

MDC HOLDINGS INC  
Form DEF 14A  
March 13, 2008  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

M.D.C. Holdings, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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**M.D.C. HOLDINGS, INC.**

**4350 South Monaco Street, Suite 500**

**Denver, Colorado 80237**

March 12, 2008

To Our Shareowners:

You are invited to attend the 2008 Annual Meeting of Shareowners (the Meeting ) of M.D.C. Holdings, Inc. (the Company ) to be held at 4350 South Monaco Street, 6<sup>th</sup> Floor, Assembly Room, Denver, Colorado, on Tuesday, April 29, 2008, at 8:00 a.m., Denver time.

Following this letter is the formal notice of the Meeting and a Proxy Statement describing the matters to be acted upon at the Meeting. Shareowners also are entitled to vote on any other matters that properly come before the Meeting.

While some of our shareowners have exercised their right to vote their shares in person, we recognize that most of you are unable to attend the Meeting. Accordingly, enclosed is a proxy card that enables shareowners to vote their shares on the matters to be considered at the Meeting, even if they are unable to attend. Please mark the proxy card to indicate your vote, date and sign the proxy card and return it to the Company in the enclosed postage-paid envelope as soon as conveniently possible. If you desire to vote in accordance with management's recommendations, you need not mark your vote on the proxy card, but need only sign, date and return it in the enclosed postage-paid envelope.

**WHETHER YOU OWN FEW OR MANY SHARES OF STOCK, PLEASE BE SURE YOU ARE REPRESENTED AT THE MEETING BY ATTENDING IN PERSON OR BY RETURNING YOUR PROXY CARD AS SOON AS POSSIBLE.**

Sincerely,

Larry A. Mizel

Chairman of the Board

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**M.D.C. HOLDINGS, INC.**

**4350 South Monaco Street, Suite 500**

**Denver, Colorado 80237**

**NOTICE OF ANNUAL MEETING OF  
SHAREOWNERS**

To Our Shareowners:

The 2008 Annual Meeting of Shareowners (the Meeting ) of M.D.C. Holdings, Inc. (the Company ) will be held at 4350 South Monaco Street, 6 Floor, Assembly Room, Denver, Colorado, on Tuesday, April 29, 2008, at 8:00 a.m., Denver time, to consider and act upon the following matters:

1. the election of William B. Kemper and David D. Mandarich as Class II Directors for three-year terms expiring in 2011;
2. approval of the M.D.C. Holdings, Inc. Amended Executive Officer Performance-Based Compensation Plan;
3. approval of a plan amendment to authorize stock option repricing and an exchange program to reprice stock options held by Company employees;
4. approval of a plan amendment to reprice stock options held by the Company s independent Directors and implement a restrictive exercisability period;
5. a shareowner proposal concerning establishment of a new compliance committee and review of regulatory, litigation and compliance risks, if the proposal is presented at the meeting;
6. approval of the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for the 2008 fiscal year; and
7. such other business as properly may come before the Meeting and any postponements or adjournments thereof.

Only shareowners of record at the close of business on March 3, 2008, the record date, will be entitled to vote at the Meeting.



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**Important Notice Regarding the Availability of Proxy Materials**

**for the Shareowner Meeting to Be Held on April 29, 2008:**

**The Proxy Statement and the Annual Report to Shareowners are available at:**

**[www.mdcholdings.com/2008proxy](http://www.mdcholdings.com/2008proxy)**

Management and the Board of Directors desire to have maximum representation at the Meeting and respectfully request that you date, execute and timely return the enclosed proxy in the postage-paid envelope provided.

BY ORDER OF THE BOARD OF DIRECTORS,

Joseph H. Fretz

*Secretary*

March 12, 2008

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**M.D.C. HOLDINGS, INC.**

**4350 South Monaco Street, Suite 500**

**Denver, Colorado 80237**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREOWNERS**

**April 29, 2008**

**GENERAL INFORMATION**

**Time, Place and Purposes of Annual Meeting**

This proxy statement (the Proxy Statement) is furnished in connection with the solicitation of proxies by the Board of Directors (the Board of Directors or the Board) of M.D.C. Holdings, Inc. (the Company) to be used at the Annual Meeting of Shareowners of the Company (the Meeting) to be held at our principal executive offices, 4350 South Monaco Street,<sup>th</sup> Floor, Assembly Room, Denver, Colorado 80237, on Tuesday, April 29, 2008, at 8:00 a.m., Denver time, and any postponements or adjournments thereof. The Meeting is being held for the purposes set forth in the accompanying Notice of Annual Meeting of Shareowners. This Proxy Statement, the accompanying proxy card and the Notice of Annual Meeting, collectively referred to as the Proxy Materials, are first being sent to shareowners on or about March 12, 2008.

