from other business concerns, which could seriously harm our business.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We have various operating leases for office space, which are summarized as of December 31, 2021 in the table below. We believe that our facilities are adequate for our current needs.

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

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

Item 3. Legal Proceedings.

In August 2019, the Federal Trade Commission ("FTC") sent a civil investigative demand to Opendoor Labs Inc., our wholly-owned subsidiary, seeking documents and information relating primarily to statements in our advertising and website comparing selling homes to us with selling homes in a traditional manner using an agent and relating to statements that our offers reflect or are based on market prices. Thereafter, we responded cooperatively to the civil investigative demand and related follow-up requests from the FTC. On December 23, 2020, the FTC notified us that they intend to recommend that the agency pursue an enforcement action against us and certain of our officers, if we are unable to reach a negotiated settlement acceptable to all parties. The FTC has indicated that they believe certain of our advertising claims relating to the amount of our offers, the repair costs charged to home sellers, and the amount of net proceeds a seller may receive from selling to us versus selling in the traditional manner were inaccurate and/or inadequately substantiated. We are engaged in settlement negotiations with the FTC. There can be no assurances that we will be successful in negotiating a favorable settlement.

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

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information for Common Stock

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

Holders of Record

As of February 18, 2022, there were approximately 80 holders of record of our common stock.

Dividend Policy

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

Sales of Unregistered Equity Securities

None.

Issuer Purchases of Equity Securities

None.

Item 6. [Reserved]

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

The following discussion and analysis provides information that our management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. The discussion should be read together with the historical audited annual consolidated financial statements as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020, and 2019. As discussed in Note 1 to the accompanying consolidated financial statements the Company corrected the 2020 consolidated financial statements to account for Sponsor Warrants as a liability on the Company’s balance sheet with subsequent changes in their value recognized in the Company’s consolidated statement of operations at each reporting date. These corrections are reflected in the discussions. See “Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Description of Business and Accounting Policies” for additional information.

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

Overview

Opendoor’s mission is to empower everyone with the freedom to move and make it possible to buy, sell and move at the tap of a button. We are transforming what has historically been a complex, uncertain, time-consuming and mostly offline process into a simple, online experience. Since our inception in 2014, we have built scalable pricing capabilities, technology-enabled centralized operations, and a suite of digital-first consumer products. These investments have enabled us to help customers buy or sell homes in over 140,000 transactions and expand our footprint to 44 markets across the country. Most importantly, we have grown rapidly while delighting our customers with an experience that brings simplicity, certainty and speed to the home selling and buying process.

Financial Highlights

(in millions, except percentages, homes sold, number of markets, and homes in inventory)	Year Ended December 31, 2021	2020	2019	2020 to 2021 Change	2019 to 2020 Change
Revenue	$ 8,021	$ 2,583	$ 4,741	$ 5,438	$ (2,158)
Homes sold	21,725	9,913	18,799	11,812	(8,886)
Gross profit	$ 730	$ 220	$ 301	$ 510	$ (81)
Gross margin	9.1 %	8.5 %	6.4 %		
Net loss	$ (662)	$ (253)	$ (339)	$ (409)	$ 86
Adjusted Net Loss	$ (116)	$ (175)	$ (327)	$ 59	$ 152
Contribution Profit	$ 525	$ 110	$ 92	$ 415	$ 18
Contribution Margin	6.5 %	4.3 %	1.9 %		
Adjusted EBITDA	$ 58	$ (98)	$ (218)	$ 156	$ 120
Adjusted EBITDA Margin	0.7 %	(3.8)%	(4.6)%		
Number of markets (at period end)	44	21	21	23	—
Inventory (at period end)	$ 6,096	$ 466	$ 1,312	$ 5,630	$ (846)
Homes in inventory (at period end)	17,009	1,826	5,572	15,183	(3,746)

Business Impact of COVID-19

In response to the COVID-19 pandemic and the consequent health risks, we substantially paused purchasing additional homes in March 2020 to safeguard the health and safety of our customers and employees. In addition to pausing new acquisitions, we sold down most of our homes in inventory at a healthy pace, leading to a low point in inventory of $152 million as of September 30, 2020 compared to $1.3 billion as of December 31, 2019. As our revenues are dependent on inventory levels available for sale, we experienced sequential, quarter-over-quarter declines in revenue in the second, third and fourth quarters of 2020. After retooling certain operational processes to enable “contactless” transactions, we resumed making offers to purchase homes in select markets in May 2020 and resumed operations across all of our markets by the end of August 2020. We surpassed pre-COVID-19 inventory levels in the second quarter of 2021 and ended the year with inventory of $6.1 billion as of December 31, 2021. While we believe we have adapted our operations to function effectively during the ongoing COVID-19 pandemic, our business remains sensitive to potential future disruptions of the real estate market caused by COVID-19 and its variants.

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

Factors Affecting our Business Performance

Market Penetration in Existing Markets

Residential real estate is one of the largest consumer markets, with approximately $2.3 trillion of home value transacted annually. Given we operate in a highly fragmented industry and offer a differentiated value proposition to the incumbent agent-led transaction, we believe there is significant opportunity to expand our share in our existing cities. By providing a consistent, high-quality and differentiated experience to our customers, we hope to continue to drive positive word-of-mouth awareness and trust in our platform. We believe this creates a virtuous cycle, whereby more home sellers will request an offer from Opendoor, allowing us to deepen our market penetration.

Expansion into New Markets

We have expanded into 44 markets as of December 31, 2021. The following table represents the number of markets as of the periods presented:

	Year Ended December 31,		
(in whole numbers)	**2021**	**2020**	**2019**
Number of markets (at period end)	44	21	21

We launched 23 new markets in 2021, exceeding our goal to double the markets we serve over the course of 2021. We have honed our market launch playbook by centralizing many of our core pricing, operations, and customer service functions, enabling us to launch new markets more efficiently and quickly in the future. For example, we are generally able to launch a market with only a small field team focused on home renovation oversight, with all other key functions managed centrally.

We view the first year of a market launch as an investment period during which we refine our pricing models, renovation strategies and cost structure. Historically, we have seen underwriting performance for purchase cohorts in new markets improve approximately one year after initial launch. While new markets do not contribute significantly to revenue during their first year of operation, they provide a foundation for long-term growth once local operational and pricing capabilities have been refined.

We made substantial investments to support our market launches in 2021, which we expect will impact both Contribution Margin and Adjusted EBITDA as these new markets mature. We expect such investments to continue as we launch additional markets.

Adjacent Services

We believe home sellers and buyers value simplicity and convenience. To that end, we are building an online, integrated suite of home services, which currently include title insurance and escrow services, Buy with Opendoor, Opendoor Home Loans, and Opendoor Complete. We believe that vertically integrating services that are adjacent to the core real estate transaction will allow us to deliver a superior, seamless experience to the consumer. Our success with title insurance and escrow services helps validate our view that customers prefer an online, integrated experience. We expect that these adjacent services will also be accretive to our Contribution Margin.

We will continue to evaluate new ways to improve our end-to-end solution and expect to invest in additional adjacent products and services over time.

Unit Economics

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

- Successful incremental attach of services that supplement the core transaction margin profile via our existing services as well as new ones.
- Pricing engine optimization and enhancements, as we expand our reach in existing markets and enter new markets.
- Lowering platform costs through process refinement, greater automation and self-service, and more efficient forms of financing.

Inventory Management

Effectively managing our overall inventory position is critical to our financial performance. Since our inception, we have prioritized investment in our pricing capabilities across our home acquisition processes and our forecasting and resale systems, and will continue to do so. As part of our overall risk management framework, we consider both individual market and aggregate portfolio exposures. We typically seek to maximize the resale margin performance of our inventory while balancing sell-through rates, holding periods, and portfolio aging. Similarly, we evaluate our portfolio health metrics relative to the broader market (as observed on the MLS) as another key indicator of inventory management performance. One such metric is our percentage of homes "on the market" for greater than 120 days (as measured from initial listing date). As of December 31, 2021, such homes represented 8% of our portfolio, compared to 24% for the broader market when filtered for the types of homes we are able to underwrite and acquire in a given market based on characteristics such as price range, home type, home location, year built and lot size (defined as our "Buybox".)

Inventory Financing

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

Seasonality

The residential real estate market is seasonal, with greater demand from home buyers in the spring and summer, and typically weaker demand in late fall and winter. We expect our financial results and working capital requirements to reflect seasonal variations over time, although our growth and market expansion have obscured the impact of seasonality in our historical financials and may continue to do so. That said, we generally expect stronger sequential revenue growth in the first quarter of the year versus the third and fourth quarters.

Non-GAAP Financial Measures

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

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

Adjusted Gross Profit, Contribution Profit and Contribution Profit After Interest

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

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

Adjusted Gross Profit / Margin

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

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

Contribution Profit / Margin

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

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

Contribution Profit / Margin After Interest

We define Contribution Profit After Interest as Contribution Profit, minus interest expense under our non-recourse asset-backed senior debt facilities incurred on the homes sold during the period. This may include interest expense recorded in periods prior to the period in which the sale occurred. Our asset-backed senior debt facilities are secured by our real estate inventory and cash. See "*— Liquidity and Capital Resources — Debt and Financing Arrangements.*" In addition to our senior debt facilities, we use a mix of debt and equity capital to finance our inventory and that mix will vary over time. In addition, we expect to continue to evolve our cost of financing as we include other debt sources beyond mezzanine capital. As such, in order to allow more meaningful period over period comparisons that more accurately reflect our asset performance rather than our evolving financing choices, we do not include interest expense associated with our mezzanine term debt facilities in this calculation. Contribution Margin After Interest is Contribution Profit After Interest as a percentage of revenue.

We view this metric as an important measure of business performance. Contribution Profit After Interest helps management assess Contribution Margin performance, per above, when burdened with the cost of senior financing.

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

	Year Ended December 31,		
(in millions, except percentages)	**2021**	**2020**	**2019**
Gross profit (GAAP)	**$ 730**	**$ 220**	**$ 301**
Gross Margin	9.1 %	8.5 %	6.4 %
Adjustments:			
Inventory valuation adjustment – Current Period(1)(2)	39	—	11
Inventory valuation adjustment – Prior Periods(1)(3)	—	(11)	(15)
Restructuring in cost of revenue(4)	—	2	—
Adjusted Gross Profit	**$ 769**	**$ 211**	**$ 297**
Adjusted Gross Margin	9.6 %	8.2 %	6.3 %
Adjustments:			
Direct selling costs(5)	(195)	(73)	(149)
Holding costs on sales – Current Period(6)(7)	(47)	(17)	(43)
Holding costs on sales – Prior Periods(6)(8)	(2)	(11)	(13)
Contribution Profit	**$ 525**	**$ 110**	**$ 92**
Contribution Margin	6.5 %	4.3 %	1.9 %
Adjustments:			
Interest on homes sold – Current Period(9)(10)	(42)	(18)	(52)
Interest on homes sold – Prior Periods(9)(11)	(1)	(10)	(13)
Contribution Profit After Interest	**$ 482**	**$ 82**	**$ 27**
Contribution Margin After Interest	6.0 %	3.2 %	0.6 %

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

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

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

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

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

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

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

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

(9) This does not include interest on mezzanine term debt facilities or other indebtedness. See "— *Liquidity and Capital Resources — Debt and Financing Arrangements*."

(10) Represents the interest expense under our asset-backed senior debt facilities incurred during the period on homes sold in the current period.

(11) Represents the interest expense under our asset-backed senior debt facilities incurred during prior periods on homes sold in the current period.

Adjusted Net Loss and Adjusted EBITDA

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

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

Adjusted Net Loss

We calculate Adjusted Net Loss as GAAP net loss adjusted to exclude non-cash expenses of stock-based compensation, equity securities fair value adjustment, derivative and warrant fair value adjustment, and intangibles amortization expense. It also excludes non-recurring payroll tax on initial RSU release, restructuring charges, loss on extinguishment of debt, gain on lease termination, legal contingency accrual, and convertible note payment-in-kind (“PIK”) interest and issuance discount amortization. Adjusted Net Loss also aligns the timing of inventory valuation adjustments recorded under GAAP to the period in which the related revenue is recorded in order to improve the comparability of this measure to our non-GAAP financial measures of unit economics, as described above. Our calculation of Adjusted Net Loss does not currently include the tax effects of the non-GAAP adjustments because our taxes and such tax effects have not been material to date.

Adjusted EBITDA

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

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

	Year Ended December 31,		
(in millions, except percentages)	**2021**	**2020**	**2019**
Net loss (GAAP)	**$ (662)**	**$ (253)**	**$ (339)**
Adjustments:			
Stock-based compensation	536	38	13
Equity securities fair value adjustment[1]	(35)	—	—
Derivative and warrant fair value adjustment[1]	(12)	(8)	(6)
Intangibles amortization expense[2]	4	4	3
Inventory valuation adjustment – Current Period[3][4]	39	—	11
Inventory valuation adjustment – Prior Periods[3][5]	—	(11)	(15)
Restructuring[6]	—	31	2
Convertible note PIK interest and discount amortization[7]	—	8	4
Loss on extinguishment of debt	—	11	—
Gain on lease termination	(5)	—	—
Payroll tax on initial RSU release	5	—	—
Legal contingency accrual	14	4	—
Other[8]	—	1	—
Adjusted Net Loss	**$ (116)**	**$ (175)**	**$ (327)**
Adjustments:			
Depreciation and amortization, excluding amortization of intangibles	33	22	15
Property financing[9]	119	38	84
Other interest expense[10]	24	22	22
Interest income[11]	(3)	(5)	(12)
Income tax expense	1	—	—
Adjusted EBITDA	**$ 58**	**$ (98)**	**$ (218)**
Adjusted EBITDA Margin	0.7 %	(3.8)%	(4.6)%

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

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

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

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

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

(6) Restructuring costs consist mainly of employee termination benefits, relocation packages and retention bonuses as well as costs related to the exiting of certain non-cancelable leases. In 2020, these costs related mainly to a reduction in workforce implemented in April 2020 as well as our exercise of the early termination option related to our San Francisco headquarters. In 2019, these costs related mainly to the centralization of our administrative and selling functions, including the relocation of local teams to Phoenix.

(7) Includes non-cash payment-in-kind ("PIK") interest and amortization of the discount on the convertible notes issued from July through November 2019 (the "2019 Convertible Notes"). We exclude convertible note PIK interest and amortization

from Adjusted Net Loss since these are non-cash in nature and were converted into equity in September 2020 when the Company entered into the Convertible Notes Exchange Agreement with the convertible note holders.

(8) Includes primarily gain or loss on disposal of fixed assets, gain or loss on interest rate lock commitments, gain or loss on the sale of available for sale securities, and sublease income.

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

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

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

Components of Our Results of Operations

Revenue

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

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

Cost of Revenue

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

Operating Expenses

Sales, Marketing and Operations Expense

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

General and Administrative Expense

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

We incurred a significant increase in stock-based compensation in 2021 as a result of certain performance-based awards and historical RSUs satisfying their liquidity event vesting conditions. The increase in stock-based compensation impacts each line item within Operating expenses. See "*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 14. Share-based Awards*" for additional information.

Technology and Development Expense

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

Derivative and Warrant Fair Value Adjustment

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

Loss on Extinguishment of Debt

Loss on extinguishment of debt is the result of the Company’s early termination of one of its mezzanine term debt facilities and certain amounts paid to lender in excess of the book basis with respect to the facility.

Interest Expense

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

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

Other Income — Net

Other income-net consists primarily of change in fair value of and dividend income from our investment in equity securities as well as interest income from our investment in debt securities.

Income Tax Expense

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

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

Results of Operations

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

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

	Year Ended December 31,		Change in	
(in millions, except percentages)	2021	2020	$	%
Revenue	$ 8,021	$ 2,583	$ 5,438	211 %
Cost of revenue	7,291	2,363	4,928	209 %
Gross profit	730	220	510	232 %
Operating expenses:				
Sales, marketing and operations	544	195	349	179 %
General and administrative	620	153	467	305 %
Technology and development	134	58	76	131 %
Total operating expenses	1,298	406	892	220 %
Net operating loss	(568)	(186)	(382)	205 %
Derivative and warrant fair value adjustment	12	8	4	50 %
Loss on extinguishment of debt	—	(11)	11	(100)%
Interest expense	(143)	(68)	(75)	110 %
Other income-net	38	4	34	850 %
Loss before income taxes	(661)	(253)	(408)	161 %
Income tax expense	(1)	—	(1)	N/M
Net loss	(662)	(253)	$ (409)	162 %

N/M - Not meaningful.

Revenue

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

Cost of Revenue and Gross Profit

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

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

Operating Expenses

Sales, Marketing and Operations. Sales, marketing and operations increased by $349 million, or 179%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase was primarily attributable to a $123 million increase in resale transaction costs and broker commissions, consistent with the 119% increase in the number of homes sold. In addition, advertising expense increased by $90 million as we increased marketing to drive acquisition volumes in both existing and new markets launched in 2021, relative to the limited marketing spend in 2020 due to the onset of COVID-19. Property holding costs increased by $71 million consistent with increased inventory levels. Personnel expenses, including salaries and benefits increased $28 million consistent with the increase in headcount.

General and Administrative. General and administrative increased by $467 million, or 305%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase was primarily attributable to $430 million of additional stock-based compensation from the commencement of expense recognition of certain performance awards following the consummation of the Business Combination in December 2020 as well as the expense recognition of certain RSUs upon the fulfillment of the liquidity event vesting condition satisfied by the February 2021 Offering. Personnel expenses, including salaries and benefits increased $22 million consistent with the increase in headcount.

Technology and Development. Technology and development increased by $76 million, or 131%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase was primarily attributable to a $56 million increase in stock-based compensation reflecting both an increase in headcount as well as the recognition of stock-based compensation beginning in 2021 when the February 2021 Offering satisfied the liquidity event vesting condition of certain RSUs. Personnel expenses, including salaries and benefits increased $12 million consistent with the increase in headcount.

Derivative and Warrant Fair Value Adjustment

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

Loss on Extinguishment of Debt

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

Interest Expense

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

Other Income — Net

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

Income Tax Expense

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

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

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

	Year Ended December 31,		Change in	
(in millions, except percentages)	**2020**	**2019**	**$**	**%**
Revenue	$ 2,583	$ 4,741	$ (2,158)	(46)%
Cost of revenue	2,363	4,440	(2,077)	(47)%
Gross profit	220	301	(81)	(27)%
Operating expenses:				
Sales, marketing and operations	195	384	(189)	(49)%
General and administrative	153	114	39	34 %
Technology and development	58	51	7	14 %
Total operating expenses	406	549	(143)	(26)%
Net operating loss	(186)	(248)	62	(25)%
Derivative and warrant fair value adjustment	8	6	2	33 %
Loss on extinguishment of debt	(11)	—	(11)	N/M
Interest expense	(68)	(110)	42	(38)%
Other income-net	4	13	(9)	(69)%
Loss before income taxes	(253)	(339)	86	(25)%
Income tax expense	—	—	—	N/M
Net loss	(253)	(339)	86	(25)%
Less net income attributable to noncontrolling interest	—	2	(2)	(100)%
Net loss attributable to Opendoor Technologies Inc.	$ (253)	$ (341)	$ 88	(26)%

N/M - Not meaningful.

Revenue

Revenue decreased by $2.2 billion, or 46%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. The decrease in revenue was primarily attributable to lower sales volumes, reflecting the decline in our inventory levels in response to the COVID-19 pandemic. See "*— Business Impact of COVID-19*". We sold 9,913 homes during the year ended December 31, 2020, compared to 18,799 homes during the year ended December 31, 2019, representing a decrease of 47%, while the average resale home price increased 2.2% between periods.

Cost of revenue decreased by $2.1 billion, or 47%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. This decrease in cost of revenue was primarily attributable to lower sales volumes.

Gross profit margins improved from 6.4% to 8.5% for the year ended December 31, 2019 and December 31, 2020, respectively. For the same periods, adjusted Gross Margins improved from 6.3% to 8.2%. Gross margin improvement was primarily due to pricing improvements, home renovation efficiency, and margins associated with adjacent services. Contribution Margin increased from 1.9% to 4.3% for the same periods, due largely to higher Adjusted Gross Margins as well as improvements in direct selling and holding costs. See "*— Non-GAAP Financial Measures*."

Operating Expenses

Sales, Marketing and Operations. Sales, marketing and operations decreased by $189 million, or 49%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. The decrease was primarily attributable to a $42 million decrease in advertising expense, as we largely suspended paid marketing spend in the second quarter of 2020 in response to COVID-19 before gradually resuming spend in the second half of the year. In addition, property holding costs declined by

$39 million due to lower inventory volumes. Resale broker commissions and resale transaction costs declined by $60 million and $15 million, respectively, due to lower resale volumes. Personnel expenses decreased by $27 million due to headcount reductions, as a result of the April 2020 workforce reduction.

General and Administrative. General and administrative increased by $39 million, or 34%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. The increase was primarily attributable to $20 million of additional stock based compensation from the commencement of expense recognition of certain performance awards upon the consummation of the Business Combination in December 2020. In addition, the Company incurred $18 million of costs related to exiting certain non-cancelable leases with no future benefits to the Company.

Technology and Development. Technology and development increased by $7 million, or 14%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. The increase was primarily attributable to an $8 million increase in amortization of internally developed software.

Derivative and Warrant Fair Value Adjustment

Derivative and warrant fair value adjustment increased by $2 million, or 33% for the year ended December 31, 2020 compared to the year ended December 31, 2019. The adjustments recorded during the year ended December 31, 2020 were primarily attributable to a gain of $34 million due to a decrease in the fair value of the Sponsor Warrants between the time of the Business Combination and December 31, 2020. The gains were offset by a $23 million increase in the fair value of a derivative liability in extinguishment of the Company's 2019 Convertible Notes.

Loss on Extinguishment of Debt

Loss on extinguishment of debt increased from $0 to $11 million for the years ended December 31, 2019 and December 31, 2020, respectively. The loss on extinguishment of debt of $11 million resulted from the Company's early termination of one of its mezzanine term debt facilities in December 2020.

Interest Expense

Interest expense decreased by $42 million, or 38%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. The decrease was primarily attributable to a 47% decrease in the average outstanding balance of our financing facilities due to the reduction in inventory levels as a result of our initial response to the COVID-19 pandemic. This decrease was partially offset by interest expenses related to the $178 million in convertible notes issued in the second half of 2019 and outstanding until September 2020.

Other Income — Net

Other income – net decreased by $9 million, or 69%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. The decrease was primarily attributable to lower interest income from cash, cash equivalents and marketable securities.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity have historically consisted of cash generated from our operations and from financing activities. As of December 31, 2021, we had cash and cash equivalents of $1.7 billion, restricted cash of $847 million, and marketable securities of $484 million. The Company had total outstanding balances on our asset-backed debt and other secured borrowings of $6.1 billion and aggregate principal outstanding from Convertible Senior Notes of $978 million. In addition, we had undrawn borrowing capacity of $4.7 billion under our non-recourse asset-backed debt facilities (as described further below), of which $2.8 billion was fully committed.

On February 9, 2021, we completed an underwritten public offering (the "February 2021 Offering") in which we sold 32,817,421 shares of our common stock at a public offering price of $27.00 per share, including the exercise in full by the underwriters of their option to purchase up to 4,280,533 additional shares of common stock, which was completed on

February 11, 2021. We received aggregate net proceeds from the February 2021 Offering of approximately $859 million after deducting underwriting discounts and commissions and offering expenses payable by us.

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

We have incurred losses from inception through December 31, 2021 and expect to incur additional losses for the foreseeable future. Our ability to service our debt, fund working capital, business operations and capital expenditures will depend on our ability to generate cash from operating activities, which is subject to our future operating success, and obtain inventory acquisition financing on reasonable terms, which is subject to factors beyond our control, including general economic, political and financial market conditions.

We expect our working capital requirements to continue to increase in the immediate future, as we seek to increase our inventory and expand into more markets across the United States. We believe our cash, cash equivalents, and marketable securities together with cash we expect to generate from future operations and borrowings, will be sufficient to meet our working capital and capital expenditure requirements for a period of at least twelve months from the date of this Annual Report on Form 10-K.