**Important Notice Regarding the Availability of Proxy Materials**

**for the Shareowner Meeting to Be Held on April 29, 2008:**

**The Proxy Statement and the Annual Report to Shareowners are available at:**

**[www.mdcholdings.com/2008proxy](http://www.mdcholdings.com/2008proxy)**

**Solicitation**

The enclosed proxy is being solicited by the Board of Directors of the Company, which will pay the cost of solicitation. In addition to solicitations by mail, solicitations may be made in person, by telephone or by other means of communication by Directors, officers and employees of the Company. The Company will reimburse bankers, brokers and others holding shares in their names or in the names of nominees or otherwise for reasonable out-of-pocket expenses incurred in sending the Proxy Materials to the beneficial owners of such shares. Although we presently do not intend to do so, in the event that we retain the services of a proxy solicitation firm to solicit proxies, we would pay all reasonable costs associated with such firm, which we anticipate would not exceed \$10,000 plus costs and expenses.

**Shareowners Sharing an Address**

The broker, bank or other nominee of any shareowner who is a beneficial owner, but not the record holder, of the Company's common stock, \$.01 par value (the Common Stock) may deliver only one copy of this Proxy Statement, our 2007 Annual Report to Shareowners on Form 10-K



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(the Annual Report ) or any notice of internet availability of proxy materials to multiple shareowners sharing an address, unless the broker, bank or nominee has received contrary instructions from one or more of the shareowners.

In addition, with respect to shareowners of record, in some cases, only one copy of this Proxy Statement, our Annual Report or any notice of internet availability of proxy materials may be delivered to multiple shareowners

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sharing an address, unless the Company has received contrary instructions from one or more of the shareowners. Upon written or oral request, the Company will deliver free of charge a separate copy of this Proxy Statement, our Annual Report or any notice of internet availability of proxy materials, as applicable, to a shareowner at a shared address to which a single copy was delivered. You can notify your broker, bank or other nominee (if you are not the record holder) or the Company (if you are the record holder) that you wish to receive a separate copy of such materials in the future, or alternatively, that you wish to receive a single copy of the materials instead of multiple copies. The Company's contact information for these purposes is: M.D.C. Holdings, Inc., telephone number: (303) 773-1100, Attn: Corporate Secretary, 4350 South Monaco Street, Suite 500, Denver, CO 80237.

### **Voting Proxies**

Shares of Common Stock represented by properly executed proxy cards received by the Company in time for the Meeting will be voted in accordance with the instructions specified in the proxies. Unless contrary instructions are indicated on a proxy, the shares of Common Stock represented by such proxy will be voted **FOR** the election as Directors of the nominees named in this Proxy Statement, **FOR** approval of the Amended Executive Officer Performance-Based Plan, **FOR** approval of the plan amendment to authorize stock option repricing and an exchange program to reprice stock options held by employees, **FOR** approval of the plan amendment to reprice stock options held by independent directors and implement a restrictive exercisability period, **AGAINST** the shareowner proposal and **FOR** approval of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm.

If your shares are held by a broker, bank or other nominee (often referred to as holding in street name) and you wish to attend the Meeting, you will need to bring a legal proxy from the broker, bank or other nominee reflecting your share ownership as of March 3, 2008 (the Record Date) and government issued picture identification of yourself. All shareowners must check in at the registration desk at the meeting.

### **Vote Required and How Votes Are Counted**

Holders of shares of the Company's Common Stock at the close of business on the Record Date are entitled to notice of, and to vote at, the Meeting. Holders include participants in our 401(k) savings plan who have investments in Common Stock within that plan. The trustee of the 401(k) savings plan is authorized to vote the shares of Common Stock held in participant accounts as directed by the participants so long as the direction is consistent with the trustee's duties under the Employee Retirement Income Security Act (ERISA). If the 401(k) trustee does not receive voting instructions from a participant, or if instructions are not received in a timely fashion, the trustee will vote the participant's shares of Common Stock in the same proportions as the participants who affirmatively directed their shares of Common Stock to be voted, unless the trustee determines that a pro rata vote would be inconsistent with its fiduciary duties under ERISA. If the trustee makes such a determination, the trustee will vote the Common Stock as it determines to be consistent with its fiduciary duties under ERISA.

As of the Record Date, approximately 47,836,247 shares of Common Stock were issued and outstanding and the number of shares of Common Stock entitled to vote was approximately 46,343,377.

The Company's By-Laws provide that the holders of one-third of the shares of Common Stock issued and outstanding and entitled to vote, present in person or represented by proxy, constitute a quorum for transacting business at the Meeting. Shareowners who are present in person or represented by proxy, whether they vote for, against or abstain from voting on any matter, will be counted for purposes of determining whether a quorum exists. Broker non-votes, described below, also will be counted as present for purposes of determining whether a quorum exists. Each share of Common Stock issued and outstanding on the Record Date, other than shares held by the Company or a subsidiary, is entitled to one vote on each matter presented at the Meeting.

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The affirmative vote of the holders of a plurality of the shares of Common Stock present in person or represented by proxy and entitled to vote at the Meeting will be required for the election of a nominee to the Board of Directors. In order for the following proposals to be approved, New York Stock Exchange (the "NYSE") rules require approval by a majority of votes cast on the proposal, provided that the total vote cast on the proposal represents over 50% in interest of all shares entitled to vote on the proposal: (i) the Amended Executive Officer Performance-Based Plan; (ii) the plan amendment to authorize stock option repricing and an exchange program to reprice stock options held by Company employees; and (iii) the plan amendment to reprice stock options held by the Company's independent Directors and implement a restrictive exercisability period. To be approved, the shareowner proposal and the proposal to approve the appointment of the Company's auditor each must receive the affirmative vote of the holders of a majority of the shares of Common Stock represented and entitled to vote at the Meeting.

NYSE rules also determine whether proposals presented at shareowner meetings are routine or non-routine. If a proposal is routine, an NYSE member organization (broker) holding shares for an owner in street name may vote on the proposal without voting instructions from the owner. If a proposal is non-routine, the broker may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when a proxy is received from a broker and the broker has not voted with respect to a particular matter because the broker has not received voting instructions from the beneficial owner of the shares and the broker either lacks or declines to exercise the authority to vote the shares in its discretion. The uncontested proposal to elect directors and the proposal to approve the selection of the auditor are routine proposals under the rules of the NYSE. As a result, brokers holding shares for an owner in street name may vote on the proposals even if no voting instructions are provided by the beneficial owner. The shareowner proposal, along with the proposals to approve (i) the Restated Executive Officer Performance-Based Plan, (ii) the plan amendment for repricing of employee stock options and (iii) the plan amendment to reprice stock options held by the Company's independent directors and implement a restrictive exercisability period, are *non-routine* proposals under the rules of the NYSE. As a result, brokers holding shares for an owner in street name may vote on the proposal only if voting instructions are provided by the beneficial owner.

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The following table reflects the vote required for the proposals and the effect of broker non-votes, withhold votes and abstentions on the vote, assuming a quorum is present at the Meeting:

<b>Proposal</b>	<b>Vote Required</b>	<b>Effect of Broker Non-Votes,</b>
		<b>Withhold Votes and Abstentions</b>
Election of Directors	The two nominees who receive the most votes will be elected.	Broker non-votes and withhold votes have no legal effect.
Approval of Amended Executive Officer Performance-Based Plan	Step 1: Approval by a majority of the votes cast on the proposal;  Step 2: Provided that the total votes cast on the proposal represent over 50% in interest of all shares entitled to vote on the proposal.	Broker non-votes have no legal effect with respect to Step 1, and are not counted as cast for purposes of meeting the 50% requirement of Step 2.  Abstentions have the same effect as a vote against the proposal with respect to Step 1 and are counted as cast for purposes of meeting the 50% requirement of Step 2.
Approval of Plan Amendment to Authorize Stock Option Repricing and an Exchange Program to Reprice Stock Options Held by Employees	Step 1: Approval by a majority of the votes cast on the proposal;  Step 2: Provided that the total votes cast on the proposal represent over 50% in interest of all shares entitled to vote on the proposal.	Broker non-votes have no legal effect with respect to Step 1, and are not counted as cast for purposes of meeting the 50% requirement of Step 2.  Abstentions have the same effect as a vote against the proposal with respect to Step 1 and are counted as cast for purposes of meeting the 50% requirement of Step 2.
Approval of Plan Amendment to Reprice Stock Options Held by	Step 1: Approval by a majority of the votes cast on the proposal;	Broker non-votes have no legal effect with respect to Step 1, and are not counted as cast for purposes of meeting the 50% requirement of Step 2.
Independent Directors	Step 2: Provided that the total votes cast on the proposal represent over 50% in interest of all shares entitled to vote on the proposal.	Abstentions have the same effect as a vote against the proposal with respect to Step 1 and are counted as cast for purposes of meeting the 50% requirement of Step 2.
Shareowner Proposal	Affirmative vote of the holders of a majority of the shares of Common Stock represented and entitled to vote at the Meeting.	Broker non-votes have no legal effect; abstentions have the same effect as a vote against the proposal.
Selection of Auditor	Affirmative vote of the holders of a majority of the shares of Common Stock represented and entitled to vote at the Meeting.	Broker non-votes have no legal effect; abstentions have the same effect as a vote against the proposal.