Debt and Financing Arrangements

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

We primarily use non-recourse asset-backed debt, consisting of asset-backed senior debt facilities and asset-backed mezzanine term debt facilities, to provide financing for our real estate inventory purchases and renovations. Our business is capital intensive and maintaining adequate liquidity and capital resources is needed as we continue to scale and accumulate additional inventory. While there can be no assurance that these trends will continue, we have observed increased availability and engagement for this lending product across a variety of financial institutions and we have seen improved terms and an increase in our borrowing capacity in recent years. We actively manage our relationships with multiple financial institutions and seek to optimize duration, flexibility, efficiency and cost of funds.

Our asset-backed facilities are each collateralized by a specified pool of assets, consisting of real estate inventory, restricted cash and equity interests in certain consolidated subsidiaries of Opendoor that directly or indirectly own our real estate inventory.

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

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

The following table summarizes certain details related to our non-recourse asset-backed debt and other secured borrowings as of December 31, 2021 (in millions, except interest rates):

December 31, 2021	Borrowing Capacity	Outstanding Amount: Current	Outstanding Amount: Non-Current	Weighted Average Interest Rate	End of Revolving / Withdrawal Period	Final Maturity Date
Non-Recourse Asset-backed Debt:						
Asset-backed Senior Revolving Credit Facilities						
Revolving Facility 2018-2	$ 1,250	$ 759	$ —	2.84 %	September 23, 2022	December 23, 2022
Revolving Facility 2018-3	750	673	—	2.39 %	May 26, 2024	May 26, 2024
Revolving Facility 2019-1	900	648	—	2.84 %	June 30, 2023	June 30, 2023
Revolving Facility 2019-2	1,850	1,149	—	2.52 %	July 8, 2023	July 8, 2024
Revolving Facility 2019-3	925	886	—	3.25 %	August 22, 2022	August 21, 2023
Revolving Facility 2021-1	125	125	—	2.15 %	October 31, 2022	October 31, 2022
Asset-backed Senior Term Debt Facilities						
Term Debt Facility 2021-S1	400	—	400	3.48 %	April 1, 2024	April 1, 2025
Term Debt Facility 2021-S2	600	—	500	3.20 %	September 10, 2024	September 10, 2025
Term Debt Facility 2021-S3	1,000	—	—	3.75 %	5 Years from Initial Draw Date	5 Years, 6 Months from Initial Draw Date
Total	$ 7,800	$ 4,240	$ 900			
Issuance Costs			(3)			
Carrying Value			$ 897			
Asset-backed Mezzanine Term Debt Facilities						
Term Debt Facility 2020-M1	$ 3,000	$ —	$ 1,000	10.00 %	April 1, 2025	April 1, 2026
Total	$ 3,000	$ —	$ 1,000			
Issuance Costs			(35)			
Carrying Value			$ 965			
Total Non-Recourse Asset-backed Debt	$ 10,800	$ 4,240	$ 1,862			
Recourse Debt - Other Secured Borrowings:						
Mortgage Financing						
Repo Facility 2019-R1	$ 100	$ 7	$ —	1.84 %	May 26, 2022	May 26, 2022
Total Recourse Debt	$ 100	$ 7	$ —			

Asset-backed Senior Revolving Credit Facilities

We classify the senior revolving credit facilities as current liabilities on our consolidated balance sheets. In some cases, the borrowing capacity amounts under the asset-backed senior revolving credit facilities as reflected in the table are not fully committed and any borrowings above those amounts are subject to the applicable lender's discretion. As of December 31, 2021, we had fully committed borrowing capacity with respect to asset-backed senior revolving credit facilities of $3.9 billion.

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

Asset-backed Senior Term Debt Facilities

We classify our senior term debt facilities as non-current liabilities in our consolidated balance sheets. The carrying value of the non-current liabilities is reduced by issuance costs of $3 million. In some cases, the borrowing capacity amounts under the asset-backed senior term debt facilities as reflected in the table are not fully committed and any borrowings above those amounts are subject to the applicable lender's discretion. As of December 31, 2021, we had fully committed borrowing capacity with respect to asset-backed senior term debt facilities of $1.7 billion.

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

Asset-backed Mezzanine Term Debt Facilities

In addition to the asset-backed senior revolving credit facilities and asset-backed senior term debt facilities, we have issued asset-backed mezzanine term debt facilities which are subordinated to the related senior facilities. As of December 31, 2021, we had fully committed borrowing capacity with respect to asset-backed mezzanine term debt facilities of $2.3 billion. Any borrowings above those amounts are not fully committed and subject to the applicable lender's discretion.

Mortgage Financing

We primarily use debt financing to fund our mortgage loan originations. In 2019 we entered into a master repurchase agreement to finance substantially all of the mortgage loans that we originate. Once our mortgage business sells a loan in the secondary mortgage market, we use the sale proceeds to reduce the outstanding balance under the repurchase facility.

Convertible Senior Notes

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

December 31, 2021	**Aggregate Principal Amount**	**Unamortized Debt Issuance Costs**	**Net Carrying Amount**
2026 Notes	$ 978	$ (24)	$ 954

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

Cash Flows

The following table summarizes our cash flows for the years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31,		
(in millions)	**2021**	**2020**	**2019**
Net cash (used in) provided by operating activities	$ (5,794)	$ 682	$ (272)
Net cash used in investing activities	$ (476)	$ (22)	$ (95)
Net cash provided by financing activities	$ 7,342	$ 161	$ 646
Net increase in cash, cash equivalents, and restricted cash	$ 1,072	$ 821	$ 279

Net Cash (Used in) Provided by Operating Activities

Net cash (used in) provided by operating activities was $(5.8) billion, $682 million and $(272) million for the years ended December 31, 2021, 2020 and 2019, respectively. For the year ended December 31, 2021, cash used in operating activities was primarily driven by a $5.7 billion increase in real estate inventory and an $83 million increase in escrow receivables correlated to the increase in revenue during the year. For the year ended December 31, 2020, cash provided by operating activities was primarily driven by an $834 million reduction in real estate inventory offset by our net loss net of non-cash items of $149 million. For the year ended December 31, 2019, cash used in operating activities reflected primarily our net loss net of non-cash items of $258 million and our change in operating working capital of ($11) million.

Net Cash Used in Investing Activities

Net cash used in investing activities was $476 million, $22 million and $95 million for the years ended December 31, 2021, 2020 and 2019, respectively. For the year ended December 31, 2021, cash used in investing activities primarily consisted of $394 million in investments in marketable securities, $33 million for the acquisitions of Pro.com and RedDoor, net of cash acquired, the $15 million purchase of strategic investments in certain privately held companies and $33 million in capital expenditures, including internally developed software. For the year ended December 31, 2020, cash used in investing activities primarily consisted of capital expenditures, including internally developed software. For the year ended December 31, 2019, cash used in investing activities primarily reflected the purchase, net of sales, of marketable securities in the amount of $34 million. In addition, we acquired OSN for $33 million and spent $28 million on capital expenditures, including internally developed software, computers and leasehold improvements.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was $7.3 billion, $161 million and $646 million for the years ended December 31, 2021, 2020 and 2019, respectively. For the year ended December 31, 2021, cash provided by financing activities was primarily attributable to $5.7 billion net proceeds from asset-backed debt and $886 million in proceeds from the February 2021 Offering, net of $29 million of issuance costs. In addition, we received $978 million in proceeds from the issuance of the 2026 Notes, net of $25 million of issuance costs and offset by $119 million purchase of the Capped Calls related to the 2026 Notes. For the year ended December 31, 2020, cash provided by financing activities was primarily attributable to proceeds from the Business Combination and PIPE Investment in the amount of $1.0 billion, partially offset by the repayment of $816 million of our asset-backed debt and other secured borrowings. For the year ended December 31, 2019, cash provided by financing activities was driven by proceeds from the issuance of preferred stock and convertible notes, as well as net proceeds from the senior revolving credit facilities and mezzanine term debt facilities to acquire new inventory.

Contractual Obligations and Commitments

Contractual obligations are cash amounts that we are obligated to pay as part of certain contracts that we have entered into during the normal course of business. Below is a table that shows our contractual obligations as of December 31, 2021:

	Payment Due by Year				
(in millions)	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**More than 5 years**
Senior revolving credit facilities[1]	$ 4,269	$ 4,269	$ —	$ —	$ —
Senior and mezzanine term debt facilities[2]	2,430	130	260	2,040	—
Convertible senior notes[3]	990	2	5	983	—
Mortgage financing[4]	7	7	—	—	—
Operating leases[5]	67	8	17	15	27
Purchase commitments[6]	1,929	1,929	—	—	—
Total	9,692	6,345	282	3,038	27

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(1) Represents the principal amounts outstanding as of December 31, 2021. Includes estimated interest payments, calculated using the variable rate in existence at period end over an assumed holding period of 90 days. Borrowings under the senior revolving credit facilities are payable as the related inventory is sold. The payment is expected to be within one year of December 31, 2021.

(2) Represents the principal amounts outstanding as of December 31, 2021 and interest payments assuming the principal balances remain outstanding until maturity. The final maturity dates of the senior and mezzanine term debt facilities vary, as discussed above.

(3) Represents the principal amounts outstanding as of December 31, 2021 and interest payments assuming the principal balances remain outstanding until maturity.

(4) Represents the principal amounts outstanding as of December 31, 2021. The facility provides short-term financing between the origination of a mortgage loan and when Opendoor Home Loans sells the loan to an investor. Included estimated

interest payments, calculated using the variable rate in existence at period end over the Company's average holding period for mortgage loans.

(5) Represents future payments for long-term operating leases that have commenced as of December 31, 2021.

(6) As of December 31, 2021, we were under contract to purchase 5,411 homes for an aggregate purchase price of $1.9 billion.

Critical Accounting Policies and Estimates

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

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

Real Estate Inventory

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

Stock-Based Compensation

Our stock-based awards include stock options, restricted stock units ("RSUs"), and shares of restricted stock ("Restricted Shares").

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

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

- Risk-Free Interest Rate. The interest rates used are based on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent remaining term equal to the expected life of the award.

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

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

The grant date fair value calculated using the methodology discussed above is also utilized with respect to RSUs with performance and service conditions to vest and restricted shares. For RSUs with a performance condition based on a liquidity event, as well as a service condition to vest, no compensation expense is recognized until the performance condition has been satisfied. Subsequent to the liquidity event, compensation expense is recognized to the extent the requisite service period has been completed and compensation expense thereafter is recognized on an accelerated attribution method. Under the accelerated attribution method, compensation expense is recognized over the remaining requisite service period for each service condition tranche as though each tranche is, in substance, a separate award. In February 2021, the Company completed an underwritten public offering, which met the liquidity event vesting condition and triggered the recognition of compensation expense for RSUs for which the time-based vesting condition had been satisfied or partially satisfied. For further information on the February 2021 underwritten public offering, see "*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 13. Shareholders' Equity*".

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

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

Public and Sponsor Warrants

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

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

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

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

Recent Accounting Pronouncements

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

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

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

Interest Rate Risk

We are subject to market risk by way of changes in interest rates on borrowings under our inventory financing facilities and mortgage financing repurchase agreement. As of December 31, 2021 and December 31, 2020 we had outstanding borrowings of $4.2 billion and $346 million, respectively, which bear interest at a floating rate based on a London Interbank Offered Rate ("LIBOR") reference rate plus an applicable margin. Accordingly, fluctuations in market interest rates may increase or decrease our interest expense. We may use interest rate cap derivatives, interest rate swaps or other interest rate hedging instruments to economically hedge and manage interest rate risk with respect to our variable floating rate debt. Many of our floating rate debt facilities also have LIBOR floors. Assuming no change in the outstanding borrowings on our credit facilities, we estimate that a one percentage point increase in LIBOR would increase our interest expense by approximately $37 million and $4 million for the years ended December 31, 2021 and 2020, respectively.

Some tenors of LIBOR were discontinued on December 31, 2021. Although we expect that the capital and debt markets will cease to use LIBOR as a benchmark in the near future and the administrator of LIBOR has announced its intention to extend the publication of most tenors of LIBOR for U.S. dollars through June 30, 2023, we cannot predict whether or when LIBOR will actually cease to be available. It is not possible to predict the effect of any changes in the methods by which LIBOR is determined or any other reforms to LIBOR that may be enacted in the United States or elsewhere. Such developments may cause LIBOR to perform differently than in the past, including sudden or prolonged increases or decreases in LIBOR, or cease to exist, resulting in the application of a successor base rate under our senior revolving credit facilities, which in turn could have unpredictable effects on our interest payment obligations under our senior revolving credit facilities.

Inflation Risk

We do not believe that inflation has had a material effect on our business, results of operations or financial condition. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability to do so could harm our business, results of operations and financial condition.

Item 8. Financial Statements and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Opendoor Technologies Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, changes in temporary equity and shareholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, 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, 2021, 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 24, 2022, 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.

Sponsor Warrants – *Refer to Notes 1, 8, 13, and 15 to the financial statements*

Critical Audit Matter Description

As described in Notes 1, 8, 13, and 15 to the financial statements, the Company recorded Sponsor Warrants as liabilities on the balance sheet at fair value. Subsequent changes in the fair value of the warrants are recognized in the consolidated statement of operations at each reporting period. The Company recognized $12 million of expense related to the fair value adjustment of the Sponsor Warrants for the year ended December 31, 2021. As the Company completed the redemption of all of its outstanding Sponsor Warrants on July 9, 2021, there is no remaining balance related to the Sponsor Warrants as of December 31, 2021.

We identified the assessment of the accounting and classification of the Sponsor Warrants as a critical audit matter due to the complexity in assessing the exercise and settlement features unique to the Sponsor Warrants. Auditing these elements required a significant degree of auditor judgment and increased audit effort, including specialized skills and knowledge, due to the complexity of the application of the accounting guidance to the warrant features to determine the appropriate accounting and classification of the Sponsor Warrants.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Sponsor Warrants included the following, among others:

- We tested the effectiveness of controls over management's accounting for the Sponsor Warrants, including those over the completeness and accuracy of the technical accounting analysis for significant and unusual transactions.

- We evaluated the Company's analysis of the accounting for the Sponsor Warrants, including the completeness and accuracy of the information used in the analysis and the judgments made by management by utilizing the assistance of professionals in our firm with specialized skill and knowledge. We consulted on management's conclusion regarding the accounting for the Sponsor Warrants, including the classification of the Sponsor Warrants as liabilities and the treatment of subsequent changes in the fair value of the Sponsor Warrants.

- We evaluated the financial statement presentation and disclosures regarding the accounting conclusions reached, including the classification of the Sponsor Warrants.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California
February 24, 2022

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

OPENDOOR TECHNOLOGIES INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except share data)

		December 31, 2021	December 31, 2020
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		$ 1,731	$ 1,413
Restricted cash		847	93
Marketable securities		484	48
Escrow receivable		84	1
Mortgage loans held for sale pledged under agreements to repurchase		7	8
Real estate inventory, net		6,096	466
Other current assets ($4 and $— carried at fair value)		91	24
Total current assets		9,340	2,053
PROPERTY AND EQUIPMENT – Net		45	29
RIGHT OF USE ASSETS		42	50
GOODWILL		60	31
INTANGIBLES – Net		12	9
OTHER ASSETS ($5 and $— carried at fair value)		7	4
TOTAL ASSETS	(1)	$ 9,506	$ 2,176
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable and other accrued liabilities		$ 137	$ 25
Non-recourse asset-backed debt - current portion		4,240	339
Other secured borrowings		7	7
Interest payable		12	1
Lease liabilities – current portion		4	21
Total current liabilities		4,400	393
NON-RECOURSE ASSET-BACKED DEBT – Net of current portion		1,862	136
CONVERTIBLE SENIOR NOTES		954	—
WARRANT LIABILITIES		—	47
LEASE LIABILITIES – Net of current portion		42	47
Total liabilities	(2)	7,258	623
COMMITMENTS AND CONTINGENCIES (See Note 19)			
SHAREHOLDERS' EQUITY:			
Common stock, $0.0001 par value; 3,000,000,000 shares authorized; 616,026,565 and 540,714,692 shares issued, respectively; 616,026,565 and 540,714,692 shares outstanding, respectively		—	—
Additional paid-in capital		3,955	2,596
Accumulated deficit		(1,705)	(1,043)
Accumulated other comprehensive (loss) income		(2)	—
Total shareholders' equity		2,248	1,553
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 9,506	$ 2,176

(1) The Company's consolidated assets at December 31, 2021 and 2020 include the following assets of certain variable interest entities ("VIEs") that can only be used to settle the liabilities of those VIEs: Cash and cash equivalents, $9 and $16; Restricted cash, $838 and $81; Real estate inventory, net, $6,046 and $461; Escrow receivable, $78 and $1; Other current assets, $35 and $6; and Total assets of $7,006 and $565, respectively.

(2) The Company's consolidated liabilities at December 31, 2021 and 2020 include the following liabilities for which the VIE creditors do not have recourse to Opendoor: Accounts payable and other accrued liabilities, $59 and $2; Interest payable, $11 and $1; Current portion of non-recourse asset-backed debt, $4,240 and $339; Non-recourse asset-backed debt, net of current portion, $1,862 and $136; and Total liabilities, $6,172 and $478, respectively.

See accompanying notes to consolidated financial statements.

OPENDOOR TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Year Ended December 31,		
	2021	2020	2019
REVENUE	$ 8,021	$ 2,583	$ 4,741
COST OF REVENUE	7,291	2,363	4,440
GROSS PROFIT	730	220	301
OPERATING EXPENSES:			
Sales, marketing and operations	544	195	384
General and administrative	620	153	114
Technology and development	134	58	51
Total operating expenses	1,298	406	549
LOSS FROM OPERATIONS	(568)	(186)	(248)
DERIVATIVE AND WARRANT FAIR VALUE ADJUSTMENT	12	8	6
LOSS ON EXTINGUISHMENT OF DEBT	—	(11)	—
INTEREST EXPENSE	(143)	(68)	(110)
OTHER INCOME – Net	38	4	13
LOSS BEFORE INCOME TAXES	(661)	(253)	(339)
INCOME TAX EXPENSE	(1)	—	—
NET LOSS	(662)	(253)	(339)
LESS NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	—	2
NET LOSS ATTRIBUTABLE TO OPENDOOR TECHNOLOGIES INC.	$ (662)	$ (253)	$ (341)
Net loss per share attributable to common shareholders:			
Basic	$ (1.12)	$ (2.31)	$ (4.26)
Diluted	$ (1.12)	$ (2.31)	$ (4.37)
Weighted-average shares outstanding:			
Basic	592,574	109,301	79,977
Diluted	592,574	109,301	79,977

See accompanying notes to consolidated financial statements.

OPENDOOR TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In millions)

	Year Ended December 31,		
	2021	2020	2019
NET LOSS	$ (662)	$ (253)	$ (339)
OTHER COMPREHENSIVE (LOSS) INCOME:			
Unrealized gains on marketable securities	(2)	—	—
COMPREHENSIVE LOSS	(664)	(253)	(339)
LESS COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	—	2
COMPREHENSIVE LOSS ATTRIBUTABLE TO OPENDOOR TECHNOLOGIES INC.	$ (664)	$ (253)	$ (341)

See accompanying notes to consolidated financial statements.

OPENDOOR TECHNOLOGIES INC.

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

(In millions, except number of shares)

	Temporary Equity										Shareholders' Equity (Deficit)						
	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Series E Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-controlling interests	Total Shareholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
BALANCE- December 31, 2018	40,089,513	$ 10	23,840,816	$ 20	29,070,700	$ 81	54,865,494	$ 223	123,623,684	$ 731	77,863,856	$ —	$ 31	$ (446)	$ —	$ 1	$ (414)
Issuance of Series E-2 preferred stock	—	—	—	—	—	—	—	—	34,328,839	282	—	—	—	—	—	—	—
Issuance of Series D preferred stock	—	—	—	—	—	—	8,605,390	35	—	—	—	—	7	—	—	—	7
Issuance of common stock in stock in connection with acquisition	—	—	—	—	—	—	—	—	—	—	1,550,059	—	7	—	—	—	7
Vesting of restricted stock	—	—	—	—	—	—	—	—	—	—	2,106,144	—	1	—	—	—	1
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	3,037,155	—	4	—	—	—	4
Repurchase of common stock	—	—	—	—	—	—	—	—	—	—	(808,771)	—	(1)	(3)	—	—	(4)
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	13	—	—	—	13
Purchase of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	(5)	—	—	—	(5)
Capital distribution of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(3)	(3)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(341)	—	2	(339)
BALANCE– December 31, 2019	40,089,513	$ 10	23,840,816	$ 20	29,070,700	$ 81	63,470,884	$ 258	157,952,523	$ 1,013	83,748,443	$ —	$ 57	$ (790)	$ —	$ —	$ (733)
Issuance of Series D preferred stock	—	—	—	—	—	—	485,262	2	—	—	—	—	3	—	—	—	3
Issuance of Series E preferred stock	—	—	—	—	—	—	—	—	364,070	2	—	—	1	—	—	—	1
Issuance of issuer stock rights in extinguishment of the 2019 Convertible Notes	—	—	—	—	—	—	—	—	—	—	—	—	213	—	—	—	213
Issuance of common stock in exchange for issuer stock rights	—	—	—	—	—	—	—	—	—	—	21,460,401	—	—	—	—	—	—
Issuance of common stock	—	—	—	—	—	—	—	—	—	—	1,389,585	—	1	—	—	—	1
Vesting of restricted stock	—	—	—	—	—	—	—	—	—	—	1,461,844	—	—	—	—	—	—
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	5,638,019	—	8	—	—	—	8
Conversion of preferred stock to common stock	(40,089,513)	(10)	(23,840,816)	(20)	(29,070,700)	(81)	(63,956,146)	(260)	(158,316,593)	(1,015)	315,273,768	—	1,386	—	—	—	1,386
Issuance of common stock in connection with Business Combination and PIPE offering	—	—	—	—	—	—	—	—	—	—	111,742,632	—	889	—	—	—	889
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	38	—	—	—	38
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(253)	—	—	(253)
BALANCE– December 31, 2020	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	540,714,692	$ —	$ 2,596	$ (1,043)	$ —	$ —	$ 1,553

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

(In millions, except number of shares)

	Shareholders' Equity (Deficit)						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-controlling interests	Total Shareholders' Equity (Deficit)
	Shares	Amount					
BALANCE–December 31, 2020	540,714,692	$ —	$ 2,596	$ (1,043)	$ —	$ —	$ 1,553
Issuance of common stock in connection with the February 2021 Offering	32,817,421	—	857	—	—	—	857
Vesting of restricted stock	1,370,447	—	—	—	—	—	—
Vesting of restricted stock units	24,004,565	—	—	—	—	—	—
Common stock issued upon exercise of warrants	8,200,151	—	58	—	—	—	58
Exercise of stock options	8,919,289	—	15	—	—	—	15
Purchases of Capped Calls related to the 2026 Notes	—	—	(119)	—	—	—	(119)
Stock-based compensation	—	—	548	—	—	—	548
Other comprehensive loss	—	—	—	—	(2)	—	(2)
Net loss	—	—	—	(662)	—	—	(662)
BALANCE–December 31, 2021	616,026,565	$ —	$ 3,955	$ (1,705)	$ (2)	$ —	$ 2,248

See accompanying notes to consolidated financial statements.

OPENDOOR TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2021	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (662)	$ (253)	$ (339)
Adjustments to reconcile net loss to cash, cash equivalents, and restricted cash (used in) provided by operating activities:			
Depreciation and amortization	47	39	27
Amortization of right of use asset	8	24	12
Stock-based compensation	536	38	13
Warrant fair value adjustment	(12)	(31)	(6)
Gain on settlement of lease liabilities	(5)	—	—
Inventory valuation adjustment	56	8	32
Changes in fair value of derivative instruments	—	23	1
Changes in fair value of equity securities	(35)	—	—
Payment-in-kind interest	—	4	2
Net fair value adjustments and gain (loss) on sale of mortgage loans held for sale	(4)	(3)	—
Origination of mortgage loans held for sale	(196)	(128)	(23)
Proceeds from sale and principal collections of mortgage loans held for sale	197	126	22
Changes in operating assets and liabilities:			
Escrow receivable	(83)	12	(3)
Real estate inventories	(5,656)	834	17
Other assets	(52)	3	(8)
Accounts payable and other accrued liabilities	76	(4)	(5)
Interest payable	4	(3)	—
Lease liabilities	(13)	(7)	(14)
Net cash (used in) provided by operating activities	(5,794)	682	(272)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(33)	(17)	(28)
Purchase of intangible assets	(1)	—	—
Purchase of marketable securities	(486)	(175)	(79)
Proceeds from sales, maturities, redemptions and paydowns of marketable securities	92	170	45
Purchase of non-marketable equity securities	(15)	—	—
Acquisitions, net of cash acquired	(33)	—	(33)
Net cash used in investing activities	(476)	(22)	(95)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of Series D preferred stock	—	—	35
Proceeds from issuance of Series E preferred stock	—	2	—
Proceeds from issuance of Series E-2 preferred stock	—	—	283
Proceeds from issuance of convertible senior notes, net of issuance costs	953	—	178
Purchase of capped calls related to convertible senior notes	(119)	—	—
Proceeds from exercise of stock options	15	8	3
Proceeds from warrant exercise	22	—	—
Proceeds from Business Combination and PIPE offering	—	1,014	—
Proceeds from February 2021 Offering	886	—	—
Issuance cost of common stock	(29)	(43)	—
Capital distributions of non-controlling interest	—	—	(3)
Proceeds from non-recourse asset-backed debt	11,499	1,309	3,641
Principal payments on non-recourse asset-backed debt	(5,838)	(2,130)	(3,475)
Proceeds from other secured borrowings	192	125	23
Principal payment on other secured borrowings	(192)	(121)	(21)
Payment of loan origination fees and debt issuance costs	(47)	(3)	(15)
Repurchase of common stock at fair value	—	—	(3)
Net cash provided by financing activities	7,342	161	646
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,072	821	279
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH – Beginning of year	1,506	685	406
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH – End of year	$ 2,578	$ 1,506	$ 685

OPENDOOR TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION – Cash paid during the period for interest	$	122	$	57	$	86
DISCLOSURES OF NONCASH FINANCING ACTIVITIES:						
Conversion of preferred stock to common stock	$	—	$	1,386	$	—
Issuance of issuer stock rights in extinguishment of the 2019 Convertible Notes	$	—	$	213	$	—
Noncash financing, issuance of common stock for acquisition	$	—	$	—	$	7
Recognition of warrant liability	$	—	$	81	$	—
Issuance of common stock in extinguishment of warrant liabilities	$	(35)	$	—	$	—
RECONCILIATION TO CONSOLIDATED BALANCE SHEETS:						
Cash and cash equivalents	$	1,731	$	1,413	$	405
Restricted cash		847		93		280
Cash, cash equivalents, and restricted cash	$	2,578	$	1,506	$	685

See accompanying notes to consolidated financial statements.

1. DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES

Description of Business

Opendoor Technologies Inc. (the "Company" and "Opendoor") including its consolidated subsidiaries and certain variable interest entities ("VIEs"), is a leading digital platform for residential real estate. By leveraging software, data science, product design and operations, Opendoor has rebuilt the service model for real estate and have made buying and selling possible on a mobile device. The Company was incorporated in Delaware on December 30, 2013.

Correction of Prior Period Amounts

On April 12, 2021, subsequent to the filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2020, the Acting Director of the Division of Corporation Finance and the Acting Chief Accountant of the SEC issued a Staff Statement (the "Staff Statement") on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies ("SPACs").

The Company took into consideration the guidance in the Staff Statement and Accounting Standards Codification 815-40, *Derivatives and Hedging-Contracts in Entity's Own Equity* ("ASC 815-40") and evaluated the Public and Sponsor Warrants (each as defined herein and collectively the "Warrants"). The Warrants were issued in a private placement simultaneously with the closing of the initial public offering of Social Capital Hedosophia Holdings Corp. II ("SCH"), assumed by the Company through the Business Combination (as defined herein) on December 18, 2020, and classified in shareholders' equity as of and for the year ended December 31, 2020. While the Company concluded the Public Warrants meet the criteria to continue to be classified in shareholders' equity, the Company concluded the Sponsor Warrants do not meet the scope exception from derivative accounting prescribed by ASC 815-40 and should therefore be recorded as a liability on the Company's consolidated balance sheet at fair value as of the closing of the Business Combination, with subsequent changes in their fair value recognized in the Company's consolidated statement of operations at each reporting date. The accounting for the Sponsor Warrants does not impact the Company's financial statements in any reporting periods prior to the Business Combination, as the Company assumed the Warrants through the Business Combination which was accounted for as a reverse recapitalization.

The fair value of the Sponsor Warrants as of the Closing Date on December 18, 2020 and December 31, 2020 amounted to $81 million and $47 million, respectively. The change in fair value from the Closing Date through December 31, 2020 amounted to a gain of $34 million. The impact of the misstatement as of December 31, 2020 resulted in an understatement of the warrant liability of $47 million, and an overstatement of accumulated deficit and additional paid-in capital of $34 million and $81 million respectively.

The Company evaluated the impact of error related to the accounting treatment of Sponsor Warrants with respect to the Company's Annual Report on Form 10-K for the year ended December 31, 2020 and determined, based on consideration of quantitative and qualitative factors, that the error had an immaterial impact, individually and in aggregate. The Company corrected its accounting for Sponsor Warrants in this Annual Report on Form 10-K for the year ended December 31, 2021.

The following table provides the impact of the correction on the Company's consolidated balance sheet as of December 31, 2020, as presented herein (in millions):

	December 31, 2020		
	Previously Stated	**Adjustments**	**As Corrected**
WARRANT LIABILITIES	$ —	47	$ 47
Total liabilities	$ 576	47	$ 623
Additional paid-in capital	$ 2,677	(81)	$ 2,596
Accumulated deficit	(1,077)	34	(1,043)
Total shareholders' equity	$ 1,600	(47)	$ 1,553

The following table provides the impact of the correction on the Company's consolidated statement of operations for the year ended December 31, 2020 (in millions):

	Year Ended December 31, 2020		
	Previously Stated	Adjustments	As Corrected
DERIVATIVE AND WARRANT FAIR VALUE ADJUSTMENT	$ (26)	34	$ 8
LOSS BEFORE INCOME TAXES	$ (287)	34	$ (253)
NET LOSS	$ (287)	34	$ (253)
Net loss per share attributable to common shareholders:			
Basic	$ (2.62)	$ 0.31	$ (2.31)
Diluted	$ (2.62)	$ 0.31	$ (2.31)

Other than the changes made to reflect the impact of the recognition of the fair value of the Sponsor Warrants liability at the Closing Date to additional paid-in capital and the subsequent remeasurement of the fair value of the warrant liability at December 31, 2020 to accumulated deficit, there have been no changes to the Company's consolidated statement of temporary equity and shareholders’ equity (deficit) (in millions).

	Year Ended December 31, 2020		
	Previously Stated	Adjustments	As Corrected
Additional paid-in capital	$ 2,677	(81)	$ 2,596
Accumulated deficit	(1,077)	34	(1,043)
Total shareholders' equity	$ 1,600	(47)	$ 1,553

The following table provides the impact of the correction on the Company's consolidated statement of cash flows for the year ended December 31, 2020 (in millions):

	Year Ended December 31, 2020		
	Previously Stated	Adjustments	As Corrected
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (287)	34	$ (253)
Adjustments to reconcile net loss to cash, cash equivalents, and restricted cash provided by (used in) operating activities:			
Warrant fair value adjustment	$ 3	(34)	$ (31)
DISCLOSURES OF NONCASH FINANCING ACTIVITIES:			
Recognition of warrant liability	$ —	81	$ 81

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared pursuant to generally accepted accounting principles in the United States of America (“GAAP”). The consolidated financial statements as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 include the accounts of Opendoor, its wholly owned subsidiaries and VIEs where the Company is the primary beneficiary. The accompanying consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the periods presented. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements herein. Certain prior period amounts in the consolidated financial statements and accompanying notes have been reclassified to conform to the current period’s presentation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ materially from such estimates. Significant estimates, assumptions and judgments made by management include, among others, the determination of the fair value of common stock, share-based awards, warrants, derivatives, and inventory valuation adjustment. Management believes that the estimates and judgments upon which they rely are reasonable based upon information available to them at the time that these estimates and judgments are made. To the extent that there are material differences between these estimates and actual results, the Company's financial statements will be affected. The COVID-19 pandemic introduced significant additional uncertainties with respect to estimates, judgments and assumptions, which may materially impact these estimates.

Significant Risks and Uncertainties

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

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents, investments in marketable securities, and mortgage loans held for sale pledged under agreements to repurchase ("MLHFS"). The Company places cash and cash equivalents and investments with major financial institutions, which management assesses to be of high credit quality, in order to limit exposure of the Company's investments.

Similarly, the Company's credit risk on mortgage loans held for sale is mitigated due to having a large number of customers. Further, the Company's credit risk on mortgage loans held for sale is mitigated by the fact that the Company typically sells mortgages on the secondary market within a relatively short period of time after which the Company's exposure is limited to borrower defaults within the initial few months of the mortgage.

Segment Reporting

For the years ended December 31, 2021, 2020, and 2019, the Company was managed as a single operating segment on a consolidated basis. Furthermore, the Company determined that the Co-Founder and Chief Executive Officer is the Chief Operating Decision Maker as he is responsible for making decisions regarding the allocation of resources and assessing performance, as well as for strategic operational decisions and managing the organization at a consolidated level.

Cash and Cash Equivalents

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

Restricted Cash

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

Marketable Securities

The Company’s investments in marketable securities consist of debt securities classified as available-for-sale as well as marketable equity securities. The Company’s available-for-sale debt securities are measured at fair value with unrealized gains and losses included in Accumulated other comprehensive income (loss) in shareholders’ equity and realized gains and losses included in Other income. None of the Company’s investments in marketable securities were impaired for the years ended December 31, 2021, 2020 and 2019. The Company’s marketable equity securities are measured at fair value with changes in fair value recognized in Other income. See *“Note 4 — Cash, Cash Equivalents, and Marketable Securities”* for further discussion.

Real Estate Inventory

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

Mortgage Loans Held for Sale Pledged under Agreements to Repurchase

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

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

Convertible Senior Notes

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

Capped Calls

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

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

Derivative Instruments

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

Escrow Receivable

Escrow receivable consists of proceeds from home resale held in escrow prior to such proceeds being remitted to us. The Company reviews the need for an allowance for credit losses quarterly based on historical collections experience, among other factors. As of December 31, 2021 and 2020, the Company did not record an allowance for credit losses and for the years ended December 31, 2021, 2020 and 2019, the Company did not have any material write-offs.

No customers accounted for 10% or more of the Company's Escrow Receivable as of December 31, 2021 or 2020, respectively.

Property and Equipment

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

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

Leases

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

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

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

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

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

Internally Developed Software

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

Goodwill

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

Intangible Assets

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

Non-marketable Equity Securities

The Company's non-marketable equity securities are strategic investments in privately held companies. Non-marketable equity securities are investments that do not have a readily determinable fair value, which are measured at cost minus impairment, if any, adjusted for changes resulting from observable price changes in orderly transactions for an identical or similar investment in the same issuer (the "Measurement Alternative"). All gains and losses on these investments, realized and unrealized, are recorded in Other income-net on the Company's consolidated statements of operations. The Company assesses whether an impairment loss on its non-marketable equity securities has occurred due to declines in fair value or other market conditions. If any impairment is identified for non-marketable equity securities, the Company writes down the investment to its fair value. Non-marketable equity securities are reported in "Other assets" on the Company's Consolidated Balance Sheets.

Impairment of Long-Lived Assets

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

	Year Ended December 31,		
	2021	2020	2019
General and administrative	$ 1	$ 1	$ —
Technology and development	3	1	—
Total impairment loss	$ 4	$ 2	$ —

Revenue Recognition

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

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

Home sales revenue consists of selling residential real estate to customers. Revenue is recognized when title to and possession of the property has transferred to the customer and the Company has no continuing involvement with the property, which is generally upon close of escrow. The amount of revenue recognized for each home sale is equal to the sale price of the home net of any concessions. The Company generally provides a 90-day guarantee on home sales, subject to terms and conditions. Returns on home sales have been limited in the Company's experience and it does not estimate for returns in recognizing revenue.

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

No customers generated 10% or more of the Company's total revenue in the years ended December 31, 2021, 2020 or 2019.

Cost of Revenue

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

Sales, Marketing and Operations Expense

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

Advertising costs are expensed as incurred. For the years ended December 31, 2021, 2020, and 2019, expenses attributable to advertising totaled $123 million, $33 million, and $75 million, respectively.

Technology and Development

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

Stock-Based Compensation

Stock-based compensation awards consist of stock options, restricted stock units ("RSUs"), and shares of restricted stock ("Restricted Shares").

Stock Options

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

RSUs

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

Market Condition RSUs

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

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

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

Restricted Shares

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

Income Taxes

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

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

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

Consolidation of Variable Interest Entities

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

Public and Sponsor Warrants

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

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

The Company evaluated the Public and Sponsor Warrants under ASC 815-40, *Derivatives and Hedging-Contracts in Entity's Own Equity*, and concluded that the Sponsor Warrants did not meet the criteria to be classified in shareholders' equity.

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

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

Recently Issued Accounting Standards

Recently Adopted Accounting Standards

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

In March 2020, the FASB issued ASU 2020-04 which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference the London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. This guidance is optional for a limited period of time to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. The Company adopted this ASU as of January 1, 2021 and has elected to take advantage of this optional guidance in its transition away from LIBOR with certain debt contracts. The Company's existing LIBOR based debt arrangements generally include provisions that contemplate the transition from LIBOR, but certain arrangements may have such provisions added or modified as the transition becomes more imminent. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements as the transition from LIBOR has not occurred.

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

2. BUSINESS COMBINATIONS

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

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

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

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

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

OSN acquisition

On September 4, 2019, the Company acquired 100% of the outstanding equity of OS National LLC, including its consolidated subsidiaries (“OSN”). OSN, a company based in Duluth, Georgia, provides settlement, escrow and title services to consumers, financial institutions, real estate investment trusts, private equity firms, mortgage servicers and institutional investors to facilitate residential and commercial real estate transactions. The Company acquired OSN with the intent of streamlining the home-buying process for its customers by integrating settlement and escrow services into the Company’s existing product offerings. The Company indirectly acquired OSN’s noncontrolling interest in the title companies originally formed as joint ventures between Opendoor and OSN for $5 million, which was recorded as an equity transaction. As a result of this business combination, the Company became more vertically integrated with the ability to offer its customers OSN products and create a more seamless home buying experience while reducing its cost structure with respect to real estate transactions.

The acquisition-date fair value of the consideration transferred consisted of the following (in millions):

Cash consideration	$	34
Equity consideration – common stock		7
Total consideration transferred	$	41

Acquired intangible assets consist of trademarks and customer relationships valued at $5 million and $7 million, respectively. The Company amortizes these acquired intangible assets over 5 years.

Other Acquisitions

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

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

3. REAL ESTATE INVENTORY

The following table presents the components of inventory, net of applicable inventory valuation adjustments, as of the dates presented (in millions):

	December 31, 2021	December 31, 2020
Work-in-process	$ 1,971	$ 183
Finished goods	4,125	283
Total real estate inventory	$ 6,096	$ 466

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The amortized cost, gross unrealized gains and losses, and fair value of cash, cash equivalents, and marketable securities as of December 31, 2021 and 2020, are as follows (in millions):

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

	December 31, 2020					
	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities
Cash	$ 710	$ —	$ —	$ 710	$ 710	$ —
Money market funds	618	—	—	618	618	—
Commercial paper	81	—	—	81	81	—
Corporate debt securities	30	—	—	30	4	26
Asset-backed securities	13	—	—	13	—	13
U.S. agency securities	7	—	—	7	—	7
U.S. Treasury securities	2	—	—	2	—	2
Total	$ 1,461	$ —	$ —	$ 1,461	$ 1,413	$ 48

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

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

	Less than 12 Months		12 Months or Greater		Total	
December 31, 2020	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Commercial paper	$ 19	$ —	$ —	$ —	$ 19	$ —
Corporate debt securities	7	—	—	—	7	—
Asset-backed securities	5	—	—	—	5	—
Total	$ 31	$ —	$ —	$ —	$ 31	$ —

The scheduled contractual maturities of debt securities as of December 31, 2021 are as follows (in millions):

December 31, 2021	Fair Value	Within 1 Year	After 1 Year through 5 Years
Corporate-debt securities	$ 207	$ 71	$ 136
Commercial paper	15	15	—
Asset-backed securities	7	7	—
Certificates of deposit	5	5	—
Sovereign bonds	4	4	—
Total	$ 238	$ 102	$ 136

As of December 31, 2021, the Company had $5 million of non-marketable equity securities measured using the Measurement Alternative. The Company did not record any adjustments to the carrying value of its non-marketable equity securities. As of December 31, 2020, the Company had no non-marketable equity securities. During the year ended December 31, 2021, the Company recognized $35 million of unrealized gains in the consolidated statements of operations related to equity securities still held as of December 31, 2021.

5. DERIVATIVE INSTRUMENTS

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

Interest Rate Caps

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

Interest Rate Lock Commitments

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

Embedded Conversion Options

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

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

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

December 31, 2020	Notional Amount	Fair Value Derivatives: Asset	Fair Value Derivatives: Liability
Interest rate lock commitments	$ 15	$ —	$ —

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

	Year Ended December 31, 2021	2020	2019
Derivative and warrant fair value adjustment	$ —	$ (23)	$ —
Other income, net	$ —	$ —	$ (1)

6. VARIABLE INTEREST ENTITIES

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

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

The following table summarizes the assets and liabilities related to the VIEs consolidated by the Company as of December 31, 2021 and 2020 (in millions):

	December 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	$ 9	$ 16
Restricted cash	838	81
Real estate inventory	6,046	461
Other[1]	113	7
Total assets	$ 7,006	$ 565
Liabilities		
Non-recourse asset-backed debt	$ 6,102	$ 475
Other[2]	70	3
Total liabilities	$ 6,172	$ 478

(1) Includes escrow receivable and other current assets.

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

The creditors of the VIEs generally do not have recourse to the Company's general credit solely by virtue of being creditors of the VIEs, with the exception of limited guarantees provided by an Opendoor subsidiary for credit facilities. See *"Note 7 — Credit Facilities and Long-Term Debt"* for further discussion of the recourse obligations with respect to the VIEs.

7. CREDIT FACILITIES AND LONG-TERM DEBT

The following tables summarize certain details related to the Company's credit facilities and long-term debt as of December 31, 2021 and 2020 (in millions, except interest rates):

December 31, 2021	Borrowing Capacity	Outstanding Amount: Current	Outstanding Amount: Non-Current	Weighted Average Interest Rate	End of Revolving / Withdrawal Period	Final Maturity Date
Non-Recourse Asset-backed Debt:						
Asset-backed Senior Revolving Credit Facilities						
Revolving Facility 2018-2	$ 1,250	$ 759	$ —	2.84 %	September 23, 2022	December 23, 2022
Revolving Facility 2018-3	750	673	—	2.39 %	May 26, 2024	May 26, 2024
Revolving Facility 2019-1	900	648	—	2.84 %	June 30, 2023	June 30, 2023
Revolving Facility 2019-2	1,850	1,149	—	2.52 %	July 8, 2023	July 8, 2024
Revolving Facility 2019-3	925	886	—	3.25 %	August 22, 2022	August 21, 2023
Revolving Facility 2021-1	125	125	—	2.15 %	October 31, 2022	October 31, 2022
Asset-backed Senior Term Debt Facilities						
Term Debt Facility 2021-S1	400	—	400	3.48 %	April 1, 2024	April 1, 2025
Term Debt Facility 2021-S2	600	—	500	3.20 %	September 10, 2024	September 10, 2025
Term Debt Facility 2021-S3	1,000	—	—	3.75 %	5 Years from Initial Draw Date	5 Years, 6 Months from Initial Draw Date
Total	$ 7,800	$ 4,240	$ 900			
Issuance Costs			(3)			
Carrying Value			$ 897			
Asset-backed Mezzanine Term Debt Facilities						
Term Debt Facility 2020-M1	$ 3,000	$ —	$ 1,000	10.00 %	April 1, 2025	April 1, 2026
Total	$ 3,000	$ —	$ 1,000			
Issuance Costs			(35)			
Carrying Value			$ 965			
Total Non-Recourse Asset-backed Debt	$ 10,800	$ 4,240	$ 1,862			
Recourse Debt - Other Secured Borrowings:						
Mortgage Financing						
Repo Facility 2019-R1	$ 100	$ 7	$ —	1.84 %	May 26, 2022	May 26, 2022
Total Recourse Debt	$ 100	$ 7	$ —			

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

December 31, 2020	Outstanding Amount		Weighted Average Interest Rate
	Current	Non-Current	
Non-Recourse Asset-backed Debt:			
Asset-backed Senior Revolving Credit Facilities			
Revolving Facility 2018-1	$ —	$ —	4.28 %
Revolving Facility 2018-2	—	—	4.36 %
Revolving Facility 2018-3	25	—	4.19 %
Revolving Facility 2019-1	33	—	3.58 %
Revolving Facility 2019-2	230	—	3.08 %
Revolving Facility 2019-3	51	—	3.60 %
Total	$ 339	$ —	
Asset-backed Mezzanine Term Debt Facilities			
Term Debt Facility 2016-M1	$ —	$ 40	10.00 %
Term Debt Facility 2020-M1	—	100	10.00 %
Total	$ —	$ 140	
Issuance Costs		(5)	
Carrying Value		$ 135	
Total Non-Recourse Asset-backed Debt	$ 339	$ 135	
Recourse Debt - Other Secured Borrowings:			
Mortgage Financing			
Repo Facility 2019-R1	$ 7	$ —	1.94 %
Total Recourse Debt	$ 7	$ —	

Non-Recourse Asset-backed Debt

The Company utilizes inventory financing facilities consisting of asset-backed senior debt facilities and asset-backed mezzanine term debt facilities to provide financing for the Company’s real estate inventory purchases and renovation. The credit facilities are secured by the assets and equity of one or more SPEs. Each SPE is a consolidated subsidiary of Opendoor and a separate legal entity. Neither the assets nor credit of any such SPE are generally available to satisfy the debts and other obligations of any other Opendoor entities, except to the extent other Opendoor entities are also a party to the financing arrangements. These facilities are non-recourse to Opendoor and, with limited exceptions, non-recourse to other Opendoor subsidiaries.

As of December 31, 2021, the Company had total borrowing capacity with respect to the Company’s non-recourse asset backed debt of $10.8 billion. Borrowing capacity amounts under non-recourse asset backed debt as reflected in the table above are in some cases not fully committed and any borrowings above the fully committed amounts are subject to the applicable lender’s discretion. As of December 31, 2021, the Company had fully committed borrowing capacity with respect to the Company’s non-recourse asset backed debt of $7.8 billion.

Asset-backed Senior Revolving Credit Facilities

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

Borrowing capacity amounts under the senior revolving credit facilities as reflected in the table above are in some cases not fully committed and any borrowings above the fully committed amounts are subject to the applicable lender’s discretion. As of December 31, 2021, the Company had fully committed borrowing capacity with respect to the Company’s senior revolving credit facilities of $3.9 billion.

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

Borrowings under the senior revolving credit facilities accrue interest at a rate based on a LIBOR reference rate plus a margin that varies by facility. The Company may also pay fees on certain unused portions of the committed borrowing capacity, as defined in the respective credit agreements. The Company’s senior revolving credit facility arrangements typically include upfront fees that may be paid at execution of the applicable agreements or be earned at execution and payable over time. These facilities are generally fully prepayable at any time without penalty other than customary LIBOR breakage costs.

These borrowings are collateralized by cash, equity in the real estate owning SPEs, and the real estate inventory funded by the relevant facility. The lenders have legal recourse only to the real estate-owning SPE borrowers, certain SPE guarantors, and the assets securing the debt, and do not have general recourse to the Company.