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Management and the Board of Directors of the Company know of no other matters to be brought before the Meeting. If any other proposals are properly presented to the shareowners at the Meeting, the number of votes required for approval will depend on the nature of the proposal. Generally, under Delaware law and our By-Laws, the number of votes required to approve a proposal is the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote at the Meeting. The proxy card gives discretionary authority to the proxy holders to vote on any matter not included in this Proxy Statement that is properly presented to the shareowners at the Meeting and any adjournments or postponements thereof. The persons named as proxies on the proxy card are Paris G. Reece III, the Company's Executive Vice President, Chief Financial Officer and Principal Accounting Officer, and Michael Touff, the Company's Senior Vice President and General Counsel.

### **Revocability of Proxy**

The giving of the enclosed proxy does not preclude the right of a shareowner to vote in person. A proxy may be revoked at any time prior to its exercise by notice of revocation in writing sent to the Secretary of the Company, by presenting to the Company a later-dated proxy card executed by the person executing the prior proxy card or by attending the Meeting and voting in person.

### **Annual Report**

The Company's 2007 Annual Report, including the Company's 2007 audited financial statements, is enclosed with these Proxy Materials. Except to the extent expressly referenced in this Proxy Statement, the Annual Report is not incorporated into this Proxy Statement.

## **CORPORATE GOVERNANCE**

Among the many corporate governance measures the Company has in place are the following:

### **Director Independence**

NYSE listing standards require that the Board of Directors be comprised of a majority of independent directors. Securities and Exchange Commission (SEC) rules and NYSE listing standards require that audit committees be comprised solely of independent directors. NYSE listing standards also require that corporate governance/nominating committees and compensation committees be comprised solely of independent directors.

Under the NYSE listing standards, no director qualifies as independent unless the Board of Directors affirmatively determines that the director has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others. As permitted by the NYSE listing standards, the Board has adopted the following categorical standards to assist in determining whether a director of the Company (Director) is independent:

Unless there exists a material relationship between the Company and a Director of the Company, such Director will be deemed independent if:

1. The Director has not been an employee of the Company, and no immediate family member of the Director has been an executive officer of the Company, within the last three years.
2. The Director has not received, and no immediate family member of the Director has received, during any twelve-month period within the last three years, more than \$100,000 per year in direct compensation from the Company, other than (a) director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in

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any way on continued service), (b) compensation paid to the Director for former service as an interim chairman, chief executive officer or other executive officer of the Company, or (c) compensation paid to an immediate family member of the Director as an employee of the Company (other than an executive officer of the Company).

3. (a) Neither the Director nor an immediate family member of the Director is a current partner of a firm that is the Company's internal or external auditor; (b) the Director is not a current employee of such a firm; (c) the Director does not have an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (d) neither the Director nor an immediate family member of the Director was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time.
4. Neither the Director nor an immediate family member of the Director is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executives at the same time serves or served on the other company's compensation committee.
5. The Director is not a current employee, and no immediate family member of the Director is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

The Board of Directors also has adopted the following, additional standards of independence with respect to members of the Company's Audit Committee:

A Director will be deemed independent for purposes of Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended, provided:

1. The Director has not directly or indirectly accepted any consulting, advisory, or other compensatory fee from the Company (or any subsidiary), other than (a) in the Director's capacity as a member of the Board of Directors and any Board committee, (b) fixed amounts under a retirement plan for prior service or (c) dividends to shareowners.
2. The Director has not been an affiliated person of the Company (or any subsidiary), apart from his/her capacity as a member of the Board or any Board committee. An affiliated person means a person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company.

The foregoing standards are available on the investor relations section of Company's web site, [www.richmondamerican.com](http://www.richmondamerican.com).

The Company's Board of Directors has determined the independence of Directors based on a review conducted by the Corporate Governance/Nominating Committee. This determination included consideration of the fact that California Bank & Trust, of which Mr. Blackford is the Chief Executive Officer, is one of the 23 participating lenders in the Company's Second Amended and Restated Credit Agreement dated March 22, 2006, as amended, and that Mr. Blackford has no direct or indirect material interest with respect to the credit agreement. The Board determined that each of Messrs. Michael A. Berman, David E. Blackford, Steven J. Borick, Herbert T. Buchwald and William B. Kemper have no material relationship with the Company, each is independent under the rules of the SEC and the NYSE listing standards, each meets the foregoing standards of independence adopted by the Board and each is an outside director within the meaning of Section 162(m) of the Internal Revenue Code and the regulations thereunder.

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### **Frequent Meetings of the Board of Directors and Board Committees**

For years, the Board of Directors and the Audit Committee generally have held regular monthly meetings and additional meetings as necessary. The other Board committees also hold frequent meetings, as may be necessary. In 2007, the Board, the Audit Committee, the Compensation Committee, the Corporate Governance/Nominating Committee and the Legal Committee held 12, 12, 12, 6 and 9 meetings, respectively. In 2006, they held 14, 16, 9, 7 and 9 meetings, respectively, and in 2005, they held 21, 18, 10, 8 and 15 meetings, respectively.