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

Asset-backed Senior Term Debt Facilities

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

Borrowing capacity amounts under the senior term debt facilities as reflected in the table above are in some cases not fully committed and any borrowings above the fully committed amounts are subject to the applicable lender’s discretion. Any amounts repaid reduce total borrowing capacity as repaid amounts are not available to be reborrowed. As of December 31, 2021, the Company had fully committed borrowing capacity with respect to the Company’s senior term debt facilities of $1.7 billion. The total outstanding amount presented above includes $900 million of non-current liabilities; the carrying value of the non-current liabilities is reduced by issuance costs of $3 million.

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

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

These borrowings are collateralized by cash, equity in the real estate owning SPEs, and the real estate inventory funded by the relevant facility. The lenders have legal recourse only to the real estate-owning SPE borrowers, certain SPE guarantors, and the assets securing the debt, and do not have general recourse to the Company.

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

Asset-backed Mezzanine Term Debt Facilities

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

Borrowing capacity under the mezzanine term debt facilities as reflected in the table above are not fully committed and any borrowings above the fully committed amounts are subject to the applicable lender's discretion. Any amounts repaid reduce total borrowing capacity as repaid amounts are not available to be reborrowed. As of December 31, 2021, the Company had fully committed borrowing capacity with respect to the Company's mezzanine term debt facilities of $2.3 billion. The total outstanding amount presented above includes $1.0 billion of non-current liabilities; the carrying value of the non-current liabilities is reduced by issuance costs of $35 million.

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

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

These borrowings are collateralized by cash and equity in certain holding companies that own the Company's real estate owning SPEs. The lenders generally have legal recourse only to the applicable borrowers of the debt and their assets securing the debt and do not have recourse to Opendoor and, with limited exceptions, do not have recourse to other Opendoor subsidiaries.

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

Covenants

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

The terms of these inventory financing facilities and related financing documents require Opendoor to comply with a number of customary financial and other covenants, such as maintaining certain levels of liquidity, tangible net worth or leverage (ratio of debt to equity). As of December 31, 2021, the Company was in compliance with all financial covenants and no event of default had occurred.

Mortgage Financing

To provide capital for Opendoor Home Loans, the Company utilizes a master repurchase agreement (the "Repurchase Agreement") which is classified as a current liability on its consolidated balance sheets. In March 2019, the Company entered into the Repurchase Agreement with a lender to provide short-term funding for mortgage loans originated by Opendoor Home Loans. The facility provides short-term financing between the issuance of a mortgage loan and when Opendoor Home Loans sells the loan to an investor. In accordance with the Repurchase Agreement, the lender agrees to pay Opendoor Home Loans a negotiated purchase price for eligible loans and Opendoor Home Loans simultaneously agrees to repurchase such loans from the lender within a specified timeframe and at an agreed upon price that includes interest. Opendoor Labs Inc. is the guarantor with respect to the Repurchase Agreement and the obligation to repurchase loans previously transferred under the arrangement for the benefit of the lender.

As of December 31, 2021, the Repurchase Agreement has a borrowing capacity of $100 million, of which $20 million is fully committed. The Repurchase Agreement includes customary representations and warranties, covenants and provisions regarding events of default. As of December 31, 2021, $7 million in mortgage loans were financed under the facility, and Opendoor was in compliance with all financial covenants and no event of default had occurred.

Transactions under the Repurchase Agreement bear interest at a rate based on one-month LIBOR plus an applicable margin, as defined in the Repurchase Agreement, and are secured by residential mortgage loans available for sale. The Repurchase Agreement contains margin call provisions that provide the lender with certain rights in the event of a decline in the market value of the assets purchased under the Repurchase Agreement. The Repurchase Agreement is recourse to Opendoor Labs Inc.

Convertible Senior Notes

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

December 31, 2021	Aggregate Principal Amount	Unamortized Debt Issuance Costs	Net Carrying Amount
2026 Notes	$ 978	$ (24)	$ 954

December 31, 2021	Maturity Date	Stated Cash Interest Rate	Effective Interest Rate	Semi-Annual Interest Payment Dates	Conversion Rate	Conversion Price
2026 Notes	August 15, 2026	0.25 %	0.77 %	February 15; August 15	51.9926	$ 19.23

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

For the year ended December 31, 2021, total interest expense on the Company's convertible senior notes was $3 million, with coupon interest of $1 million and amortization of debt issuance costs of $2 million.

Capped Calls

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

8. FAIR VALUE DISCLOSURES

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

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

Fair Value Hierarchy

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

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

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

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

Estimation of Fair Value

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

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

Derivative and warrant liabilities		
Sponsor Warrants	Fair value is estimated using the price of the Public Warrants or their settlement value.	Level 2 recurring fair value measurement.
Warrants	Fair value is estimated using the Black-Scholes-Merton option pricing model with inputs and assumptions including the Company's equity valuation, expected volatility, expected duration of the warrants, and associated risk-free rate.	Level 3 recurring fair value measurement.
Embedded conversion options	Fair value is estimated using a lattice model incorporating the probabilities of various conversion scenarios with respect to timing and conversion features under the terms of the 2019 Convertible Notes.	Level 3 recurring fair value measurement.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

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

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

December 31, 2020	Balance at Fair Value	Level 1	Level 2	Level 3
Marketable securities:				
Corporate debt securities	$ 26	$ —	$ 26	$ —
Asset-backed securities	13	—	13	—
U.S. agency securities	7	—	7	—
U.S. Treasury securities	2	—	2	—
Mortgage loans held for sale pledged under agreements to repurchase	8	—	8	—
Total assets	$ 56	$ —	$ 56	$ —
Warrant liabilities:				
Sponsor Warrants	47	—	47	—
Total liabilities	$ 47	$ —	$ 47	$ —

Fair Value of Financial Instruments

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

	December 31, 2021			
	Carrying Value	Fair Value	Level 1	Level 2
Assets:				
Cash and cash equivalents	$ 1,731	$ 1,731	$ 1,731	$ —
Restricted cash	847	847	847	—
Other assets:				
Non-marketable equity securities	5	5	—	5
Liabilities:				
Non-recourse asset-backed debt	$ 6,102	$ 6,140	$ —	$ 6,140
Other secured borrowings	7	7	—	7
Convertible senior notes	954	1,019	—	1,019

	December 31, 2020			
	Carrying Value	Fair Value	Level 1	Level 2
Assets:				
Cash and cash equivalents	$ 1,413	$ 1,413	$ 1,413	$ —
Restricted cash	93	93	93	—
Liabilities:				
Non-recourse asset-backed debt	$ 475	$ 479	$ —	$ 479
Other secured borrowings	7	7	—	7

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

	Warrants	Embedded Conversion Option	Interest Rate Lock Commitments
Balance as of December 31, 2018	$ 18	$ —	$ —
Issuances	1	42	—
Exercise of warrants	(7)	—	—
Net change in fair value	(7)	—	—
Balance as of December 31, 2019	$ 5	$ 42	$ —
Settlement of 2019 Convertible Notes	—	(65)	—
Exercise of warrants	(7)	—	—
Net change in fair value	2	23	—
Balance as of December 31, 2020	$ —	$ —	$ —
Additions	—	—	5
Originations/Terminations	—	—	(5)
Balance as of December 31, 2021	$ —	$ —	$ —

9. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2021 and 2020, consisted of the following (in millions):

	2021	2020
Internally developed software	$ 71	$ 48
Computers	11	5
Security systems	10	1
Furniture and fixtures	3	3
Software implementation costs	3	2
Leasehold improvements	2	2
Office equipment	2	2
Total	102	63
Accumulated depreciation and amortization	(57)	(34)
Property and equipment – net	$ 45	$ 29

Depreciation and amortization expense of $27 million, $22 million, and $15 million was recorded for the years ended December 31, 2021, 2020 and 2019, respectively.

10. LEASES

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

Components of lease costs for the years ended the December 31, 2021, 2020, and 2019, are as follows (in millions):

	Year Ended December 31,		
	2021	2020	2019
Operating lease cost	$ 12	$ 34	$ 12
Variable lease cost	1	—	1
Short-term lease cost	—	1	2
Sublease income	(1)	—	(1)
Net lease cost	$ 12	$ 35	$ 14

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

December 31,	2021	2020	2019
Cash paid for amounts included in the measurement of operating lease liabilities	$ (10)	$ (13)	$ (11)
Right-of-use assets obtained in exchange for new or acquired lease liabilities	$ —	$ 40	$ 58

There were no other material lease modifications in the year ended December 31, 2021.

For the year ended December 31, 2020, terminations of certain operating leases resulted in the reduction of right-of-use assets and lease liabilities of approximately $28 million. Of this reduction in operating lease liabilities and right-of-use assets, $28 million is attributable to the Company exercising an option to early terminate the Company’s lease in San Francisco. As the Company does not anticipate returning to the San Francisco space, the Company accelerated amortization of the right-of-use asset by $13 million for the one year term remaining after exercising the early termination option. In exercising the Company’s early termination option, the Company incurred $5 million in early termination fees for the year ended December 31, 2020. In

January 2021, the Company terminated the San Francisco lease prior to the anticipated termination date of September 30, 2021, which resulted in a $5 million gain recognized for the year ended December 31, 2021. See *"Note 20 — Restructuring"* for further discussion. There were no other material lease modifications for the year ended December 31, 2020.

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

December 31,	2021	2020
Weighted average remaining lease term for operating leases (in years)	7.6	6.5
Weighted average discount rate for operating leases	9.8 %	9.1 %

Maturity of operating lease liabilities as of December 31, 2021 are as follows (in millions):

2022	$	8
2023		8
2024		9
2025		8
2026		7
Thereafter		27
Total undiscounted future cash flows	$	67
Less: Imputed interest		21
Total lease liabilities	$	46

11. GOODWILL AND INTANGIBLE ASSETS

For the year ended December 31, 2021, the carrying amount of goodwill increased by $29 million due to the acquisition of Pro.com and RedDoor. For further information on the acquisition, see *"Note 2 — Business Combination"*. There were no additions to goodwill for the year ended December 31, 2020. No impairment of goodwill was identified for the years ended December 31, 2021, 2020, and 2019.

Intangible assets subject to amortization consisted of the following as of December 31, 2021 and 2020, respectively (in millions, except years):

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

December 31, 2020	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Remaining Weighted Average Useful Life (Years)
Customer relationships	$ 8	$ (3)	$ 5	3.7
Trademarks	5	(1)	4	3.7
Developed technology	3	(3)	—	0
Intangible assets – net	$ 16	$ (7)	$ 9	

Amortization expense for intangible assets was $4 million, $4 million, and $3 million for the years ended December 31, 2021, 2020, and 2019, respectively.

As of December 31, 2021, expected amortization of intangible assets is as follows (in millions):

Fiscal Years	
2022	$ 8
2023	2
2024	2
Total	$ 12

12. ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of December 31, 2021 and 2020, consisted of the following (in millions):

	2021	2020
Accrued expenses due to vendors	$ 66	$ 11
Accrued property and franchise taxes	24	1
Legal contingency accrual	18	4
Accrued payroll and other employee related expenses	17	6
Accounts payable due to vendors	3	3
Other	9	—
Total accounts payable and other accrued liabilities	$ 137	$ 25

13. SHAREHOLDERS' EQUITY

Common Stock

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

On December 21, 2020, the Company's common stock and warrants began trading on the Nasdaq Global Select Market ("Nasdaq") under the ticker symbols "OPEN" and "OPENW," respectively. Pursuant to the Company's certificate of incorporation, the Company is authorized to issue 3,000,000,000 shares of common stock with a par value of $0.0001 per share. On July 9, 2021, the Company completed the redemption of all of its outstanding Public and Sponsor Warrants and in connection with the redemption, the Public Warrants stopped trading on Nasdaq.

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

Preferred Stock

Pursuant to the Company's certificate of incorporation, the Company is authorized to issue 100,000,000 shares of preferred stock having a par value of $0.0001 per share ("Opendoor Technologies Preferred Stock"). The Company's board of directors has the authority to issue Opendoor Technologies Preferred Stock and to determine the rights, preferences, privileges and restrictions, including voting rights, of those shares. As of December 31, 2021, there were no shares of Opendoor Technologies Preferred Stock issued and outstanding.

Dividend

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

14. SHARE-BASED AWARDS

2014 Stock Plan

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

2020 Equity Incentive Plans

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

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

Stock options and RSUs

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

A summary of the stock option activity for the year ended December 31, 2021, is as follows:

	Number of Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Balance – December 31, 2020	24,158	$ 1.91	5.4	$ 503
Granted	150	15.00		
Exercised	(8,919)	1.65		
Forfeited	(840)	3.77		
Expired	(3)	2.98		
Balance – December 31, 2021	14,546	2.12	4.7	$ 182
Exercisable – December 31, 2021	12,793	1.79	4.3	$ 164

Aggregate intrinsic value represents the difference between the exercise price of the options and the estimated fair value of the Company’s common stock. The total intrinsic value of options exercised for the years ended December 31, 2021, 2020, and 2019, was $144 million, $46 million, and $10 million, respectively.

The weighted-average grant date fair value per option granted for the years ended December 31, 2021 and 2019 were $10.18 and $1.50, respectively. There were no options granted during the year ended December 31, 2020 .

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

A summary of the RSU activity for the year ended December 31, 2021, is as follows:

	Number of RSUs (in thousands)	Weighted-Average Grant-Date Fair Value
Unvested and outstanding – December 31, 2020	46,525	$ 10.88
Granted	33,960	20.24
Vested	(24,005)	10.85
Forfeited	(3,034)	9.53
Unvested and outstanding – December 31, 2021	53,446	$ 17.35

The total fair value of RSUs vested for the year ended December 31, 2021 was $599 million. No RSUs vested during the years ended December 31, 2020 and 2019.

Restricted Shares

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

A summary of the Restricted Shares activity for the year ended December 31, 2021 is as follows:

	Number of Restricted Shares (in thousands)	Average Grant-Date Fair Value
Unvested – December 31, 2020	2,148	$ 3.74
Granted	—	—
Vested	(1,318)	3.72
Forfeited	(138)	$ 3.02
Unvested – December 31, 2021	692	$ 3.91

The total fair value of Restricted Shares vested for the years ended December 31, 2021, 2020, and 2019 was $21 million, $9 million, and $2 million, respectively.

Stock-based compensation expense

Stock-based compensation expense is allocated based on the cost center to which the award holder belongs. The following table summarizes total stock-based compensation expense by function as presented in the consolidated statements of operations for the years ended December 31, 2021, 2020 and 2019, as follows (in millions):

	Year Ended December 31,		
	2021	2020	2019
General and administrative	$ 463	$ 33	$ 6
Sales, marketing and operations	13	1	2
Technology and development	60	4	5
Total stock-based compensation expense	$ 536	$ 38	$ 13

During the year ended December 31, 2021, the Company issued market condition RSUs to certain executives with a grant-date fair value of $22 million, which will be recognized over a requisite service period ranging from 6 months to 3 years. The Company recognized $290 million and $20 million of compensation expense during the years ended December 31, 2021 and 2020, respectively, related to all market condition awards outstanding. In June 2021, the market condition for two market condition awards was satisfied, which resulted in the accelerated recognition of $2 million of stock-based compensation expense in the year ended December 31, 2021.

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

As of December 31, 2021, there was $628 million of unamortized stock-based compensation costs related to unvested RSUs, stock options, and Restricted Shares. The unamortized compensation costs are expected to be recognized over a weighted-average period of approximately 2.9 years.

Valuation of options

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

	Year Ended December 31,	
	2021	2019
Fair value	$ 15.00	$4.22 – $4.29
Volatility	73 %	32% – 45%
Risk-free rate	1.09 %	1.63% – 2.34%
Expected life (in years)	7	5 – 7
Expected dividend	$ —	$ —

Fair Value of Common Stock

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

Volatility

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

Risk-Free Interest Rate

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

Expected Life

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

Dividend Yield

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

Valuation of RSUs and Restricted Stock

Prior to the Business Combination, given the absence of a public trading market, the Company's board of directors considered numerous objective and subjective factors to determine the fair value of common stock at each meeting at which awards were approved. These factors include, but were not limited to, (i) contemporaneous valuations of common stock performed by an independent valuation specialist; (ii) developments in the Company's business and stage of development; the Company's operational and financial performance and condition; (iii) issuances of preferred stock and the rights and preferences of preferred stock relative to common stock; (iv) current condition of capital markets and the likelihood of achieving a liquidity event, such as an initial public offering or sale of the Company; and (v) the lack of marketability of the Company's common stock. For financial reporting purposes, the Company considers the amount of time between the valuation date and the grant date to determine whether to use the latest common stock valuation or a straight-line interpolation between the two valuation dates. The determination includes an evaluation of whether the subsequent valuation indicates that any significant change in valuation had occurred between the previous valuation and the grant date.

15. WARRANTS

Public and Sponsor Warrants

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

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

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

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

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

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

Warrants to Purchase Series D Preferred Stock

On June 12, 2018, the Company issued warrants to purchase 485,262 shares of Series D Preferred Stock at a price of $0.006 ("Penny Warrants"). On November 12, 2020, the Penny Warrants were exercised and the Company issued 485,262 shares of Series D Preferred Stock in exchange for proceeds of $3 thousand. As of December 31, 2021 there were no Penny Warrants outstanding.

Commitment to Issue Warrants

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

On each Warrant Commitment Issuance date in June 2019 and June 2020, the Company issued warrants to purchase 121,356 shares and 242,713 shares of Series E Preferred Stock at a price of $5.92 per share ("Series E Warrants"). On November 7, 2020 the Series E Warrants were exercised and the Company issued 364,069 shares of Series E in exchange for proceeds of $2 million. As of December 31, 2021 there were no Series E Warrants or Warrant Commitments outstanding.

The Penny Warrants, the Warrant Commitment, and the Series E Warrants have been determined to be liabilities under ASC 480 as the underlying preferred shares have certain liquidation preferences in the event of a deemed liquidation. For the Penny Warrants, the Warrant Commitment, and the Series E Warrants, the Company recorded no warrant fair value adjustment for the year ended December 31, 2021 and an increase to the warrant fair value adjustments of $3 million and $6 million for the years ended December 31, 2020 and 2019, respectively.

16. INCOME TAXES

Income before income taxes consisted of losses from domestic operations of $661 million, $253 million, and $339 million for the years ended December 31, 2021, 2020, and 2019, respectively.

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

	Year Ended December 31,		
	2021	**2020**	**2019**
Current income tax expense:			
Federal	$ —	$ —	$ —
State	1	—	—
Total current income tax expense	1	—	—
Income Tax Provision	**$ 1**	**$ —**	**$ —**

For the years ended December 31, 2021, 2020, and 2019, the Company did not record any deferred federal and state income tax expense or benefit due to the full valuation allowance. Additionally, the Company's foreign current and deferred expense or benefit was immaterial.

Effective Tax Rate

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

	Year Ended December 31,		
	2021	2020	2019
U. S. Federal tax benefit at statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	3.4	3.5	3.2
Non-deductible expenses and other	(0.4)	0.4	(0.1)
Non-deductible warrant expenses	0.4	3.0	0.4
Loss on convertible note exchange	—	(2.4)	—
Share-based compensation	7.0	0.4	(0.4)
Deduction limitation on executive compensation	(14.1)	(2.1)	—
Change in valuation allowance, net	(19.5)	(23.9)	(25.2)
Research and development credits	2.0	0.1	1.0
Effective tax rate	**(0.2)%**	**— %**	**(0.1)%**

For the years ended December 31, 2021, 2020 and 2019, the Company's effective tax rate differs from the amount computed by applying the U.S. federal statutory and state income tax rates to net loss before income tax, primarily as the result of state income taxes, deduction limitation on executive compensation, and changes in the Company's valuation allowance.

Deferred Taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income taxes purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2021 and 2020, are as follows (in millions):

	December 31, 2021	December 31, 2020
Deferred tax assets:		
Accrued and reserves	$ 21	$ 4
Inventory	34	11
Tax credits	33	13
Lease Liabilities	11	16
Net operating loss	293	206
Total gross deferred tax assets	392	250
Depreciation and amortization	(5)	(3)
Goodwill	(1)	—
Right-of-use assets	(10)	(12)
Valuation allowance	(376)	(235)
Net deferred tax assets	$ —	$ —

A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized in a particular tax jurisdiction. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a valuation allowance is needed for some portion or all of a deferred tax asset. Due to the losses the Company generated in the current and prior years, the Company believes it is not more likely than not that all of the deferred tax assets can be realized. Accordingly, the Company established and recorded a full valuation allowance on its net deferred tax assets of $376 million as of December 31, 2021 and a full valuation allowance on its net deferred tax assets of $235 million as of December 31, 2020. The valuation allowance increased by $141 million and $60 million for 2021 and 2020, respectively primarily as a result of current year losses.

As of December 31, 2021, the Company had U.S. federal and state net operating loss ("NOL") carryforwards of $1.2 billion and $854 million, respectively, which will each begin to expire in 2034 if not utilized. For NOLs arising after December 31, 2017, the Tax Cuts and Jobs Act of 2017 limits a taxpayer's ability to utilize NOL carryforwards to 80% of taxable income and can be carried forward indefinitely (carryback is generally prohibited). In the Company's case, as of December 31, 2021, $1.1 billion of US. federal NOLs and $238 million of state NOLs have an unlimited carryover period. NOLs generated in tax years beginning before January 1, 2018 will not be subject to the taxable income limitation and will continue to have a two-year carryback and twenty-year carryforward period. Additionally, as of December 31, 2021, the Company had U.S. federal research tax credit carryforwards of $30 million that begin to expire in 2034. The Company also had state research tax credit carryforwards of $21 million that begin to expire in 2029.

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

Unrecognized Tax Benefits

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

	Year Ended December 31,		
	2021	**2020**	**2019**
Unrecognized tax benefits as of the beginning of the year	$ 6	$ 5	$ 2
Decrease related to prior year tax provisions	—	(1)	—
Increase related to current year tax provisions	9	2	3
Unrecognized tax benefits as of the end of the year	**$ 15**	**$ 6**	**$ 5**

Due to the full valuation allowance at December 31, 2021, current adjustments to the unrecognized tax benefit will have no impact on the Company's effective income tax rate. There would be an impact of $14 million to the effective tax rate if adjustments are made after the valuation allowance is released. The Company does not anticipate any significant change in its uncertain tax positions within 12 months of this reporting date.

The Company's policy is to recognize interest and penalties associated with uncertain tax benefits as part of the income tax provision and include accrued interest and penalties with the related income tax liability on the Company's consolidated balance sheets. To date, the Company has not recognized any interest and penalties in its consolidated statements of operations, nor has it accrued for or made payments for interest and penalties. The Company is subject to income tax in the U.S. and in various states. Due to the history of net operating losses, the Company is subject to U.S. federal, state and local examinations by tax authorities for all years since incorporation but as of December 31, 2021 are not currently under any audits.

The Company has not provided U.S. income or foreign withholding taxes on the undistributed earnings of its foreign subsidiaries as of December 31, 2021, because it intends to permanently reinvest such earnings outside of the U.S. If these foreign earnings were to be repatriated in the future, the related U.S. tax liability will be immaterial, due to the participation exemption put in place under the Tax Act.

17. RELATED PARTIES

In 2018, an executive early exercised stock options to purchase 1,479,459 shares of unvested common stock at a price per share of $1.01 by issuing a promissory note to the Company for a total price of $1.5 million with an interest rate of 2.31% per annum. On June 29, 2021, the outstanding balance under the promissory note of $1.6 million was repaid in full.

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

During 2019, the Company acquired OSN. See *"Note 2 — Business Combination"* for further information on the acquisition. Prior to the acquisition, OSN conducted business with the Company as the noncontrolling member of the Company's Title Companies. The Company paid the member title and due diligence fees in the member's capacity as a title and escrow agent. Additionally, the Company paid the member management and administrative service fees, rent, and purchases of fixed assets in the member's capacity as management and administrative service provider and lessor to the subsidiaries of OD Title Holdings and OD Title Sidecar.

18. NET LOSS PER SHARE

Basic net loss per share is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed based on the weighted average number of common shares outstanding plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. During the periods when there is a net loss, potentially dilutive common stock equivalents have been excluded from the calculation of diluted net loss per share as their effect is anti-dilutive. No dividends were declared or paid for the years ended December 31, 2021, 2020, or 2019.

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

The following table sets forth the computation of the Company's basic and diluted net loss per share attributable to common shareholders for the years ended December 31, 2021, 2020, and 2019 (in millions, except share amounts which are presented in thousands, and per share amounts):

	Year Ended December 31,		
	2021	2020	2019
Basic net loss per share:			
Numerator:			
Net loss	$ (662)	$ (253)	$ (339)
Minus: Net income attributable to noncontrolling interests	—	—	2
Net loss attributable to common shareholders – basic	$ (662)	$ (253)	$ (341)
Denominator:			
Weighted average shares outstanding – basic and diluted	592,574	109,301	79,977
Basic net loss per share	$ (1.12)	$ (2.31)	$ (4.26)
Diluted net loss per share:			
Numerator:			
Net loss	$ (662)	$ (253)	$ (339)
Minus: Net income attributable to noncontrolling interests	—	—	2
Minus: Gain on liability-classified warrants	—	—	8
Net loss attributable to common shareholders – diluted	$ (662)	$ (253)	$ (349)
Denominator:			
Weighted average shares outstanding – basic and diluted	592,574	109,301	79,977
Diluted net loss per share	$ (1.12)	$ (2.31)	$ (4.37)

There were no preferred dividends declared or accumulated for the period. In determining diluted EPS for the year ended December 31, 2019, the Company adjusted the numerator for fair value adjustments related to its Series D Preferred Warrants; however, the exercise of the warrants results in additional participating securities being issued and the Company assumed such participating securities did not convert into additional common stock as that is the most dilutive settlement assumption.

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

	Year Ended December 31,		
	2021	2020	2019
Common Stock Warrants	—	19,933	3,370
Series D Preferred Stock Warrants	—	—	485
Series E Preferred Stock Warrants	—	—	121
RSUs	53,446	46,525	22,758
Options	14,546	24,158	36,609
Unvested Shares from Early Exercise	4	57	187
Restricted Shares	692	2,148	3,689
Redeemable convertible preferred stock	—	—	314,424
Total anti-dilutive securities	68,688	92,821	381,643

19. COMMITMENTS AND CONTINGENCIES

Interest Rate Lock Commitments

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

Purchase Commitments

As of December 31, 2021, the Company was in contract to purchase 5,411 homes for an aggregate purchase price of $1.9 billion.

Lease Commitments

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

Legal Matters

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

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

On December 23, 2020, the Federal Trade Commission ("FTC") notified the Company that they intend to recommend that the agency pursue an enforcement action against the Company and certain of its officers, if the Company is unable to reach a negotiated settlement acceptable to all parties. This notice is related to an initial FTC civil investigative demand sent to the

Company in August 2019 seeking documents and information relating primarily to statements in Opendoor's advertising and website comparing selling homes to Opendoor with selling homes in a traditional manner using an agent and relating to statements that Opendoor's offers reflect or are based on market prices. The Company is engaged in settlement negotiations with the FTC and has accrued an immaterial amount for this matter. Any settlement could result in material monetary remedies and/or compliance requirements that could have a materially adverse impact on its financial results. The Company cannot make an estimate of the possible loss or range of loss incremental to the amount accrued, if any, resulting from negotiations with the FTC at this time.

20. RESTRUCTURING

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

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

For the year ended December 31, 2020, of the restructuring charges with respect to employee termination benefits and lease modifications, the Company presented $2 million in Cost of revenue, $5 million in Sales, marketing and operations expense, $2 million in Technology and development and $21 million in General and administrative in the Company's consolidated statements of operations.

21. SUBSEQUENT EVENTS

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2021, through the date the consolidated financial statements were filed with the SEC. Based on this evaluation, other than as recorded or disclosed within these consolidated financial statements and related notes, the Company has determined that there are no material subsequent events that would require recognition or disclosure.

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

The information required by this Item 9 was previously reported in our Current Report on Form 8-K that was filed with the Securities and Exchange Commission on December 18, 2020.

Item 9A. Controls and Procedures.

Inherent Limitations on Effectiveness of Controls

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

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective at the reasonable assurance level as of December 31, 2021.

Management's Annual Report on Internal Control Over Financial Reporting

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

Our management evaluated the design and operating effectiveness of our internal control over financial reporting based on the criteria established in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2021.

Remediation of Previously Reported Material Weaknesses

Management previously identified and disclosed material weaknesses in our internal control over financial reporting for the year ended December 31, 2020 related to the following:

- Insufficient information technology general controls over certain accounting and proprietary systems used in our financial reporting;
- Incomplete implementation of key components of the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission; and
- Insufficient review over the accounting and classification of a significant and unusual transaction specifically related to the Business Combination that resulted in the incorrect equity classification of Sponsor Warrants and a correction of the Company’s consolidated financial statements as of and for the year ended December 31, 2020.

Over the course of 2021 and in conjunction with the implementation of our Sarbanes-Oxley Compliance program, we have completed the following remediation actions to address the material weaknesses noted above:

- Conducted a comprehensive risk assessment that identified the risks of material misstatement in the consolidated financial statements;
- Hired a Chief Information Security Officer and implemented key policies and appropriate controls to strengthen our information technology environment, including access and change management controls, segregation of conflicting duties, and restricting user access to key systems;

- Identified and documented relevant business processes and controls that address the risks of material misstatement, and strengthened related policies and procedures; and
- Expanded the accounting team and strengthened our accounting review control over significant and unusual transactions.

Based upon the aforementioned remediation actions taking during 2021, which have been in operation for a sufficient period during 2021, and our testing and evaluation of the design and operating effectiveness of the controls as of December 31, 2021, we have concluded that the previously reported material weaknesses have been fully remediated as of December 31, 2021.

Changes in Internal Control over Financial Reporting

Other than as described above, there have been no material changes in our internal control over financial reporting in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Opendoor Technologies Inc. and subsidiaries (the “Company”) as of December 31, 2021, 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, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated February 24, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ DELOITTE & TOUCHE LLP

San Francisco, California
February 24, 2022

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information about our Directors

The following table presents information concerning our board of directors.

Name	Age	Position
Eric Wu	39	Chairman, Co-Founder and Chief Executive Officer
Adam Bain	48	Director
Cipora Herman	48	Director
Jonathan Jaffe	62	Director
Pueo Keffer	40	Director
Jason Kilar	50	Director
John Rice	55	Director
Glenn Solomon	53	Director

The following are brief biographies describing the backgrounds of our directors.

Eric Wu. Eric Wu co-founded Opendoor and has served as our Chief Executive Officer and as Chairman of our board of directors since December 2020. Mr. Wu also served as Opendoor Labs Inc.'s Chief Executive Officer and as a member of Opendoor Labs Inc.'s board of directors from April 2014 to December 2020. Prior to Opendoor Labs Inc., Mr. Wu founded and served as the Chief Executive Officer of Movity.com, a geo-data analytics company acquired by Trulia in 2011. Mr. Wu previously co-founded RentAdvisor.com, an apartment search company specializing in lead generation, which was later acquired by Apartment List. Mr. Wu is a venture partner at Resolute Ventures, a venture capital firm, and an advisor for Watsi, a nonprofit healthcare crowdsourcing platform. Mr. Wu holds a B.S. in Economics from University of Arizona. We believe that Mr. Wu is qualified to serve as a member of our board of directors due to the perspective and experience he brings as our Chief Executive Officer and as a co-founder and his extensive experience in real estate and technology and managing companies.

Adam Bain. Adam Bain has served on our board of directors since December 2020 and previously served as a member of SCH's board of directors until December 2020. Mr. Bain is a co-managing partner of 01 Advisors, a venture capital firm targeting high-growth technology companies that are making the transition from building a product to building a company, since co-founding the firm in January 2018. Mr. Bain served as a director of IPOA from September 2017 until the consummation of its business combination with Virgin Galactic in October 2019, and continues to serve as a member of Virgin Galactic's board of directors, where he serves as chair of the nominating and corporate governance committee and a member of the compensation committee. Since November 2016, Mr. Bain has also been an independent advisor and investor in select growth-stage companies. Previously, Mr. Bain was the Chief Operating Officer of Twitter from September 2015 until November 2016, and President of Global Revenue & Partnerships from 2010 to September 2015, where he was responsible for the business lines at the public company. Mr. Bain earned his Bachelor of Arts in English Journalism from Miami University, in Ohio. We believe that Mr. Bain is qualified to serve as a member of our board of directors because of his financial experience and his significant operating and technology experience.

Cipora Herman. Cipora Herman has served on our board of directors since December 2020 and previously served as a member of SCH's board of directors until December 2020. Since January 2021, Ms. Herman has served as the Chief Financial Officer for LA28, The Los Angeles Organizing Committee for the Olympic and Paralympic Games 2028. Ms. Herman has served on the board of directors of ZipRecruiter since October 2018, where she is chair of the audit committee and a member of the compensation committee. Ms. Herman also previously served on the board of directors of Mindbody, Inc., a software-as-a-service company, from October 2016 to February 2019, and Memery, Inc., a technology startup, from April 2015 to January 2021. From February 2017 until June 2018, Ms. Herman served as Chief Financial Officer of Mori, Inc., a social e-reader platform. From October 2012 to April 2016, Ms. Herman served as the Chief Financial Officer of the National Football League's San Francisco 49ers, a professional sports team. From 2007 to 2012, Ms. Herman served as the Vice President & Treasurer of Facebook, Inc., a social media company. Ms. Herman holds a A.B. in International Relations, an M.A. in

International Development Policy and an M.B.A, each received from Stanford University. We believe that Ms. Herman is qualified to serve as a member of our board of directors because of her financial expertise and experience as a director of publicly and privately held companies.

***Jonathan Jaffe*.** Jonathan Jaffe has served on our board of directors since December 2020 and also served as a member of Opendoor Labs Inc.'s board of directors from June 2018 until December 2020. Mr. Jaffe has served as Co-Chief Executive Officer and Co-President of Lennar Corporation, one of the nation's largest homebuilders, since November 2020. He has served as a member of the board of directors of Lennar since 2018 (and previously served as a director from 1997 to 2004). He served as Lennar's President from April 2018 to November 2020 and as Chief Operating Officer from December 2004 to January 2019. Previously, Mr. Jaffe served as Vice President of Lennar from 1994 to April 2018, and prior to that, he served as a Regional President in Lennar's Homebuilding operations. Mr. Jaffe served as a member of the board of directors of Five Point Holdings, LLC from 2009 to 2020 and currently serves on the board of one privately held company. Mr. Jaffe holds a B.A. in Architecture from the University of Florida. We believe that Mr. Jaffe is qualified to serve as a member of our board of directors because of his extensive knowledge of the housing industry and his deep operating experience.

***Pueo Keffer*.** Pueo Keffer has served on our board of directors since December 2020 and previously served as a member of Opendoor Labs Inc.'s board of directors from October 2015 until December 2020. Mr. Keffer has served as a Managing Director of Access Technology Ventures, the venture capital and growth technology investment arm of Access Industries, since April 2015. From 2009 to April 2015, Mr. Keffer was employed by Redpoint Ventures, most recently as a Partner. Since June 2015, he has served on the board of directors of DigitalOcean Holdings, Inc., a cloud computing platform company. He currently serves on the board of directors of a privately held company. Mr. Keffer holds a B.A. in Economics from Stanford University. We believe that Mr. Keffer is qualified to serve as a member of our board of directors because of his financial experience and extensive experience advising technology companies as a venture capital investor and director of various companies.

***Jason Kilar*.** Jason Kilar has served on our board of directors since December 2020 and also served as a member of Opendoor Labs Inc.'s board of directors from March 2019 until December 2020. Mr. Kilar has served as the Chief Executive Officer of Warner Media, LLC, a media and entertainment company, since May 2020. Mr. Kilar previously co-founded and served as the Chief Executive Officer of Vessel Group, Inc., a video platform company. Prior to Vessel, Mr. Kilar co-founded and served as the Chief Executive Officer of Hulu, LLC, a streaming service company. Mr. Kilar previously served in a variety of senior leadership roles with Amazon.com, Inc., including as Senior Vice President, Worldwide Application Software, and Vice President and General Manager of Amazon's North American media businesses. Mr. Kilar holds a B.A. in Journalism and Business Administration from University of North Carolina at Chapel Hill and an M.B.A. from Harvard Business School. We believe that Mr. Kilar is qualified to serve as a member of our board of directors because of his extensive experience with technology, high-growth, consumer and digital companies, as highlighted by his experience at Amazon, Hulu, Vessel Group and Warner Media.

John Rice. John Rice has served on our board of directors since March 2021. Mr. Rice is the founder and Chief Executive Officer of Management Leadership for Tomorrow ("MLT"), a national non-profit organization founded in 2001 that fights racial and economic disparities by empowering a new generation of diverse leaders. Prior to MLT, Mr. Rice was an executive with the National Basketball Association from 1996 to 2000, where he served as managing director of NBA Japan and as director of marketing for Latin America, and with the Walt Disney Company in new business development and marketing. Mr. Rice has served as a member of the board of directors of Walker & Dunlop, a publicly-traded real estate finance company, since 2010, where he also serves as chair of the nominating and corporate governance committee and as a member of the compensation committee. He is also a member of the board of directors of Alpha Partners Technology Merger Corp., a publicly traded special purpose acquisition company formed in 2021. Mr. Rice also serves on the board of directors of a privately held diversified real estate fund and is a member of the Yale University board of trustees. Mr. Rice received a B.A. from Yale University and an M.B.A. from Harvard Business School. We believe that Mr. Rice is qualified to serve as a member of our board of directors because of his executive leadership skills, strategic planning experience, public company experience and extensive expertise in driving talent development and fostering diversity and inclusion efforts across organizations.

***Glenn Solomon*.** Glenn Solomon has served on our board of directors since December 2020 and has also served as a member of Opendoor Labs Inc.'s board of directors from February 2015 until December 2020. Since 2006, Mr. Solomon has been a managing partner of GGV Capital, a venture capital firm. He serves as a director of a number of privately held companies and previously served as a director of Domo, Inc. from August 2017 to March 2019 and currently serves as a director of Hashicorp, Inc. Mr. Solomon holds a B.A. in Public Policy from Stanford University and an M.B.A. from Stanford University. We believe that Mr. Solomon is qualified to serve as a member of our board of directors because of his extensive experience advising technology companies as a venture capital investor and director of various companies.

Information about our Executive Officers

The following table presents information concerning our executive officers.

Name	Age	Position
Eric Wu	39	Chairman, Co-Founder and Chief Executive Officer
Carrie Wheeler	50	Chief Financial Officer
Andrew Low Ah Kee	41	President
Daniel Morillo	48	Chief Investment Officer

The following are brief biographies describing the backgrounds of our executive officers. The biography for Mr. Wu appears above under the heading "Information About Our Directors."

Carrie Wheeler. Carrie Wheeler has served as our Chief Financial Officer since December 2020. Ms. Wheeler also served as Opendoor Labs Inc.'s Chief Financial Officer since September 2020 and previously served as a member of Opendoor Labs Inc.'s board of directors from October 2019 to September 2020. From 1996 to 2017, Ms. Wheeler was with TPG Global, a global private equity firm, including as a Partner and Head of Consumer / Retail Investing. Ms. Wheeler currently serves on the board of directors and audit committee of Dollar Tree, Inc. and on the board of directors, audit committee and compensation committee of APi Group Corporation. She has previously served on a number of other corporate boards, including Neiman Marcus Group, Inc. and Petco Animal Supplies, Inc. Ms. Wheeler holds a Bachelor of Commerce from Queen's University.

Andrew Low Ah Kee. Andrew Low Ah Kee has served as our President since December 2020 and as Opendoor Labs Inc.'s President since November 2020. Mr. Low Ah Kee previously served in a range of executive positions at GoDaddy from 2014 to 2020, most recently as Chief Operating Officer. Prior to joining GoDaddy in 2014, Mr. Low Ah Kee was a Director at KKR Capstone where he worked closely with the Consumer, Technology and Media investment teams at KKR & Co. L.P. to evaluate investment opportunities and accelerate portfolio company growth. Before KKR, Mr. Low Ah Kee was a consultant with the Boston Consulting Group. Mr. Low Ah Kee holds a Bachelor of Applied Science from the University of Toronto and an MBA from Harvard Business School.

Daniel Morillo. Daniel Morillo has served as our Chief Investment Officer since January 2021. Prior to joining Opendoor, Mr. Morillo served as a Managing Director and Head of Quantitative Research at Citadel between September 2015 and December 2020. Mr. Morillo previously served as the Global Head of Investment Research for Incapture Investments and the co-head of BlackRock's Model and Portfolio Solutions group. Mr. Morillo holds a B.S. degree in economics from Universidad San Fran de Quito, an M.S. degree in statistics from the University of Illinois, and a Ph.D. in econometrics from the University of Illinois.

Family Relationships

There are no family relationships among any of our executive officers or directors.

Code of Business Conduct and Ethics

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

Item 11. Executive Compensation.

The information required by this Item 11 will be included in our definitive proxy statement for our 2022 Annual Meeting of Stockholders (the "2022 Proxy Statement") and is incorporated herein by reference. The 2022 Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2021.

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

Securities Authorized For Issuance under Equity Compensation Plans (as of December 31, 2021)

Plan category:	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Available for Future Issuance Under Equity Compensation Plans (excludes securities reflected in first column)
Equity compensation plans approved by security holders[1]	—	—	18,445,460 [2]
Restricted Stock Units	53,446,163 [3]	—	—
Options to Purchase Common Stock	14,545,885 [4]	$ 2.1191 [5]	—
Equity compensation plans not approved by security holders	—	—	—
Total	67,992,048	$ 2.1191	18,445,460

[1] Consists of the 2014 Plan, the 2020 Plan and the Opendoor Technologies Inc. 2020 Employee Stock Purchase Plan (the "ESPP").

[2] No additional awards will be granted under the 2014 Plan and, as a result, no shares remain available for issuance for new awards under the 2014 Plan. The number of shares authorized under our 2020 Plan will increase on the first day of each calendar year beginning on January 1, 2022 and ending on and including January 1, 2030, by an amount equal to the lesser of (A) a number equal to the excess (if any) of (1) 5% of the aggregate number of shares of Common Stock outstanding on the final day of the immediately preceding fiscal year over (2) the number of shares reserved for issuance under the 2020 Plan as of such date and (B) such smaller number of shares as determined by our Board. The number of shares authorized under our ESPP will increase on the first day of each calendar year beginning on January 1, 2022 and ending on and including January 1, 2030, by an amount equal to the lesser of (A) 1% of the shares of Common Stock outstanding as of the last day of the immediately preceding fiscal year and (B) such smaller number of shares of Common Stock as determined by our Board; provided, however, that no more than 54,385,060 shares of Common Stock may be issued under the ESPP.

[3] Consists of 26,919,980 outstanding restricted stock units under the 2014 Plan and 26,526,183 outstanding restricted stock units under the 2020 Plan.

[4] Consists of 14,395,885 outstanding options to purchase stock under the 2014 Plan and 150,000 outstanding options under the 2020 Plan.

[5] As of December 31, 2020, the weighted-average exercise price of outstanding options under the 2014 Plan was $1.9849 and the weighted-average exercise price of outstanding options under the 2020 Plan was $15.0000.

Other

The remaining information required by this Item 12 will be included under the heading "Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement and is incorporated herein by reference.

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

The information required by this Item 13 will be included in our 2022 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information required by this Item 14 about our principal accountant, Deloitte & Touche LLP (PCAOB ID No. 34), will be included in our 2022 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibit and Financial Statement Schedules.

(a) Documents files as part of this report

1. Financial Statements

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

2. Financial Statement Schedules

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

3. Exhibits †

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

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1	Agreement and Plan of Merger, dated as of September 15, 2020, by and among Social Capital Hedosophia Corp. II, Hestia Merger Sub Inc. and Opendoor Labs Inc.	8-K	001-39253	2.1	09/17/2020	
3.1	Certificate of Incorporation of Opendoor Technologies Inc.	8-K	001-39253	3.1	12/18/2020	
3.2	Bylaws of Opendoor Technologies Inc.	S-1/A	333-251529	3.3	01/15/2021	
4.1	Specimen Common Stock Certificate of Opendoor Technologies Inc.	S-4/A	333-249302	4.5	11/06/2020	
4.2	Warrant Agreement, dated April 27, 2020, between Social Capital Hedosophia Holdings Corp. II. and Continental Stock Transfer & Trust Company, as warrant agent	8-K	001-39253	4.1	04/30/2020	
4.3	Amendment to Warrant Agreement, dated March 22, 2021, between Opendoor Technologies Inc. and American Stock Transfer & Trust Company, LLC, as warrant agent	10-Q	001-39253	4.3	05/12/2021	
4.4	Indenture, dated as of August 20, 2021, between Opendoor Technologies Inc. and U.S. Bank National Association, as trustee	8-K	001-39253	4.1	08/24/2021	
4.5	Description of Securities	10-K	001-39253	4.3	03/04/2021	
10.1	Sponsor Support Agreement, dated September 15, 2020, by and among SCH Sponsor II LLC, the Company, each officer and director of the Registrant and Opendoor Labs Inc.	8-K/A	001-39253	10.2	09/17/2020	
10.2	Opendoor Holders Support Agreement, dated September 15, 2020, by and among the Company, Opendoor Labs Inc. and certain stockholders of Opendoor Labs Inc.	8-K/A	001-39253	10.3	09/17/2020	

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.3	Form of Subscription Agreement, by and between the Registrant and the undersigned subscriber party thereto	8-K/A	001-39253	10.1	09/17/2020	
10.4	Amended and Restated Registration Rights Agreement, dated December 18, 2020, by and among the Company, SCH Sponsor II LLC, certain former stockholders of Opendoor Labs Inc., Cipora Herman, David Spillane and ChaChaCha SPAC B, LLC, Hedosophia Group Limited and 010118 Management, L.P.	8-K	001-39253	10.14	12/18/2020	
10.5	Convertible Notes Exchange Agreement, dated as of September 14, 2020, by and among Opendoor Labs Inc. and the holders party thereto	S-4	333-249302	10.5	10/05/2020	
10.6	Form of Indemnification Agreement	8-K	001-39253	10.1	12/18/2020	
10.7 #	Opendoor Labs Inc. 2014 Stock Plan	S-4	333-249302	10.18	10/05/2020	
10.8 #	Form of Notice of Restricted Stock Unit Grant and RSU Terms and Conditions Under 2014 Stock Plan	S-4	333-249302	10.19	10/05/2020	
10.9 #	Form of Notice of Stock Option Grant and Stock Option Agreement under 2014 Stock Plan	S-4/A	333-249302	10.20	11/25/2020	
10.10 #	Opendoor Technologies Inc. 2020 Incentive Award Plan	8-K	001-39253	10.3	12/18/2020	
10.11 #	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under 2020 Incentive Award Plan	10-K	001-39253	10.11	03/04/2021	
10.12 #	Form of Option Agreement under the 2020 Incentive Award Plan	10-Q	001-39253	10.1	11/10/2021	
10.13 #	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (Canada) under 2020 Incentive Award Plan	10-Q	001-39253	10.1	08/11/2021	
10.14 #	Opendoor Technologies Inc. 2020 Employee Stock Purchase Plan	8-K	001-39253	10.4	12/18/2020	
10.15 #	Opendoor Technologies Inc. 2020 Employee Stock Purchase Plan (amended and restated effective as of December 7, 2021)					*
10.16 #	Offer Letter, dated as of October 20, 2020, by and between Opendoor Labs Inc. and Daniel Morillo					*
10.17 #	Amended and Restated Continued Employment Letter Agreement, dated as of September 14, 2020, by and between Opendoor Labs Inc. and Eric Wu	S-4/A	333-249302	10.24	11/27/2020	
10.18 #	Offer Letter Agreement, dated as of April 13, 2014, by and between Opendoor Labs Inc. and Ian Wong (as amended September 1, 2020)	S-4/A	333-249302	10.28	11/27/2020	
10.19 #	Amendment to Offer Letter Agreement, entered into as of April 13, 2014, by and between Opendoor Labs Inc. and Ian Wong, dated as of September 1, 2020	S-4/A	333-249302	10.29	11/27/2020	
10.20 #	Offer Letter Agreement, dated as of September 3, 2020, by and between Opendoor Labs Inc. and Carrie Wheeler	S-4/A	333-249302	10.32	11/27/2020	
10.21 #	Offer Letter Agreement, dated as of October 22, 2020, by and between Opendoor Labs Inc. and Andrew Low Ah Kee	8-K	001-39253	10.12	12/18/2020	
10.22 #	Offer Letter Agreement, dated as of December 20, 2016, by and between Opendoor Labs Inc. and Elizabeth Stevens	S-1/A	333-251529	10.24	01/13/2021	
10.23 #	Retention Bonus Agreement, dated as of September 26, 2019, by and between Opendoor Labs Inc. and Elizabeth Stevens	S-1/A	333-251529	10.25	01/13/2021	

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.24 #	Opendoor Technologies Inc. Non-Employee Director Compensation Policy	8-K	001-39253	10.13	12/18/2020	
10.25	Form of Confirmation of Call Option Transaction	8-K	001-39253	10.1	08/24/2021	
21.1	List of subsidiaries of Opendoor Technologies Inc.					*
23.1	Consent of Deloitte & Touche LLP					*
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					*
104	Cover Page Interactive Data File (as formatted as Inline XBRL and contained in Exhibit 101)					*

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

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

OPENDOOR TECHNOLOGIES INC.