### **Asset Management Committee**

Even prior to passage of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act ) and the SEC and NYSE corporate governance requirements that followed, the Company had in place an Asset Management Committee ( AMC ). The Company currently has two separate AMCs, each of which includes at least one member of our senior management. The AMCs generally meet weekly to review all proposed land acquisitions and review other proposed non-land transactions at or above certain thresholds. Land acquisitions and other transactions that exceed certain thresholds also are reviewed by an executive committee of senior officers and the Board of Directors.

### **Lead Director**

The Board has designated Herbert T. Buchwald, an independent member of the Board, as Lead Director. Mr. Buchwald is the Chairman of the Audit Committee, a member of the Compensation, Legal and Corporate Governance/Nominating Committees, and is the Company's Audit Committee Financial Expert. Among other responsibilities, the Lead Director advises the Chairman of the Board as to the quality, quantity and timeliness of the flow of information to permit the independent Directors to effectively and responsibly perform their duties, assists in providing effective corporate governance in the management of the affairs of the Board and the Company, advises the Chairman as to an appropriate schedule of Board and Committee meetings, provides input as to meeting agendas and topics, coordinates and provides guidance to the committee chairmen and independent Directors in the performance of their duties, coordinates the agenda for and presides at executive sessions of the independent Directors, facilitates the process of conducting Committee and Board self-evaluations, acts as a liaison between the independent Directors and the Chairman of the Board, as deemed necessary, and performs such other responsibilities as may be delegated to the Lead Director by the Board from time to time.

### **Corporate Governance/Nominating Committee**

The Board of Directors has established a Corporate Governance/Nominating Committee, consisting of Messrs. Kemper, Buchwald, Berman and Blackford, who serves as its Chairman. Each member of the committee is independent as defined in the listing standards of the NYSE. The organization, functions and responsibilities of the committee are described in the Corporate Governance/Nominating Committee charter, which is posted under the corporate governance documents on the investor relations section of the Company's website, [www.richmondamerican.com](http://www.richmondamerican.com). See also Information Concerning the Board of Directors below.

### **Corporate Governance Guidelines**

Upon the recommendation of the Corporate Governance/Nominating Committee, the Board of Directors adopted a set of corporate governance guidelines to implement requirements of the NYSE. These guidelines, as amended, are posted under the corporate governance documents on the investor relations section of the Company's website, [www.richmondamerican.com](http://www.richmondamerican.com), and are available without charge to any shareowner who requests a copy by writing to the Corporate Secretary at the address listed above.

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### **Equity Ownership Guidelines for Directors**

In order to evidence the financial alignment of the Company's Directors with the interests of the Company's shareowners, the Corporate Governance/Nominating Committee has established Equity Ownership Guidelines for Directors of the Company. Under these guidelines, each Director is encouraged to acquire and maintain ownership of Common Stock with an acquisition value of not less than ten times the annual amount of the retainer paid for serving on the Board of Directors (currently \$48,000 paid \$4,000 per month). Each Director is encouraged to achieve this goal within five years of the adoption of the guidelines in March of 2005 and, for any Director who was not serving on the Board at the time the guidelines were adopted, the Director is requested to achieve the goal set forth in the guidelines within five years after election or appointment to the Board.

### **Regularly Scheduled Executive Sessions of Non-Management Directors**

The Company's corporate governance guidelines provide for the non-management Directors to meet at regularly scheduled executive sessions without management present. All five of the Company's non-management directors are independent, as discussed above. The Lead Director presides at the executive sessions.

### **Communications with the Board of Directors**

Shareowners and other interested parties may contact the independent Directors and the Board of Directors by using the procedures established by the Audit Committee for receipt of complaints and concerns regarding accounting or auditing matters. These procedures are posted under the corporate governance documents in the investor relations section of the Company's website, [www.richmondamerican.com](http://www.richmondamerican.com). Alternatively, communications may be sent directly to Mr. Blackford, Chairman of the Corporate Governance/Nominating Committee, at 1900 Main Street, 2nd Floor, Irvine, CA 92614. Any communications received by the Company's compliance committee, which come within the purview of a Board committee and/or the Board, will be forwarded to the committee chair or the Lead Director, as applicable.

### **Committee Charters**

Upon the recommendations of the Audit Committee and the Compensation Committee, respectively, the Board of Directors has adopted re-stated charters for those committees, designed to comply with the applicable requirements of the amended NYSE listing standards and SEC regulations. The Board of Directors also has adopted a charter for the Corporate Governance/Nominating Committee and a re-stated charter for the Legal Committee. These charters are posted under the corporate governance documents on the investor relations section of the Company's website, [www.richmondamerican.com](http://www.richmondamerican.com), and are available without charge to any shareowner who requests a copy by writing to the Corporate Secretary at the address listed above.