Date: February 24, 2022

By: /s/ Eric Wu
Name: Eric Wu
Title: *Chief Executive Officer*

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

Signature	Title	Date
/s/ Eric Wu Eric Wu	Chairman and Chief Executive Officer (Principal Executive Officer)	February 24, 2022
/s/ Carrie Wheeler Carrie Wheeler	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 24, 2022
/s/ Adam Bain Adam Bain	Director	February 24, 2022
/s/ Cipora Herman Cipora Herman	Director	February 24, 2022
/s/ Jonathan Jaffe Jonathan Jaffe	Director	February 24, 2022
/s/ Pueo Keffer Pueo Keffer	Director	February 24, 2022
/s/ Jason Kilar Jason Kilar	Director	February 24, 2022
/s/ John Rice John Rice	Director	February 24, 2022
/s/ Glenn Solomon Glenn Solomon	Director	February 24, 2022

OPENDOOR TECHNOLOGIES INC.
2020 EMPLOYEE STOCK PURCHASE PLAN

(amended and restated effective as of December 7, 2021)

ARTICLE 1
PURPOSE

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

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

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

ARTICLE 2
DEFINITIONS

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

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

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

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

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

2.5 "***Committee***" means the Compensation Committee of the Board.

2.6 "***Common Stock***" means the common stock of the Company.

2.7 "***Company***" means Opendoor Technologies Inc., a Delaware corporation, or any successor.

2.8 "***Compensation***" of an Employee means, unless otherwise determined by the Administrator, the regular earnings or base salary paid to the Employee from the Company on each Payday as compensation for services to the Company or any Designated Subsidiary, before deduction for any salary deferral contributions made by the Employee to any tax-qualified or nonqualified deferred compensation plan, including overtime, shift differentials, vacation pay, salaried production schedule premiums, holiday pay, jury duty pay, funeral leave pay, paid time off, military pay, prior week adjustments and weekly bonus, but excluding education or tuition reimbursements, imputed income arising under any group insurance or benefit program, travel expenses, business and moving reimbursements, including tax gross ups and taxable mileage allowance, income received in connection with any stock options, restricted stock, restricted stock units or other compensatory equity awards and all contributions made by the Company or any Designated Subsidiary for the Employee's benefit under any employee benefit plan now or hereafter established. Such Compensation shall be calculated before deduction of any income or employment tax withholdings, but shall be withheld from the Employee's net income.

2.9 "***Designated Subsidiary***" means each Subsidiary, including any Subsidiary in existence on the Effective Date and any Subsidiary formed or acquired following the Effective Date, that has been designated by the Board or Committee from time to time in its sole discretion as eligible to participate in the Plan, in accordance with Section 7.2 hereof, such designation to specify whether such participation is in the Section 423 Component or Non-Section 423 Component. A Designated Subsidiary may participate in either the Section 423 Component or Non-Section 423 Component, but not both, *provided* that a Subsidiary that, for U.S. tax purposes, is disregarded from the Company or any Subsidiary that participates in the Section 423 Component shall automatically constitute a Designated Subsidiary that participates in the Section 423 Component.

2.10 "***Effective Date***" means the date the Plan is approved by the Company's stockholders.

2.11 "***Eligible Employee***" means an Employee:

(a) who is customarily scheduled to work at least 20 hours per week;

(b) whose customary employment is more than five months in a calendar year; and

(c) who, after the granting of the Option, would not be deemed for purposes of Section 423(b)(3) of the Code to possess 5% or more of the total combined voting power or value of all classes of stock of the Company or any Subsidiary.

For purposes of clause (c), the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock which an Employee may purchase under outstanding options shall be treated as stock owned by the Employee.

Notwithstanding the foregoing, the Administrator may exclude from participation in the Section 423 Component as an Eligible Employee:

(x) any Employee that is a "highly compensated employee" of the Company or any Designated Subsidiary (within the meaning of Section 414(q) of the Code), or that is such a "highly compensated employee" (A) with compensation above a specified level, (B) who is an officer or (C) who is subject to the disclosure requirements of Section 16(a) of the Exchange Act; or

(y) any Employee who is a citizen or resident of a foreign jurisdiction (without regard to whether they are also a citizen of the United States or a resident alien (within the meaning of Section 7701(b)(1)(A) of the Code)) if either (A) the grant of the Option is prohibited under the laws of the jurisdiction governing such Employee, or (B) compliance with the laws of the foreign jurisdiction would cause the Section 423 Component, any Offering thereunder or an Option granted thereunder to violate the requirements of Section 423 of the Code; *provided* that any exclusion in clauses (x) or (y) shall be applied in an identical manner under each Offering to all Employees of the Company and all Designated Subsidiaries, in accordance with Treas. Reg. § 1.423-2(e). Notwithstanding the foregoing, with respect to the Non-Section 423 Component, the first sentence in this definition shall apply in determining who is an "Eligible Employee," except (a) the Administrator may limit eligibility further within the Company or a Designated Subsidiary so as to only designate some Employees of the Company or a Designated Subsidiary as Eligible Employees, and (b) to the extent the restrictions in the first sentence in this definition are not consistent with applicable local laws, the applicable local laws shall control.

2.12 "***Employee***" means any person who renders services to the Company or a Designated Subsidiary in the status of an employee within the meaning of Section 3401(c) of the Code. "Employee" shall not include any director of the Company or a Designated Subsidiary who does not render services to the Company or a Designated Subsidiary in the status of an employee within the meaning of Section 3401(c) of the Code. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on military leave, sick leave or other leave of absence approved by the Company or a Designated Subsidiary and meeting the requirements of Treas. Reg. § 1.421-1(h)(2). Where the period of leave exceeds three months, or such other period specified in Treas. Reg. § 1.421-1(h)(2), and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period, or such other period specified in Treas. Reg. § 1.421-1(h)(2).

2.13 "***Enrollment Date***" means the first date of each Offering Period.

2.14 "***Exercise Date***" means the last day of each Offering Period, except as provided in Section 5.2 hereof.

2.15 "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

2.16 "***Fair Market Value***" means, as of any date, the value of Common Stock determined as follows:

(a) If the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange or Nasdaq Stock Market), (ii) listed on any national market system or (iii) listed, quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a share of Common Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Common Stock on the date in question, the closing sales price for a share of Common Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Common Stock on such date, the high bid and low asked prices for a share of Common Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

2.17 "***Grant Date***" means the first day of an Offering Period.

2.18 "***New Exercise Date***" has the meaning set forth in Section 5.2(b) hereof.

2.19 "***Non-Section 423 Component***" means those Offerings under the Plan, together with the sub-plans, appendices, rules or procedures, if any, adopted by the Administrator as a part of this Plan, in each case, pursuant to which Options may be granted solely to non-U.S. Eligible Employees and U.S. Eligible Employees who are employed by a Subsidiary other than a subsidiary corporation of the Company within the meaning of Section 424 of the Code that need not satisfy the requirements for Options granted pursuant to an "employee stock purchase plan" that are set forth under Section 423 of the Code.

2.20 "***Offering***" means an offer under the Plan of an Option that may be exercised during an Offering Period as further described in Section 4 hereof. Unless otherwise specified by the Administrator, each Offering to the Eligible Employees of the Company or a Designated Subsidiary shall be deemed a separate Offering, even if the dates of the applicable Offering Periods and the other terms of each such Offering are identical, and the provisions of the Plan will separately apply to each Offering. To the extent permitted by Treas. Reg. § 1.423-2(a)(1), the terms of each separate Offering under the Section 423 Component need not be identical, provided that the terms of the Section 423 Component and an Offering thereunder together satisfy Treas. Reg. § 1.423-2(a)(2) and (a)(3).

2.21 "***Offering Period***" means a period, which may be consecutive or overlapping with any other Offering Period, commencing on such date(s) as determined by the Board or Committee, in its sole discretion, and with respect to which Options shall be granted to Participants. The duration and timing of Offering Periods may be established or changed by the Board or Committee at any time, in its sole discretion. Notwithstanding the foregoing, in no event may an Offering Period exceed twenty-seven (27) months.

2.22 "***Option***" means the right to purchase shares of Common Stock pursuant to the Plan during each Offering Period.

2.23 "***Option Price***" means the purchase price of a share of Common Stock hereunder as provided in Section 4.2 hereof.

2.24 "***Parent***" means any entity that is a parent corporation of the Company within the meaning of Section 424 of the Code.

2.25 "***Participant***" means any Eligible Employee who elects to participate in the Plan.

2.26 "***Payday***" means the regular and recurring established day for payment of Compensation to an Employee of the Company or any Designated Subsidiary.

2.27 "***Plan***" means this 2020 Employee Stock Purchase Plan, including both the Section 423 Component and Non-Section 423 Component and any other sub-plans or appendices hereto, as amended from time to time.

2.28 “***Plan Account***” means a bookkeeping account established and maintained by the Company in the name of each Participant.

2.29 “***Section 409A***” means Section 409A of the Code.

2.30 “***Section 423 Component***” means those Offerings under the Plan that are intended to meet the requirements under Section 423(b) of the Code.

2.31 “***Subsidiary***” means any entity that is a subsidiary corporation of the Company within the meaning of Section 424 of the Code. In addition, with respect to the Non-Section 423 Component, Subsidiary shall include any corporate or noncorporate entity in which the Company has a direct or indirect equity interest or significant business relationship, to the extent the entity also qualifies as a subsidiary for purposes of Form S-8 of the Securities Act of 1933, as amended.

2.32 “***Treas. Reg.***” means U.S. Department of the Treasury regulations.

2.33 “***Withdrawal Election***” has the meaning set forth in Section 6.1(a) hereof.

ARTICLE 3
PARTICIPATION

3.1 Eligibility.

(a) Any Eligible Employee who is employed by the Company or a Designated Subsidiary on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of Articles 4 and 5 hereof, and, for the Section 423 Component, the limitations imposed by Section 423(b) of the Code. Unless determined otherwise by the Board or the Committee, no Eligible Employee may participate in more than one Offering Period under the Section 423 Component at any one time.

(b) No Eligible Employee shall be granted an Option under the Section 423 Component which permits the Participant’s rights to purchase shares of Common Stock under the Plan, and to purchase stock under all other employee stock purchase plans of the Company, any Parent or any Subsidiary subject to Section 423 of the Code, to accrue at a rate which exceeds $25,000 of fair market value of such stock (determined at the time such Option is granted) for each calendar year in which such Option is outstanding at any time. The limitation under this Section 3.1(b) shall be applied in accordance with Section 423(b)(8) of the Code.

3.2 Election to Participate; Payroll Deductions

(a) Except as provided in Sections 3.2(e) and 3.3 hereof, an Eligible Employee may become a Participant in the Plan only by means of payroll deduction. Each individual who is an Eligible Employee as of an Offering Period’s Enrollment Date may elect to participate in such Offering Period and the Plan by delivering to the Company a payroll deduction authorization no later than the period of time prior to the applicable Enrollment Date that is determined by the Administrator, in its sole discretion.

(b) Subject to Section 3.1(b) hereof and except as may otherwise be determined by the Administrator, payroll deductions (i) shall equal at least 1% of the Participant’s Compensation as of each Payday of the Offering Period following the Enrollment Date, but not more than 15% of the Participant’s compensation as of each Payday of the Offering Period following the Enrollment Date; and (ii) may be expressed either as (A) a whole number percentage, or (B) a fixed dollar amount. Amounts deducted from a

Participant's Compensation with respect to an Offering Period pursuant to this Section 3.2 shall be deducted each Payday through payroll deduction and credited to the Participant's Plan Account; provided that for the first Offering Period under this Plan, payroll deductions shall not begin until such date determined by the Board or Committee, in its sole discretion.

(c) Unless otherwise determined by the Board or Committee, a Participant may not change the amount deducted from such Participant's Compensation during an Offering Period.

(d) Unless determined otherwise by the Board or the Committee, upon the completion of an Offering Period, each Participant in such Offering Period shall automatically participate in the immediately following Offering Period at the same payroll deduction percentage or fixed amount as in effect at the termination of such Offering Period, unless such Participant delivers to the Company a different election with respect to the successive Offering Period in accordance with Section 3.2(a) hereof, or unless such Participant becomes ineligible for participation in the Plan.

(e) Notwithstanding any other provisions of the Plan to the contrary, in non-U.S. jurisdictions where participation in the Plan through payroll deductions is prohibited, the Administrator may provide that an Eligible Employee may elect to participate through contributions to the Participant's account under the Plan in a form acceptable to the Administrator in lieu of or in addition to payroll deductions; provided, that, for any Offering under the Section 423 Component, the Administrator must determine that any alternative method of contribution is applied on an equal and uniform basis to all Eligible Employees in the Offering.

3.3 Leave of Absence. During leaves of absence approved by the Company meeting the requirements of Treas. Reg. § 1.421-1(h)(2), a Participant may continue participation in the Plan by making cash payments to the Company on the Participant's normal payday equal to the Participant's authorized payroll deduction.

ARTICLE 4
PURCHASE OF SHARES

4.1 Grant of Option. The Company may make one or more Offerings under the Plan, which may be successive or overlapping with one another, until the earlier of: (i) the date on which the Shares available under the Plan have been sold or (ii) the date on which the Plan is suspended or terminates. The Administrator shall designate the terms and conditions of each Offering in writing, including without limitation, the Offering Period. Each Participant shall be granted an Option with respect to an Offering Period on the applicable Grant Date. Subject to the limitations of Section 3.1(b) hereof, the number of shares of Common Stock subject to a Participant's Option shall be determined by dividing (a) such Participant's payroll deductions accumulated prior to an Exercise Date and retained in the Participant's Plan Account on such Exercise Date by (b) the applicable Option Price; *provided* that in no event shall a Participant be permitted to purchase during each Offering Period more than 5,000 shares of Common Stock (subject to any adjustment pursuant to Section 5.2 hereof). The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that a Participant may purchase during such future Offering Periods. Each Option shall expire on the last Exercise Date for the applicable Offering Period immediately after the automatic exercise of the Option in accordance with Section 4.3 hereof, unless such Option terminates earlier in accordance with Article 6 hereof.

4.2 Option Price. The "***Option Price***" per share of Common Stock to be paid by a Participant upon exercise of the Participant's Option on an Exercise Date for an Offering Period shall equal 85% of the lesser of the Fair Market Value of a share of Common Stock on (a) the applicable Grant Date and (b) the applicable Exercise Date, or such other price designated by the Administrator; *provided* that in no event shall the Option Price per share of Common Stock be less than the par value per share of the Common Stock; *provided further*, that no Option Price shall be designated by the Administrator that would cause the Section 423 Component to fail to meet the requirements under Section 423(b) of the Code.

4.3 Purchase of Shares.

(a) On each Exercise Date for an Offering Period, each Participant shall automatically and without any action on such Participant's part be deemed to have exercised the Participant's Option to purchase at the applicable per share Option Price the largest number of whole shares of Common Stock which can be purchased with the amount in the Participant's Plan Account. Any balance less than the per share Option Price that is remaining in the Participant's Plan Account (after exercise of such Participant's Option) as of the Exercise Date shall be promptly refunded to the applicable Participant. In no event shall an amount greater than or equal to the per share Option Price as of an Exercise Date be carried forward to the next Offering Period.

(b) As soon as practicable following each Exercise Date, the number of shares of Common Stock purchased by such Participant pursuant to Section 4.3(a) hereof shall be delivered (either in share certificate or book entry form), in the Company's sole discretion, to either (i) the Participant or (ii) an account established in the Participant's name at a stock brokerage or other financial services firm designated by the Company. If the Company is required to obtain from any commission or agency authority to issue any such shares of Common Stock, the Company shall seek to obtain such authority. Inability of the Company to obtain from any such commission or agency authority which counsel for the Company deems necessary for the lawful issuance of any such shares shall relieve the Company from liability to any Participant except to refund to the Participant such Participant's Plan Account balance, without interest thereon.

4.4 Automatic Termination of Offering Period. If the Fair Market Value of a share of Common Stock on any Exercise Date (except the final scheduled Exercise Date of any Offering Period) is lower than the Fair Market Value of a share of Common Stock on the Grant Date for an Offering Period, then such Offering Period shall terminate on such Exercise Date after the automatic exercise of the Option in accordance with Section 4.3 hereof, and each Participant shall automatically be enrolled in the subsequent Offering Period, which shall commence on such Exercise Date, unless provided otherwise by the Administrator, and such Participant's payroll deduction authorization shall remain in effect for such Offering Period.

4.5 Transferability of Rights. An Option granted under the Plan shall not be transferable, other than by will or the applicable laws of descent and distribution, and is exercisable during the Participant's lifetime only by the Participant. No option or interest or right to the Option shall be available to pay off any debts, contracts or engagements of the Participant or the Participant's successors in interest or shall be subject to disposition by pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempt at disposition of the Option shall have no effect.

ARTICLE 5
PROVISIONS RELATING TO COMMON STOCK

5.1 Common Stock Reserved. Subject to adjustment as provided in Section 5.2 hereof, the maximum number of shares of Common Stock that shall be made available for sale under the Plan shall be the sum of (a) 5,438,506 shares of Common Stock and (b) an annual increase on the first day of each year beginning in 2022 with such last year being 2030 equal to the lesser of (i) 1% of the shares of Common Stock outstanding on the last day of the immediately preceding fiscal year and (ii) such number of shares of Common Stock as may be determined by the Board; *provided*, that, no more than 54,385,060 shares may be issued under the Plan. Shares made available for sale under the Plan may be authorized but unissued shares, treasury shares of Common Stock, or reacquired shares reserved for issuance under the Plan.

5.2 Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under Option, as well as the price per share and the number of shares of Common Stock covered by each Option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; *provided*, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Periods then in progress shall be shortened by setting a new Exercise Date (the "***New Exercise Date***"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date shall be before the date of the Company's proposed dissolution or liquidation. The Administrator shall notify each Participant in writing, at least ten business days prior to the New Exercise Date, that the Exercise Date for the Participant's Option has been changed to the New Exercise Date and that the Participant's Option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 6.1 hereof or the Participant has ceased to be an Eligible Employee as provided in Section 6.2 hereof.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding Option shall be assumed or an equivalent Option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. If the successor corporation refuses to assume or substitute for the Option, any Offering Periods then in progress shall be shortened by setting a New Exercise Date and any Offering Periods then in progress shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Administrator shall notify each Participant in writing, at least ten business days prior to the New Exercise Date, that the Exercise Date for the Participant's Option has been changed to the New Exercise Date and that the Participant's Option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 6.1 hereof or the Participant has ceased to be an Eligible Employee as provided in Section 6.2 hereof.

5.3 Insufficient Shares. If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which Options are to be exercised may exceed the number of shares of Common Stock remaining available for sale under the Plan on such Exercise Date, the Administrator shall make a pro rata allocation of the shares of Common Stock available for issuance on such Exercise Date in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising Options to purchase Common Stock on such

Exercise Date, and unless additional shares are authorized for issuance under the Plan, no further Offering Periods shall take place and the Plan shall terminate pursuant to Section 7.4 hereof. If an Offering Period is so terminated, then the balance of the amount credited to the Participant's Plan Account which has not been applied to the purchase of shares of Common Stock shall be paid to such Participant in one lump sum in cash within 30 days after such Exercise Date, without any interest thereon.

5.4 Rights as Stockholders. With respect to shares of Common Stock subject to an Option, a Participant shall not be deemed to be a stockholder of the Company and shall not have any of the rights or privileges of a stockholder. A Participant shall have the rights and privileges of a stockholder of the Company when, but not until, shares of Common Stock have been deposited in the designated brokerage account following exercise of the Participant's Option.

ARTICLE 6
TERMINATION OF PARTICIPATION

6.1 Cessation of Contributions; Voluntary Withdrawal.

(a) A Participant may cease payroll deductions during an Offering Period and elect to withdraw from the Plan by delivering written notice of such election to the Company in such form and at such time prior to the Exercise Date for such Offering Period as may be established by the Administrator (a "***Withdrawal Election***"). A Participant electing to withdraw from the Plan may elect to either (i) withdraw all of the funds then credited to the Participant's Plan Account as of the date on which the Withdrawal Election is received by the Company, in which case amounts credited to such Plan Account shall be returned to the Participant in one lump-sum payment in cash within 30 days after such election is received by the Company, without any interest thereon, and the Participant shall cease to participate in the Plan and the Participant's Option for such Offering Period shall terminate; or (ii) exercise the Option for the maximum number of whole shares of Common Stock on the applicable Exercise Date with any remaining Plan Account balance returned to the Participant in one lump-sum payment in cash within 30 days after such Exercise Date, without any interest thereon, and after such exercise cease to participate in the Plan. Upon receipt of a Withdrawal Election, the Participant's payroll deduction authorization and the Participant's Option shall terminate.

(b) A Participant's withdrawal from the Plan shall not have any effect upon the Participant's eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the Participant withdraws.

(c) A Participant who ceases contributions to the Plan during any Offering Period shall not be permitted to resume contributions to the Plan during that Offering Period.

6.2 Termination of Eligibility. Upon a Participant's ceasing to be an Eligible Employee, for any reason, such Participant's Option for the applicable Offering Period shall automatically terminate, the Participant shall be deemed to have elected to withdraw from the Plan, and such Participant's Plan Account shall be paid to such Participant or, in the case of the Participant's death, to the person or persons entitled thereto pursuant to applicable law, as soon as practicable after such cessation of being an Eligible Employee, without any interest thereon. If a Participant transfers employment from the Company or any Designated Subsidiary participating in the Section 423 Component to any Designated Subsidiary participating in the Non-Section 423 Component, such transfer shall not be treated as a termination of employment, but the Participant shall immediately cease to participate in the Section 423 Component; however, any contributions made for the Offering Period in which such transfer occurs shall be transferred to the Non-Section 423 Component, and such Participant shall immediately join the then-current Offering under the

Non-Section 423 Component upon the same terms and conditions in effect for the Participant's participation in the Section 423 Component, except for such modifications otherwise applicable for Participants in such Offering. A Participant who transfers employment from any Designated Subsidiary participating in the Non-Section 423 Component to the Company or any Designated Subsidiary participating in the Section 423 Component shall not be treated as terminating the Participant's employment and shall remain a Participant in the Non-Section 423 Component until the earlier of (i) the end of the current Offering Period under the Non-Section 423 Component, or (ii) the Enrollment Date of the first Offering Period in which the Participant is eligible to participate following such transfer. Notwithstanding the foregoing, the Administrator may establish different rules to govern transfers of employment between companies participating in the Section 423 Component and the Non-Section 423 Component, consistent with the applicable requirements of Section 423 of the Code.

ARTICLE 7
GENERAL PROVISIONS

7.1 Administration.

(a) The Plan shall be administered by the Committee, which shall be composed of members of the Board. The Committee may delegate administrative tasks under the Plan to the services of an Agent or Employees to assist in the administration of the Plan, including establishing and maintaining an individual securities account under the Plan for each Participant.

(b) It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with the provisions of the Plan. The Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To establish and terminate Offerings;

(ii) To determine when and how Options shall be granted and the provisions and terms of each Offering (which need not be identical);

(iii) To select Designated Subsidiaries in accordance with Section 7.2 hereof; and

(iv) To construe and interpret the Plan, the terms of any Offering and the terms of the Options and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, any Offering or any Option, in a manner and to the extent it shall deem necessary or expedient to administer the Plan, subject to Section 423 of the Code for the Section 423 Component.

(c) The Administrator may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding handling of participation elections, payroll deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which vary with local requirements. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan.

(d) The Administrator may adopt sub-plans applicable to particular Designated Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 5.1 hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan.

(e) All expenses and liabilities incurred by the Administrator in connection with the administration of the Plan shall be borne by the Company. The Administrator may, with the approval of the Committee, employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Administrator, the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Board or Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the options, and all members of the Board or Administrator shall be fully protected by the Company in respect to any such action, determination, or interpretation.

7.2 Designation of Subsidiary Corporations. The Board or Administrator shall designate from time to time the Subsidiaries that shall constitute Designated Subsidiaries, and determine whether such Designated Subsidiaries shall participate in the Section 423 Component or Non-Section 423 Component. The Board or Administrator may designate a Subsidiary, or terminate the designation of a Subsidiary, without the approval of the stockholders of the Company.

7.3 No Right to Employment. Nothing in the Plan shall be construed to give any person (including any Participant) the right to remain in the employ of the Company, a Parent or a Subsidiary or to affect the right of the Company, any Parent or any Subsidiary to terminate the employment of any person (including any Participant) at any time, with or without cause, which right is expressly reserved.

7.4 Amendment and Termination of the Plan.

(a) The Board may, in its sole discretion, amend, suspend or terminate the Plan at any time and from time to time. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision), with respect to the Section 423 Component, or any other applicable law, regulation or stock exchange rule, the Company shall obtain stockholder approval of any such amendment to the Plan in such a manner and to such a degree as required by Section 423 of the Code or such other law, regulation or rule.

(b) If the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may in its discretion modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) altering the Option Price for any Offering Period including an Offering Period underway at the time of the change in Option Price;

(ii) shortening any Offering Period so that the Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the Administrator action; and

(iii) allocating shares of Common Stock.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

(c) Upon termination of the Plan, the balance in each Participant's Plan Account shall be refunded as soon as practicable after such termination, without any interest thereon.

7.5 Use of Funds; No Interest Paid. All funds received by the Company by reason of purchase of shares of Common Stock under the Plan shall be included in the general funds of the Company free of any trust or other restriction and may be used for any corporate purpose. No interest shall be paid to any Participant or credited under the Plan.

7.6 Term; Approval by Stockholders. No Option may be granted during any period of suspension of the Plan or after termination of the Plan. The Plan shall be submitted for the approval of the Company's stockholders within 12 months after the date of the Board's initial adoption of the Plan. Options may be granted prior to such stockholder approval; *provided*, *however*, that such Options shall not be exercisable prior to the time when the Plan is approved by the stockholders; *provided*, *further* that if such approval has not been obtained by the end of the 12-month period, all Options previously granted under the Plan shall thereupon terminate and be canceled and become null and void without being exercised.

7.7 Effect Upon Other Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company, any Parent or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company, any Parent or any Subsidiary (a) to establish any other forms of incentives or compensation for Employees of the Company or any Parent or any Subsidiary, or (b) to grant or assume Options otherwise than under the Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

7.8 Conformity to Securities Laws. Notwithstanding any other provision of the Plan, the Plan and the participation in the Plan by any individual who is then subject to Section 16 of the Exchange Act shall be subject to any additional limitations set forth in any applicable exemption rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

7.9 Notice of Disposition of Shares. Each Participant shall give the Company prompt notice of any disposition or other transfer of any shares of Common Stock, acquired pursuant to the exercise of an Option granted under the Section 423 Component, if such disposition or transfer is made (a) within two years after the applicable Grant Date or (b) within one year after the transfer of such shares of Common Stock to such Participant upon exercise of such Option. The Company may direct that any certificates evidencing shares acquired pursuant to the Plan refer to such requirement.

7.10 Tax Withholding. The Company or any Parent or any Subsidiary shall be entitled to require payment in cash or deduction from other compensation payable to each Participant of any sums required by federal, state or local tax law to be withheld with respect to any purchase of shares of Common Stock under the Plan or any sale of such shares.

7.11 Governing Law. The Plan and all rights and obligations thereunder shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of law rules thereof or of any other jurisdiction.

7.12 Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

7.13 Conditions To Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing shares of Common Stock pursuant to the exercise of an Option by a Participant, unless and until the Board or the Committee has determined, with advice of counsel, that the issuance of such shares of Common Stock is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any securities exchange or automated quotation system on which the shares of Common Stock are listed or traded, and the shares of Common Stock are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Board or the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Board or the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements.

(b) All certificates for shares of Common Stock delivered pursuant to the Plan and all shares of Common Stock issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state, or foreign securities or other laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the shares of Common Stock are listed, quoted, or traded. The Committee may place legends on any certificate or book entry evidencing shares of Common Stock to reference restrictions applicable to the shares of Common Stock.

(c) The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Option, including a window-period limitation, as may be imposed in the sole discretion of the Committee.

(d) Notwithstanding any other provision of the Plan, unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company may, in lieu of delivering to any Participant certificates evidencing shares of Common Stock issued in connection with any Option, record the issuance of shares of Common Stock in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

7.14 Equal Rights and Privileges. All Eligible Employees of the Company (or of any Designated Subsidiary) granted Options pursuant to an Offering under the Section 423 Component shall have equal rights and privileges under this Plan to the extent required under Section 423 of the Code so that the Section 423 Component qualifies as an “employee stock purchase plan” within the meaning of Section 423 of the Code. Any provision of the Section 423 Component that is inconsistent with Section 423 of the Code shall, without further act or amendment by the Company or the Board, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code. Eligible Employees participating in the Non-Section 423 Component need not have the same rights and privileges as Eligible Employees participating in the Section 423 Component.

7.15 Rules Particular to Specific Countries. Notwithstanding anything herein to the contrary, the terms and conditions of the Plan with respect to Participants who are tax residents of a particular non-U.S. country or who are foreign nationals or employed in non-U.S. jurisdictions may be subject to an addendum to the Plan in the form of an appendix or sub-plan (which appendix or sub-plan may be designed to govern Offerings under the Section 423 Component or the Non-Section 423 Component, as determined by the Administrator). To the extent that the terms and conditions set forth in an appendix or sub-plan conflict with any provisions of the Plan, the provisions of the appendix or sub-plan shall govern. The adoption of any such appendix or sub-plan shall be pursuant to Section 7.1 above. Without limiting the foregoing, the Administrator is specifically authorized to adopt rules and procedures, with respect to Participants who are foreign nationals or employed in non-U.S. jurisdictions, regarding the exclusion of particular Subsidiaries from participation in the Plan, eligibility to participate, the definition of Compensation, handling of payroll deductions or other contributions by Participants, payment of interest, conversion of local currency, data privacy security, payroll tax, withholding procedures, establishment of bank or trust accounts to hold payroll deductions or contributions.

7.16 Section 409A. The Section 423 Component of the Plan and the Options granted pursuant to Offerings thereunder are intended to be exempt from the application of Section 409A. Neither the Non-Section 423 Component nor any Option granted pursuant to an Offering thereunder is intended to constitute or provide for "nonqualified deferred compensation" within the meaning of Section 409A. Notwithstanding any provision of the Plan to the contrary, if the Administrator determines that any Option granted under the Plan may be or become subject to Section 409A or that any provision of the Plan may cause an Option granted under the Plan to be or become subject to Section 409A, the Administrator may adopt such amendments to the Plan and/or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions as the Administrator determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, either through compliance with the requirements of Section 409A or with an available exemption therefrom.

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OPENDOOR LABS INC.
1 Post Street, 11th Floor
San Francisco, California 94104

October 20, 2020

Daniel Morillo

Dear Daniel:

Opendoor Labs Inc., a Delaware corporation (the "Company"), is pleased to offer you employment as the Company's Chief Investment Officer on the terms described in this letter agreement (this "Agreement"). Your employment shall commence no later than January 11, 2021 (such actual date of your commencement of employment shall be referred to herein as the "Start Date"). This Agreement shall amend, restate and supersede your offer letter agreement dated as of July 2, 2020.

1. **Employment**. As Chief Investment Officer, you will be responsible for the Company's core inventory business, including responsibility for setting strategy for home valuations, including setting prices for homes purchased and sold; overseeing and managing the work of employees across various departments including engineering, data science, product and design, and operations; and collaboration with these teams at the Company to solve home valuation problems holistically, and other responsibilities consistent with your title as may be directed by the Company's Chief Executive Officer, to whom you will report. During the term of your employment with the Company, you will devote your best efforts and substantially all of your business time and attention to the business of the Company, except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company's general employment policies. You will initially work remotely; at such time as the Company reopens its offices in San Francisco, California, that will be your primary office location. The Company reserves the right to require reasonable business travel.

2. **Salary.** You will be paid a base salary at the annual rate of $350,000, to be paid (net of applicable taxes, withholding and any other deductions) in accordance with the Company's regular payroll practices. As an exempt salaried employee, you will be required to work the Company's normal business hours, and such additional time as appropriate for your work assignments and position, and you will not be entitled to overtime compensation. The Company may change your base salary from time to time with seven days' advance notice, subject to the terms and conditions set forth herein.

3. **Sign-on Payment.** The Company will make a one-time payment to you of $1,500,000, net of applicable taxes, withholding and any other deductions, as an advance, within five business days of the Start Date. If you resign your employment with the Company without Good Reason (as defined below), or the Company terminates your employment for Cause (as defined below), at any time prior to the first anniversary of your Start Date, you shall repay, within 30 days of your last day of employment with the Company, the entire $1,500,000. However, the Sign-on Payment shall not subject to repayment if your employment is terminated without Cause or you resign with Good Reason at any time.

4. **Annual Retention Bonuses.** You will earn and receive two retention bonuses of $1,150,000 each (each, a "Retention Bonus" and collectively, the "Retention Bonuses"), the first to be paid within 30 days of the first anniversary of the Start Date and the second to be paid within 30 days of the second anniversary of the Start Date; provided that you must be employed by the Company on the applicable anniversary date of your hire in order to earn and receive each full Retention Bonus. Each of the Retention Bonuses will be paid net of applicable taxes, withholding and any other deductions.

5. **Benefits.** You will be eligible to participate in the Company's standard benefit programs, subject to the terms and conditions of such plans, to the same extent as other executive officers of the Company. The

Company may, from time to time, change these benefits in its discretion. Additional information regarding these benefits is available for your review upon request.

6. **Equity.**

(a) RSU Awards – Time-Based Vesting.

(1) The Company shall grant you a restricted stock unit award covering 1,050,000 shares (as adjusted as provided below) of the Company's Common Stock (the "Initial TRSUs") effective as of the Start Date. The Initial TRSUs shall be subject to both time- and (if a Listing Event (as defined on Exhibit A)) has not occurred by the date of grant thereof) liquidity-based vesting requirements. In the event a Listing Event has occurred prior to the date of grant of the Initial TRSUs, the Initial TRSUs will be for the class of common stock that is publicly traded. The time-based vesting requirement shall have a vesting commencement date of the Start Date, and shall be satisfied (A) as to 25% of the shares, on the first anniversary of the Start Date, and (B) as to the remaining 75% of the shares, quarterly over a three-year period commencing on such first anniversary, in all cases subject to your continued employment with the Company on each such vesting date, except as otherwise stated herein.

(2) The Company shall grant you a restricted stock unit award covering 250,000 shares (as adjusted as provided below) of the Company's Common Stock (the "Additional TRSUs") as soon as practicable following the third anniversary of the Start Date (and not later than the next regular Board of Directors meeting occurring after such third anniversary), provided (A) you are employed by the Company on the date of grant and (B) a Change of Control has not occurred prior to the date of grant, except as otherwise provided herein. The Additional TRSUs shall be subject to both time-based vesting requirements and (if a Listing Event has not occurred by the date of grant thereof) liquidity-based vesting requirements. In the event a Listing Event has occurred prior to the date of grant of the Additional TRSUs, the Additional TRSUs will be for the class of common stock that is publicly traded. The time-based vesting requirement shall have a vesting commencement date of the third anniversary of the Start Date and shall be satisfied quarterly over a two-year period commencing on such third anniversary, in all cases subject to your employment with the Company on each such vesting date.

(b) RSU Award – Performance-Based Vesting. The Company shall grant you a restricted stock unit award covering 300,000 shares (as adjusted as provided below) of the Company's Common Stock (the "PRSUs") effective as of the Start Date. The PRSUs shall be subject to both performance- and liquidity-based vesting requirements. The performance-based vesting requirements shall be satisfied as set forth on Exhibit A. \

(c) Adjustments. Each of the foregoing share amounts shall be automatically adjusted in the event of stock splits, combinations and the like occurring prior to the date of grant. Further, in the event a Listing Event occurs prior to the date of grant of any of the foregoing RSUs and the Listing Event is a merger (or similar transaction) with a special purpose acquisition company, the share amounts for such RSUs set forth above (as so adjusted) shall be further adjusted by multiplying the number of RSUs granted after such transaction by the conversion ratio in such transaction (i.e., the number of shares of parent or successor entity stock (plus the share equivalent of any cash or other consideration) delivered with respect to each share of Company common stock), rounding to the nearest whole share.

(d) Other Terms. The liquidity-based vesting requirement for the Initial TRSUs, the Additional TRSUs and the PRSUs (together, the "RSUs") shall be satisfied on the consummation of the first to occur of a Change of Control or an IPO (each as defined in the Company's standard restricted stock unit grant documentation and equity incentive plan), provided that, in either case, such event occurs prior to the seventh anniversary of the grant date of the applicable RSUs. The RSUs shall provide for an automatic sell-to-cover arrangement in respect of applicable withholding taxes following the first release of shares from the Lockup (as defined on Exhibit A), if any, following a Listing Event. Shares in respect of any vested portion of the RSUs shall be delivered to you as soon as reasonably practicable following the applicable vesting date but in no event later than two and one-half months after the end of the calendar year following the calendar year in which such RSUs vest. The RSUs shall also be subject to the provisions of the equity incentive plan under which they are awarded and the applicable RSU award agreement, each of which shall be provided to you as of the Start Date.

(e) Board Approval. The Company's Board of Directors has approved the grant of the RSUs, subject to you becoming an employee of the Company by the Start Date.

7. **Compliance with Confidentiality Information Agreement and Company Policies.** As a condition of employment, you agree to comply with the Company's Confidential Information and Inventions Assignment Agreement (the "Confidentiality Agreement") attached hereto as Exhibit B, which you have already signed. In addition, you are required to abide by the Company's policies and procedures (including but not limited to the Company's employee handbook), as adopted or modified from time to time within the Company's discretion, and acknowledge in writing that you have read and will comply with such policies and procedures (and provide additional such acknowledgements as such policies and procedures may be modified from time to time); provided, however, that in the event the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

8. **Protection of Third-Party Information.** By signing this Agreement, you are representing that you have full authority to accept this position and perform the duties of the position without conflict with any other obligations and that you are not involved in any situation that might create, or appear to create, a conflict of interest with respect to your loyalty to or duties for the Company. You specifically warrant that you are not subject to an employment agreement or restrictive covenant preventing full performance of your duties to the Company on and after the Start Date. In addition, you agree not to bring to the Company or use in the performance of your responsibilities at the Company any materials or documents of a former employer that are not generally available to the public, unless you have obtained express written authorization from the former employer for their possession and use. You also agree to honor all obligations to former employers during your employment with the Company.

9. **Employment Relationship.**

(a) The Company shall have the right to terminate your employment hereunder without Cause upon 30 days' prior written notice and you shall have the right to resign upon 60 days' prior written notice for any reason or for no stated reason and at any time. The notice period does not commence until the notice is actually received by the other party. The Company reserves the right to terminate your employment without regard to the 30-day notice period, provided it makes payment for salary otherwise payable during such 30-day period in your final paycheck. The Company also shall have the right to terminate your employment for Cause without advance notice.

(b) As an additional benefit to you, in the event your employment is terminated without Cause or you resign for Good Reason prior to such time as the performance-based vesting criteria for the PRSUs are satisfied, the PRSUs shall remain outstanding and shall vest as to performance when the applicable performance-based vesting criteria are satisfied, provided they are satisfied within 60 days after such termination. In the event such performance-based vesting criteria are not satisfied by the end of such 60-day period, the PRSUs will expire.

(c) As an additional benefit to you, if: (1) the Company consummates a Change of Control (as defined below); and (2) your employment is terminated without Cause or if you resign from the Company for Good Reason, in either case in connection with or within 12 months after a Change of Control, then effective as of your employment termination date, 100% of your then remaining unvested Initial TRSUs and Additional TRSUs shall become fully vested.

(d) The acceleration of vesting provided in subsections (b) or (c) above is conditioned upon: (1) you continuing to comply with your obligations under this Agreement and your Confidentiality Agreement; and (2) you signing, delivering to the Company, and allowing to become effective a general release of claims in favor of the Company in a form provided by the Company within the applicable time period set forth therein.

(e) For purposes of this Agreement, "Cause" means your employment is terminated for any of the following reasons: (1) any material breach by you of this Agreement, the Confidentiality Agreement or any material written policy of the Company and, if curable, your failure to cure such breach within 30 days after receiving written notice thereof; (2) intentional repeated willful misconduct or gross neglect of your duties and your failure to cure, if curable, such condition within 30 days after receiving written notice thereof; (3) your willful repeated failure to follow reasonable and lawful instructions from the Board of Directors of the Company or the Company's Chief Executive Officer, and your failure to cure, if curable, such condition within 30 days after receiving written notice thereof; (4) your conviction of, or plea of guilty or nolo contendere to, any crime that results in, or is reasonably expected to result in, material harm to the business or reputation of the Company; (5) your commission of or participation in an act of fraud against the Company; or (6) your intentional material damage to the Company's business, property or reputation.

(f) For purposes of this Agreement, "Change of Control" means (1) a sale of all or substantially all of the Company's assets other than to an Excluded Entity (as defined below), (2) a merger, consolidation or other capital reorganization or business combination transaction of the Company with or into another corporation, limited liability company or other entity other than an Excluded Entity, or (3) the consummation of a transaction, or series of related transactions, in which any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Securities Exchange Act of 1934, as amended), directly or indirectly, of all of the Company's then outstanding voting securities. An "Excluded Entity" means a corporation or other entity of which the holders of voting capital stock of the Company outstanding immediately prior to such transaction are the direct or indirect holders of voting securities representing a majority of the votes entitled to be cast by all of such corporation's or other entity's voting securities outstanding immediately after such transaction.

(g) For purposes of this Agreement, "Good Reason" means your resignation from employment with the Company if you resign as result of the occurrence of any of the following: (1) a material reduction in your job responsibilities, duties or authority (provided that a mere change in title to a position that is substantially similar to the prior position held shall not constitute a material reduction in job responsibilities, duties or authority); (2) a material reduction in your base salary unless such reduction is in connection and proportional to reductions to the base salary reductions of the other members of the management team and such reduction does not exceed 20% of your base salary; (3) the material breach of this Agreement or the Confidentiality Agreement by the Company; or (4) the requirement by the Company that you transfer your place of employment to a location that is outside of the greater San Francisco Bay Area. In order to resign for Good Reason, you must provide written notice to the Company's Chief Executive Officer within 30 days after you obtain actual knowledge of the existence of Good Reason, setting forth the basis for your resignation, allow the Company at least 30 days from receipt of such written notice to cure such event, and if such event is not reasonably cured within such period, you must resign from all positions you then hold with the Company not later than 30 days after the expiration of the cure period.

10. **Outside Activities.** Throughout your employment with the Company, you may engage in civic and not-for-profit activities so long as such activities do not interfere with the performance of your duties hereunder. During your employment by the Company, except on behalf of the Company, you will not directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint venturer, associate,

representative or consultant of any other person, corporation, firm, partnership or other entity whatsoever known by you to compete with the Company (or is planning or preparing to compete with the Company), anywhere in the world, in any line of business engaged in (or planned to be engaged in) by the Company; provided, however, that you may purchase or otherwise acquire up to (but not more than) 1% of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange. Nothing in this Agreement shall prohibit or restrict you from managing your personal investments in companies that are not competitive with the Company or engaging in civic, charitable, religious or political activities, sitting on a non-profit, professional, or industry boards, or conducting personal speaking engagements, in each case provided such endeavors do not materially interfere with your obligations under this Agreement.

11. **Return of Company Property.** Within five days following the termination of your employment for any reason (or earlier if requested by the Company), you must return to the Company all Company documents (and all copies thereof) and other Company property in your possession, custody or control, including, but not limited to, Company files, notes, financial and operational information, password and account information, customer lists and contact information, prospect information, product and services information, research and development information, drawings, records, plans, forecasts, pipeline reports, sales reports or other reports, payroll information, spreadsheets, studies, analyses, compilations of data, proposals, agreements, sales and marketing information, personnel information, specifications, code, software, databases, computer-recorded information, tangible property and equipment (including, but not limited to, computers, facsimile machines, mobile telephones, tablets, handheld devices, and servers), credit cards, entry cards, identification badges and keys, and any materials of any kind which contain or embody any proprietary or confidential information of the Company, and all reproductions thereof in whole or in part and in any medium. You further agree that you will make a diligent search to locate any such documents, property and information and return them to the Company within the timeframe provided above. You also must provide the Company all passwords, log-ins, administrative access, and any other information or access for and relating to any Company computer or other device that you have used to access or use the Company's network, as well as any Company database or Company accounts with third parties which you established, administered, or to which you had access, and must terminate your access to such network and accounts and otherwise comply with any Company requests regarding all such access and accounts. In addition, if you have used any personal computer, server, or email system to receive, store, review, prepare or transmit any confidential or proprietary data, materials or information of the Company, then within five days after your termination of employment (or earlier if requested by the Company) you must provide the Company with a computer-useable copy of such information and permanently delete and expunge such confidential or proprietary information from those systems without retaining any reproductions (in whole or in part); and you agree to provide the Company access to your system, as requested, to verify that the necessary copying and deletion is done. If requested, you shall deliver to the Company a signed statement certifying compliance with this section. You may however keep documents evidencing your terms of employment, equity holdings and grants, and compensation without violation of this section 11.

12. **Miscellaneous.**

(a) **Background Check and Proof of Right to Work.** This offer is contingent upon a satisfactory reference check and satisfactory proof of your right to work in the United States. If the Company informs you that you are required to complete a background check or drug test, this offer is contingent upon satisfactory clearance of such background check and/or drug test. You agree to assist as needed and to complete any documentation at the Company's request to meet these conditions.

(b) **Governing Law.** The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of state of California, without giving effect to principles of conflicts of law.

(c) **Entire Agreement.** You acknowledge and agree that as of your execution of this Agreement, your sole entitlement to any compensation or benefits from the Company will be as set forth in this Agreement. This Agreement and the Confidentiality Agreement set forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between you and the Company relating to the subject matter hereof.

(d) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. Facsimile and electronic image signatures (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) will be deemed an original and valid signature.

(e) **Successors and Assigns.** This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns.

(f) **Severability.** If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law.

(g) **Waiver.** Any waiver of a breach of this Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder.