### **Corporate Code of Conduct**

For years, the Company has had in place a Corporate Code of Conduct designed to provide that all persons associated with the Company, including employees, officers and Directors, follow the Company's compliance program and legal and ethical obligations and conduct themselves accordingly. The Corporate Code of Conduct includes, among other things, a code of ethics for senior financial officers and Audit Committee complaint procedures, as required by the Sarbanes-Oxley Act and SEC regulations. The Corporate Code of Conduct, the code of ethics for senior financial officers and the Audit Committee complaint procedures for handling confidential complaints regarding accounting or auditing matters are posted under the corporate governance documents on the investor relations section of the Company's website, [www.richmondamerican.com](http://www.richmondamerican.com), and are available without charge to any person who requests a copy by writing to the Corporate Secretary at the address listed above.



**Table of Contents****PROPOSAL ONE****ELECTION OF DIRECTORS**

The Company's Certificate of Incorporation provides for three classes of Directors with staggered terms of office, to be divided as equally as possible. Nominees of each class serve for terms of three years (unless a nominee is changing to a different class) and until election and qualification of their successors or until their resignation, death, disqualification or removal from office.

Gilbert Goldstein previously served as a Class II Director. After almost 32 years of service on the Company's Board of Directors, Mr. Goldstein resigned as a Director effective at the close of business on December 31, 2007, in order to reduce his work related activities. Accordingly, to keep the classes of Directors divided as equally as possible, the Board (with Mr. Mandarich's consent) re-designated Mr. Mandarich as a Class II Director with a term expiring in 2008 and reduced the number of Directors on the Board from eight to seven.

The Board of Directors now consists of seven members, including two Class II Directors whose terms expire in 2008, two Class III Directors whose terms expire in 2009 and three Class I Directors whose terms expire in 2010. At the Meeting, two Class II Directors are to be elected to three-year terms expiring in 2011. The nominees for the Class II Directors are Messrs. William B. Kemper and David D. Mandarich. Both of the nominees presently serve on the Board of Directors of the Company. Based on the recommendation of the Corporate Governance/Nominating Committee, the Board approved the nomination of Messrs. Kemper and Mandarich for election as a Class II Directors.

Unless otherwise specified, the enclosed proxy card will be voted **FOR** the election of Messrs. Kemper and Mandarich. Management and the Board of Directors are not aware of any reasons which would cause Messrs. Kemper and Mandarich to be unavailable to serve as Directors. If Messrs. Kemper and Mandarich become unavailable for election, discretionary authority may be exercised by the proxy holders named in the enclosed proxy card to vote for a substitute nominee or nominees proposed by the Board of Directors.

**The Board of Directors recommends a vote FOR the election of Messrs. Kemper and Mandarich as Directors.**

Certain information, as of March 3, 2008, the Record Date, with respect to Messrs. Kemper and Mandarich, the nominees for election, and the continuing Directors of the Company, furnished in part by each such person, appears below (unless stated otherwise, the named beneficial owner of shares possesses the sole voting and investment power with respect to such shares):

<b>Name</b>	<b>Age</b>	<b>Positions and Offices with the Company and Other Principal Occupations</b>	<b>Shares Beneficially Owned as of the Record Date (1)(2)</b>	<b>Percentage of Class (3)</b>
<b>NOMINEES:</b>				
<b>Class II</b>				
<b><u>Terms Expire in 2008</u></b>				
William B. Kemper	71	Private real estate investor	107,500	*
David D. Mandarich	60	President and Chief Operating Officer of the Company	3,659,137 <sup>(4)</sup>	7.8%

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Name	Age	Positions and Offices with the Company	Shares Beneficially Owned as of the Record Date (1)(2)	Percentage of Class (3)
		and Other Principal Occupations		
<b>CONTINUING DIRECTORS:</b>				
<b>Class III</b>				
<b><u>Terms Expire in 2009</u></b>				
David E. Blackford	59	President, Chief Executive Officer and Chairman of the Board of California Bank & Trust	79,000	*
Steven J. Borick	55	Director, President and Chief Executive Officer of Superior Industries International, Inc., President of Texakota, Inc. and a General Partner in Texakota Oil Company	75,500	*
<b>Class I</b>				
<b><u>Terms Expire in 2010</u></b>				
Michael A. Berman	56	President of REX & Co.	50,000	*
Herbert T. Buchwald	77	Principal in the law firm of Herbert T. Buchwald, P.A. and President and Chairman of the Board of Directors of BPR Management Corporation	169,673	*
Larry A. Mizel	65	Chairman of the Board of Directors and Chief Executive Officer of the Company	7,655,028 <sup>(5)</sup>	16.3%

\* Represents less than one percent of the shares of Common Stock outstanding and entitled to vote.

- (1) Includes, where applicable, shares of Common Stock owned by such person's children and spouse and by other related individuals or entities over whose shares such person may be deemed to have beneficial ownership.
- (2) Includes the following shares of Common Stock subject to options that are exercisable or become exercisable within 60 days of the Record Date at prices presently ranging from \$18.47 to \$78.89 per share: Michael A. Berman 50,000; Herbert T. Buchwald 152,575; Larry A. Mizel 777,000; William B. Kemper 107,500; Steven J. Borick 75,000; David D. Mandarich 777,000; and David E. Blackford 75,000.
- (3) The percentage shown is based on the number of shares of Common Stock outstanding and entitled to vote as of March 3, 2008 and includes shares of Common Stock actually owned and shares of Common Stock subject to options that are exercisable or become exercisable within 60 days of the Record Date. All shares of Common Stock which the person had the right to acquire within 60 days of that date are deemed to be outstanding for the purpose of computing the percentage of shares of Common Stock owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of shares of Common Stock owned by any other person.
- (4) Mr. Mandarich has sole voting power over 3,658,194 shares, shared voting power over 943 shares, sole investment power over 3,658,194 shares and shared investment power over 943 shares.

- (5) Mr. Mizel has sole voting power over 839,977 shares, shared voting power over 6,815,051 shares, sole investment power over 839,977 shares and shared investment power over 6,815,051 shares.

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### **Other Information Relating to Directors**

The following is a brief description of the business experience during at least the past five years of each nominee for the Board of Directors of the Company and each of the continuing members of the Board. None of the business organizations (excluding the Company and HomeAmerican Mortgage Corporation) are affiliates of the Company.

*Michael A. Berman* was appointed the president of Real Estate Equity Exchange, Inc. (Rex & Co.), a financial services firm located in San Francisco, California, in 2006. From 2005 to 2006, he served as chief executive officer of First Ascent Capital, a financial services firm located in New York. In addition, since 2002, he has been the chairman of Applied Capital Management, a private investment management firm located in Scottsdale, Arizona. From January 1990 until March 1999, Mr. Berman was employed by The Nomura Securities Co., Ltd. (Tokyo) group of companies, where he held several executive positions, including that of president and chief executive officer of Nomura Holding America Inc. and chairman of Capital America, Nomura's commercial real estate lending subsidiary. On April 24, 2006, Mr. Berman became a Director of the Company and, on September 27, 2006, he became a director of HomeAmerican Mortgage Corporation ( HomeAmerican ), the Company's wholly owned mortgage lending subsidiary. On October 23, 2006, Mr. Berman was appointed as an additional member of the Audit Committee, on November 20, 2006, he was appointed to the Corporate Governance/Nominating Committee as an additional member and, on January 22, 2007, he was appointed to the Compensation Committee.

*David E. Blackford* has been employed with California Bank & Trust ( CB&T ) since 1998 and in May 2001 he was appointed chairman, president and chief executive officer. Previously, he served CB&T as managing director and as a member of the board of directors and the Senior Loan Committee for Real Estate Finance. Prior to 1998, he served as an executive officer in different financial institutions, including Bank One and Chemical Bank. He joined the Company's Board of Directors in April 2001. Mr. Blackford is Chairman of the Corporate Governance/Nominating Committee. Effective February 20, 2006, he was appointed to the Audit Committee and the Compensation Committee. He left the Compensation Committee on January 22, 2007.

*Steven J. Borick* was named president and chief executive officer of Superior Industries International, Inc. effective January 1, 2004. Mr. Borick had been named president and chief operating officer effective January 1, 2003 and, prior to that date, he served as executive vice president of that company. Mr. Borick has been a director of that company since 1981, becoming Chairman of Board in May of 2007. Superior Industries International, Inc. is a NYSE-listed manufacturer of automobile wheels and suspension parts. Mr. Borick has been president of Texakota, Inc., an oil and gas exploration and development company, and general partner in Texakota Oil Company, a private oil and gas partnership, for the last ten years. Mr. Borick has been a Director of the Company since April 1987. He was a member of the Audit Committee, having left that committee effective February 20, 2006. He also was Chairman of the Compensation Committee until January 22, 2007, when he left that committee and was appointed to the Legal Committee.

*Herbert T. Buchwald* has been a principal in the law firm of Herbert T. Buchwald, P.A. and president and chairman of the board of directors of BPR Management Corporation, a property management company located in Denver, Colorado, for more than the past five years. He is an attorney admitted to practice before federal and state trial and appellate courts in Florida and Colorado. He holds an accounting degree and formerly was a practicing Certified Public Accountant. In addition, Mr. Buchwald has been engaged for over 30 years in the real estate development of residential and commercial properties in Florida, New Jersey and Colorado, serving as chief executive officer of various entities. Mr. Buchwald was appointed to the Company's Board of Directors in March 1994 and is a member of the Audit, Compensation, Legal and Corporate Governance/Nominating Committees. On January 22, 2007, Mr. Buchwald was designated as Chairman of the Audit Committee. He also served on the board of M.D.C. Land Corporation ( MDC Land ), a wholly owned subsidiary of the Company, until January 29, 2008. Since February 20, 2006, Mr. Buchwald has served as the Company's Lead Director.