(h) **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents or notices related to this Agreement, securities of the Company or any of its affiliates or any other matter, including documents and/or notices required to be delivered to you by applicable securities law or any other law or the Company's Certificate of Incorporation or Bylaws by email or any other electronic means. You hereby consent to: (i) conduct business electronically; (ii) receive such documents and notices by such electronic delivery; and (iii) sign documents electronically and agree to participate through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

(i) **Arbitration.** You agree that any and all disputes relating to or regarding your employment, including disputes regarding compensation and any and all other conflicts, shall be resolved by final and binding arbitration. You further agree that such disputes shall be resolved on an individual basis only, and not on a class, collective or representative basis on behalf of other employees ("Class Waiver"), to the extent permitted by applicable law. Any claim that all or part of the Class Waiver is invalid, unenforceable, unconscionable, void or voidable may be determined only by a court. In no case may class, collective or representative claims proceed in arbitration. Notwithstanding the foregoing, this Arbitration section shall not apply to an action or claim brought in court pursuant to the California Private Attorneys General Act of 2004 (as amended), the California Fair Employment and Housing Act (as amended), or the California Labor Code (as amended), to the extent any such claims are not permitted by applicable law to be submitted to mandatory arbitration and such applicable law is not preempted by the Federal Arbitration Act ("FAA") or otherwise invalid. You and the Company agree to bring any dispute in arbitration before a single neutral arbitrator with JAMS, Inc. or its successor ("JAMS"), in San Francisco, California, pursuant to the JAMS Employment Rules & Procedures (which can currently be reviewed at http://www.jamsadr.com/rules-employment-arbitration/). You on the one hand, and the Company on the other, waive any rights to a jury trial or a bench trial in connection with the resolution of any dispute under this Agreement or your employment (although both parties may seek interim emergency relief from a court to prevent irreparable harm pending the conclusion of any arbitration). This paragraph shall be construed and interpreted in accordance with the laws of the state in which you work and the FAA. In the case of a conflict, the FAA will control. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess of the amount of court fees that would be required of you if the dispute were decided in a court of law. Arbitration is not a mandatory condition of your employment. If you wish to opt out of this arbitration agreement, you must notify the Company in writing by sending an email to hr@opendoor.com stating your intent to opt out within 30 days of signing this Agreement.

(j) **Indemnification**. During your employment you shall be subject to and covered by a written indemnification agreement between you and the Company in the form provided by the Company.

To indicate your acceptance of the Company's offer of continued employment, please sign and date this Agreement and the enclosed Confidentiality Agreement in the space provided below and return them to me within two business days of the date of this letter.

Very truly yours,

OPENDOOR LABS INC.

By:__
Eric Wu
Chief Executive Officer

ACCEPTED AND AGREED:

__
DANIEL MORILLO

Exhibit A: PRSU Performance Vesting Terms
Exhibit B: Confidentiality Agreement

Exhibit A

PRSU Performance Vesting Terms

The PRSUs shall vest as to performance upon the first of the following to occur after the Start Date, in each case subject to your continued employment through the vesting date:

(1) The Company consummates (a) an initial public offering or direct listing of any class of common stock of the Company or (b) a merger (or similar transaction) with a special purpose acquisition company, the result of which is that any class of common stock of the Company or the parent or successor entity of the Company is listed on the New York Stock Exchange, the Nasdaq Stock Market or other securities exchange (a "Listing Event") on or before December 31, 2024 and thereafter the volume-weighted average closing price ("VWAP") of the class of common stock that is publicly traded over a 60-day period starting on any date on or after the first trading day of such class of common stock following the first release of shares from any lockup agreement restricting sales of shares following a Listing Event (the "Lockup"), is (a) if the Listing Event is an initial public offering or direct listing of any class of common stock of the Company, at least $26.66, or (b) if the Listing Event is a transaction with a special purpose acquisition company, that price per share equal to $26.66 divided by the conversion ratio in such transaction (i.e., the number of shares of parent or successor entity stock (plus the share equivalent of any cash or other consideration) delivered with respect to each share of Company Common Stock) (the applicable price per share for the Listing Event, pursuant to clause (a) or (b), the "Minimum Price").

(2) The Company consummates a Listing Event on or before December 31, 2024 and thereafter consummates a Change of Control in which the value paid for each share of each class of common stock of the Company in connection with the Change of Control is at least the Minimum Price. In the event of a stock-for-stock acquisition, the value of the acquiror's shares shall be valued based on the 60-day VWAP ending on and including the trading day occurring on the day prior to consummation of such Change of Control.

(3) Prior to a Listing Event, the Company sells shares of convertible preferred stock with gross proceeds to the Company of at least $100,000,000 at a price per share (calculated on an as-converted to Common Stock basis) of at least $26.66.

Each of the foregoing prices per share shall be automatically adjusted in the event of stock splits, combinations and the like occurring after the date of this Agreement.

Exhibit B

CONFIDENTIALITY AGREEMENT

OPENDOOR LABS INC.

EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT

In consideration of my employment or continued employment by **Opendoor Labs Inc. (“*Employer*”)**, and its subsidiaries, parents, affiliates, successors and assigns (together with Employer, “***Company***”), the compensation paid to me now and during my employment with Company, and Company’s agreement to provide me with access to its Confidential Information (as defined below), I enter into this Employee Confidential Information and Invention Assignment Agreement with Employer (the “***Agreement***”) and agree as follows:

1. Confidential Information Protections.

1.1 Recognition of Company’s Rights; Nondisclosure. My employment by Company creates a relationship of confidence and trust with respect to Confidential Information (as defined below) and Company has a protectable interest in the Confidential Information. At all times during and after my employment, I will hold in confidence and will not disclose, use, lecture upon, or publish any Confidential Information, except as required in connection with my work for Company or as approved by an officer of Company. I will obtain written approval by an officer of Company before I lecture on or submit for publication any material (written, oral, or otherwise) that discloses and/or incorporates any Confidential Information. I will take all reasonable precautions to prevent the disclosure of Confidential Information. Notwithstanding the foregoing, pursuant to 18 U.S.C. Section 1833(b), I will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (1) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

1.2 Confidential Information. “***Confidential Information***” means any and all confidential knowledge or data of Company, and includes any confidential knowledge or data that Company has received, or receives in the future, from third parties that Company has agreed to treat as confidential and to use for only certain limited purposes. By way of illustration but not limitation, Confidential Information includes (a) trade secrets, inventions, ideas, processes, formulas, software in source or object code, data, technology, know-how, designs and techniques, and any other work product of any nature, and all Intellectual Property Rights (defined below) in all of the foregoing (collectively, “***Inventions***”), including all Company Inventions (defined in Section 2.1); (b) information regarding research, development, new products, business and operational plans, budgets, unpublished financial statements and projections, costs, margins, discounts, credit terms, pricing, quoting procedures, future plans and strategies, capital-raising plans, internal services, suppliers and supplier information; (c) information about customers and potential customers of Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by Company, and other non-public information; (d) information about Company’s business partners and their services, including names, representatives, proposals, bids, contracts, and the products and services they provide; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information that a competitor of Company could use to Company’s competitive disadvantage. However, Company agrees that I am free to use information that I knew prior to my employment with Company or that is, at the time of use, generally known in the trade or industry through no breach of this Agreement by me. Company further agrees that this Agreement does not limit: (x) my right to discuss my employment or unlawful acts in Company’s workplace, including but not limited to sexual harassment; (y) my right to report possible violations of law or regulation with any federal, state or local government agency; or (z) my right to discuss the terms and conditions of my employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act or to the extent that such disclosure is protected under applicable “whistleblower” statutes or other provisions of law or regulation to the extent that any such rights described in (x)-(z) are not permitted by applicable law to be the subject of nondisclosure obligations.

1.3Term of Nondisclosure Restrictions. I will only use or disclose Confidential Information as provided in this Section 1 and I agree that the restrictions in Section 1.1 are intended to continue indefinitely, even after my employment by Company ends. However, if a time limitation on my obligation not to use or disclose Confidential Information is required under applicable law, and the Agreement or its restriction(s) cannot otherwise be enforced, Company and I agree that the two year period after the date my employment ends will be the time limitation relevant to the contested restriction; ***provided,***

however, that my obligation not to disclose or use trade secrets that are protected without time limitation under applicable law shall continue indefinitely.

1.4 No Improper Use of Information of Prior Employers and Others. During my employment by Company, I will not improperly use or disclose confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto Company's premises any unpublished documents or property belonging to a former employer or any other person to whom I have an obligation of confidentiality unless that former employer or person has consented in writing.

2. Assignments of Inventions.

2.1 Definitions. The term (a) **"*Intellectual Property Rights*"** means all past, present and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: trade secrets, Copyrights, trademark and trade name rights, mask work rights, patents and industrial property, and all proprietary rights in technology or works of authorship; (b) "***Copyright***" means the exclusive legal right to reproduce, perform, display, distribute and make derivative works of a work of authorship (for example, a literary, musical, or artistic work) recognized by the laws of any jurisdiction in the world; (c) "***Moral Rights***" means all paternity, integrity, disclosure, withdrawal, special and similar rights recognized by the laws of any jurisdiction in the world; and (d) "***Company Inventions***" means any and all Inventions (and all Intellectual Property Rights related to Inventions) that are made, conceived, prepared, produced, authored, edited, amended, reduced to practice, or learned by me, either alone or with others, during my employment by Company, and all printed, physical, and electronic copies, and other tangible embodiments of Inventions.

2.2 California Limited Exclusion Notification.

(a) I acknowledge that California Labor Code section 2870(a) provides that I cannot be required to assign to Company any Invention that I develop entirely on my own time without using Company's equipment, supplies, facilities or trade secret information, except for Inventions that either (i) relate at the time of conception or reduction to practice to Company's business, or actual or demonstrably anticipated research or development, or (ii) result from any work performed by me for Company ("*Nonassignable Inventions*").

(b) To the extent that a provision in this Agreement purports to require me to assign a Nonassignable Invention to Company, the provision is against the public policy of the State of California and is unenforceable.

(c) This limited exclusion does not apply to any patent or Invention covered by a contract between Company and the United States or any of its agencies requiring full title to such patent or Invention to be in the United States.

2.3 Prior Inventions.

(a) On the signature page to this Agreement is a list describing any Inventions that (i) are owned by me or in which I have an interest and that were made or acquired by me prior to my date of first employment by Company, and (ii) may relate to Company's business or actual or demonstrably anticipated research or development, and (iii) are not to be assigned to Company ("***Prior Inventions***"). If no such list is attached, I represent and warrant that no Inventions that would be classified as Prior Inventions exist as of the date of this Agreement.

(b) I agree that if I use any Prior Inventions and/or Nonassignable Inventions in the scope of my employment, or if I include any Prior Inventions and/or Nonassignable Inventions in any product or service of Company, or if my rights in any Prior Inventions and/or any Nonassignable Inventions may block or interfere with, or may otherwise be required for, the exercise by Company of any rights assigned to Company under this Agreement (each, a "***License Event***"), (i) I will immediately notify Company in writing, and (ii) unless Company and I agree otherwise in writing, I hereby grant to Company a non-exclusive, perpetual, transferable, fully-paid, royalty-free, irrevocable, worldwide license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium (whether now known or later developed), make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in, such Prior Inventions and/or Nonassignable

Inventions. To the extent that any third parties have any rights in or to any Prior Inventions or any Nonassignable Inventions, I represent and warrant that such third party or parties have validly and irrevocably granted to me the right to grant the license stated above. For purposes of this paragraph, "***Prior Inventions***" includes any Inventions that would be classified as Prior Inventions, whether or not they are listed on the signature page to this Agreement.

2.4 Assignment of Company Inventions. I hereby assign to Employer all my right, title, and interest in and to any and all Company Inventions other than Nonassignable Inventions and agree that such assignment includes an assignment of all Moral Rights. To the extent such Moral Rights cannot be assigned to Employer and to the extent the following is allowed by the laws in any country where Moral Rights exist, I hereby unconditionally and irrevocably waive the enforcement of such Moral Rights, and all claims and causes of action of any kind against Employer or related to Employer's customers, with respect to such rights. I further agree that neither my successors-in-interest nor legal heirs retain any Moral Rights in any Company Inventions. Nothing contained in this Agreement may be construed to reduce or limit Company's rights, title, or interest in any Company Inventions so as to be less in any respect than that Company would have had in the absence of this Agreement.

2.5 Obligation to Keep Company Informed. During my employment by Company, I will promptly and fully disclose to Company in writing all Inventions that I author, conceive, or reduce to practice, either alone or jointly with others. At the time of each disclosure, I will advise Company in writing of any Inventions that I believe constitute Nonassignable Inventions; and I will at that time provide to Company in writing all evidence necessary to substantiate my belief. Subject to Section 2.3(b), Company agrees to keep in confidence, not use for any purpose, and not disclose to third parties without my consent, any confidential information relating to Nonassignable Inventions that I disclose in writing to Company.

2.6 Government or Third Party. I agree that, as directed by Company, I will assign to a third party, including without limitation the United States, all my right, title, and interest in and to any particular Company Invention.

2.7 Ownership of Work Product. I acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of my employment and that are protectable by Copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101).

2.8 Enforcement of Intellectual Property Rights and Assistance. I will assist Company, in every way Company requests, including signing, verifying and delivering any documents and performing any other acts, to obtain and enforce United States and foreign Intellectual Property Rights and Moral Rights relating to Company Inventions in any jurisdictions in the world. My obligation to assist Company with respect to Intellectual Property Rights relating to Company Inventions will continue beyond the termination of my employment, but Company will compensate me at a reasonable rate after such termination for the time I actually spend on such assistance. If Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in this paragraph, I hereby irrevocably designate and appoint Employer and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and on my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of this Agreement with the same legal force and effect as if executed by me. I hereby waive and quitclaim to Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Intellectual Property Rights assigned to Employer under this Agreement.

2.9Incorporation of Software Code. I agree not to incorporate into any Inventions, including any Company software, or otherwise deliver to Company, any software code licensed under the GNU General Public License, Lesser General Public License, or any other license that, by its terms, requires or conditions the use or distribution of such code on the disclosure, licensing, or distribution of any source code owned or licensed by Company, **except** in strict compliance with Company's policies regarding the use of such software or as directed by Company.

3. Records. I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that is required by Company) of all Confidential Information developed by me and all Company Inventions made by me during the period of my employment at Company, which records will be available to and remain the sole property of Employer at all times.

4. Duty of Loyalty During Employment. During my employment by Company, I will not, without Company's written consent, directly or indirectly engage in any employment or business activity that is directly or indirectly competitive with, or would otherwise conflict with, my employment by Company.

5. No Solicitation of Employees, Consultants or Contractors. To the extent permitted by applicable law, I agree that during my employment and for the one year period after the date my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by Company, I will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others, except on behalf of Company, solicit, induce, encourage any person known to me to be an employee, consultant, or independent contractor of Company to terminate his, her, or its relationship with Company.

6. Reasonableness of Restrictions. I have read this entire Agreement and understand it. I agree that (a) this Agreement does not prevent me from earning a living or pursuing my career, and (b) the restrictions contained in this Agreement are reasonable, proper, and necessitated by Company's legitimate business interests. I represent and agree that I am entering into this Agreement freely, with knowledge of its contents and the intent to be bound by its terms. If a court finds this Agreement, or any of its restrictions, are ambiguous, unenforceable, or invalid, Company and I agree that the court will read the Agreement as a whole and interpret such restriction(s) to be enforceable and valid to the maximum extent allowed by law. If the court declines to enforce this Agreement in the manner provided in this Section and/or Section 12.2, Company and I agree that this Agreement will be automatically modified to provide Company with the maximum protection of its business interests allowed by law, and I agree to be bound by this Agreement as modified.

7. No Conflicting Agreement or Obligation. I represent that my performance of all the terms of this Agreement and as an employee of Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by Company. I have not entered into, and I agree I will not enter into, any written or oral agreement in conflict with this Agreement.

8. Return of Company Property. When I am no longer employed by Company, I will deliver to Company any and all materials, together with all copies thereof, containing or disclosing any Company Inventions, or Confidential Information. I will not copy, delete, or alter any information contained upon my Company computer or Company equipment before I return it to Company. In addition, if I have used any personal computer, server, or e-mail system to receive, store, review, prepare or transmit any Company information, including but not limited to, Confidential Information, I agree to provide Company with a computer-useable copy of all such information and then permanently delete such information from those systems; and I agree to provide Company access to my system as reasonably requested to verify that the necessary copying and/or deletion is completed. I further agree that any property situated on Company's premises and owned by Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company's personnel at any time during my employment, with or without notice. Prior to leaving, I hereby agree to: provide Company any and all information needed to access any Company property or information returned or required to be returned pursuant to this paragraph, including without limitation any login, password, and account information; cooperate with Company in attending an exit interview; and complete and sign Company's termination statement if required to do so by Company.

9. Legal and Equitable Remedies. I agree that (a) it may be impossible to assess the damages caused by my violation of this Agreement or any of its terms, (b) any threatened or actual violation of this Agreement or any of its terms will constitute immediate and irreparable injury to Company, and (c) Company will have the right to enforce this Agreement by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that Company may have for a breach or threatened breach of this Agreement. If Company enforces this Agreement through a court order, I agree that the restrictions of Section 5 will remain in effect for a period of 12 months from the effective date of the order enforcing the Agreement.

10. Notices. Any notices required or permitted under this Agreement will be given to Company at its headquarters location at the time notice is given, labeled "Attention Chief Executive Officer," and to me at my address as listed on Company payroll, or at such other address as Company or I may designate by written notice to the other. Notice will be effective upon receipt or refusal of delivery. If delivered by certified or registered mail, notice will be considered to have been given five business days after it was mailed, as evidenced by the postmark. If delivered by courier or express mail service, notice will be considered to have been given on the delivery date reflected by the courier or express mail service receipt.

11. Publication of This Agreement to Subsequent Employer or Business Associates of Employee. If I am offered employment, or the opportunity to enter into any business venture as owner, partner, consultant or other capacity, while the restrictions in Section 5 of this Agreement are in effect, I agree to inform my potential employer, partner, co-owner and/or others involved in managing the business I have an opportunity to be associated with, of my obligations under this Agreement and to provide such person or persons with a copy of this Agreement. I agree to inform Company of all employment and business ventures which I enter into while the restrictions described in Section 5 of this Agreement are in effect and I authorize Company to provide copies of this Agreement to my employer, partner, co-owner and/or others involved in managing the business I have an opportunity to be associated with and to make such persons aware of my obligations under this Agreement.

12. General Provisions.

12.1 Governing Law; Consent to Personal Jurisdiction. This Agreement will be governed by and construed according to the laws of the State of California without regard to any conflict of laws principles that would require the application of the laws of a different jurisdiction. I expressly consent to the personal jurisdiction and venue of the state and federal courts located in California for any lawsuit filed there against me by Company arising from or related to this Agreement.

12.2 Severability. If any portion of this Agreement is, for any reason, held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement, and this Agreement will be construed as if such provision had never been contained in this Agreement. If any portion of this Agreement is, for any reason, held to be excessively broad as to duration, geographical scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent allowed by the then applicable law.

12.3 Successors and Assigns. This Agreement is for my benefit and the benefit of Company and its and their successors, assigns, parent corporations, subsidiaries, affiliates, and purchasers, and will be binding upon my heirs, executors, administrators and other legal representatives.

12.4 Survival. This Agreement will survive the termination of my employment, regardless of the reason, and the assignment of this Agreement by Company to any successor in interest or other assignee.

12.5 Employment At-Will. I understand and agree that nothing in this Agreement will change my at-will employment status or confer any right with respect to continuation of employment by Company, nor will it interfere in any way with my right or Company's right to terminate my employment at any time, with or without cause or advance notice.

12.6 Waiver. No waiver by Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach. No waiver by Company of any right under this Agreement will be construed as a waiver of any other right. Company will not be required to give notice to enforce strict adherence to all terms of this Agreement.

12.7 Export. I agree not to export, reexport, or transfer, directly or indirectly, any U.S. technical data acquired from Company or any products utilizing such data, in violation of the United States export laws or regulations.

12.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

12.9 Advice of Counsel. I ACKNOWLEDGE THAT, IN EXECUTING THIS AGREEMENT, I HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND I HAVE READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT WILL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION OF THIS AGREEMENT.

12.10 Entire Agreement. The obligations in Sections 1 and 2 (except Section 2.2 and Section 2.3(a)) of this Agreement will apply to any time during which I was previously engaged, or am in the future engaged, by Company as a consultant if no other agreement governs nondisclosure and assignment of inventions during such period. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter of this Agreement and supersedes and merges all prior discussions between us, provided, however, if, prior to execution of this Agreement, Company and I were parties to any agreement regarding the subject matter hereof, that agreement will be superseded by this Agreement prospectively only. No modification of or amendment to this Agreement will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

[signatures to follow on next page]

This Agreement will be effective as of the date signed by the Employee below.

EMPLOYER:	**EMPLOYEE:**
(Signature)	(Signature)
(Printed Name)	(Printed Name)
(Title)	(Date Signed)

PRIOR INVENTIONS

1. Prior Inventions Disclosure. Except as listed in Section 2 below, the following is a complete list of all Prior Inventions:

☐ No Prior Inventions.

☐ See below:

Insert prior inventions here if any

☐ Additional sheets attached.

2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to the Prior Inventions generally listed below, the intellectual property rights and duty of confidentiality with respect to which I owe to the following party(ies):

	Excluded Invention	**Party(ies)**	**Relationship**
1.	Prior Inventions		
1.			
1.			

☐ Additional sheets attached.

Exhibit 21.1

Subsidiaries

Digital Opendoor Insurance Services LLC	DE
Domus Labs Inc.	DE
OD Arizona D LLC	DE
OD Equity Owner D LLC	DE
OD Homes Brokerage Inc	DE
OD Intermediate Holdco C LLC	DE
OD Intermediate SUBI Holdco I LLC	DE
OD Intermediate SUBI Holdco II LLC	DE
OD Intermediate SUBI Holdco IV LLC	DE
OD Intermediate SUBI Holdco V LLC	DE
OD Intermediate SUBI Holdco VI LLC	DE
OD Intermediate SUBI Holdco VII LLC	DE
OD International Holding Ltd (Cayman Islands)	Cayman Islands
OD Mezzanine Borrower R2 LLC	DE
OD Nevada D LLC	DE
OD Services International Ltd (Cayman Islands)	Cayman Islands
OD Services LLC	DE
OD SUBI Holdco I LLC	DE
OD SUBI Holdco II LLC	DE
OD SUBI Holdco III LLC	DE
OD SUBI Holdco IV LLC	DE
OD SUBI Holdco V LLC	DE
OD SUBI Holdco VI LLC	DE
OD SUBI Holdco VII LLC	DE
OD SUBI Holdco VIII LLC	DE
OD Texas D LLC	DE
OD Trust Holdco LLC	DE
Open Listings Holding Company LLC	DE
Opendoor Brokerage Inc.	DE
Opendoor Brokerage LLC	DE
Opendoor Home Loans LLC	DE
Opendoor Homes Phoenix 2 LLC	DE
Opendoor Operations Canada Inc. (Canada)	DE
Opendoor Property Acquisition LLC	DE
Opendoor Property C LLC	DE
Opendoor Property D LLC	DE
Opendoor Property Holdco C LLC	DE
Opendoor Property Holdco J LLC	DE
Opendoor Property Holdco N LLC	DE
Opendoor Property J LLC	DE
Opendoor Property N LLC	DE
Opendoor Property Trust I	DE
Opendoor Title Services Holding LLC	DE
OS National Alabama LLC	AL
OS National LLC	GA
OSN Escrow Inc.	CA
OSN Texas LLC	TX
Pro Marketplace LLC	DE

Pro.com Home Services Colorado, LLC	DE
Pro.com Home Services, LLC	DE
Pro.com Home Services Arizona, LLC	DE
Pro.com Home Services California, LLC	DE
Redefined Tax Solutions LLC	TX
Services Labs Inc.	DE
Services Labs Software Private Limited (India)	India

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-251529 on Form S-3 and 333-253993 on Form S-8 of our reports dated February 24, 2022, relating to the consolidated financial statements of Opendoor Technologies Inc. and the effectiveness of Opendoor Technologies Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Opendoor Technologies Inc. for the year ended December 31, 2021. We also consent to the reference to us under the heading "Experts" in such Registration Statements.

/s/ Deloitte & Touche LLP

San Francisco, California
February 24, 2022

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Eric Wu, certify that:

1. I have reviewed this Annual Report on Form 10-K of Opendoor Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2022

By: /s/ Eric Wu
Eric Wu
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Carrie Wheeler, certify that:

1. I have reviewed this Annual Report on Form 10-K of Opendoor Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2022

By: /s/ Carrie Wheeler
Carrie Wheeler
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Opendoor Technologies Inc. (the “Company”) for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Eric Wu, Chief Executive Officer of the Company, and Carrie Wheeler, Chief Financial Officer of the Company, each certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	February 24, 2022	By:	/s/ Eric Wu
			Eric Wu
			Chief Executive Officer
			(Principal Financial Officer)

Date:	February 24, 2022	By:	/s/ Carrie Wheeler
			Carrie Wheeler
			Chief Financial Officer
			(Principal Financial Officer