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*William B. Kemper* has been engaged in private real estate investments, real estate development and property management since May 1982. Prior to May 1982, he was president of Gold Crown, Inc., a real estate development company. He also is a director of HomeAmerican. Mr. Kemper has been a Director since January 1972. He is a member of the Audit, Compensation and Corporate Governance/Nominating Committees. He was Chairman of the Audit Committee until January 22, 2007, when he was designated Chairman of the Compensation Committee.

*David D. Mandarich* was elected President and Chief Operating Officer of the Company in June 1999, having previously been elected Chief Operating Officer in March 1996, Co-Chief Operating Officer in September 1994 and Executive Vice President-Real Estate in April 1993. He was appointed a Director in March 1994. Mr. Mandarich also was a Director from September 1980 until April 1989.

*Larry A. Mizel* has served as Chairman of the Board of Directors and the Chief Executive Officer of the Company for more than five years and was elected President of the Company in March 1996. Mr. Mizel resigned as President of the Company in June 1999. Mr. Mizel has been a Director since founding the Company in January 1972. In 2003, Mr. Mizel was elected chairman of the board of the Simon Wiesenthal Center, an international human rights organization. Mr. Mizel was a member of the Legal Committee of the Company until leaving that committee on January 22, 2007.

## **Information Concerning the Board of Directors**

During 2007, the Board of Directors held 12 regularly scheduled meetings. The Directors also considered Company matters and had numerous communications with the Chairman of the Board of Directors and other officials of the Company wholly apart from the formal Board meetings. In 2007, all of the Company's Directors attended 100% of the total number of meetings of the Board of Directors and of the committees of the Board of Directors on which they served, with the exception of Mr. Buchwald who was excused from attending one meeting of the Legal Committee (he attended 98% of the total number of meetings). Directors are expected to attend the Company's annual meeting of shareowners and, to facilitate their attendance, annual meetings typically are scheduled the same day as a monthly Board meeting. In 2007, all of the Directors attended the Annual Meeting.

## ***Audit Committee***

The Audit Committee of the Board of Directors consists of Messrs. Berman, Blackford, Kemper and Buchwald, who serves as Chairman. Each member of the Audit Committee is independent and financially literate in the judgment of the Board of Directors, as defined in the listing standards of the NYSE and the rules of the SEC. In addition, the Board of Directors has determined that Mr. Buchwald is an audit committee financial expert as defined by applicable SEC regulations. Mr. Buchwald acquired his audit committee financial expert attributes through his experience and qualifications described above under Other Information Relating to Directors.

The Audit Committee met 12 times during 2007. The organization, functions and responsibilities of the Audit Committee are described in the re-stated charter for the Audit Committee, which is posted on the investor relations section of the Company's website, [www.richmondamerican.com](http://www.richmondamerican.com). The Audit Committee's functions include: assisting the Board in its oversight of the Company's compliance with legal and regulatory requirements, oversight of the Company's external auditors, review of the Company's financial statements, review of the annual audit plan and results of the audit, review of any significant modification in accounting policies and oversight of the duties of the Company's internal audit department.

## ***Compensation Committee***

The Compensation Committee consists of Messrs. Berman, Buchwald and Kemper, who serves as Chairman. During 2007, the Compensation Committee met 12 times. Each member of the committee is independent in the

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judgment of the Board of Directors, as defined in the listing standards of the NYSE. The Compensation Committee approves executive compensation plans, reviews salaries, bonuses and other forms of compensation for officers and key employees of the Company, establishes salary levels, benefits and other forms of compensation for employees and addresses other compensation and personnel matters as the Board of Directors from time to time may request. The organization, functions and responsibilities of the Compensation Committee are described in the Compensation Committee's restated charter, which is posted on the investor relations section of the Company's website, [www.richmondamerican.com](http://www.richmondamerican.com).

For a discussion of the Company's compensation philosophy and a description of the Company's processes and procedures for the consideration and determination of executive and director compensation, see "Compensation Processes and Procedures" and "Compensation Discussion and Analysis" below.

### ***Corporate Governance/Nominating Committee***

The Corporate Governance/Nominating Committee consists of Messrs. Berman, Buchwald, Kemper and Blackford, who serves as Chairman. Each member of the committee is independent in the judgment of the Board of Directors, as defined in the listing standards of the NYSE. During 2007, the committee met six times. The organization, functions and responsibilities of the Corporate Governance/Nominating Committee are described in the committee's charter, which is posted on the investor relations section of the Company's website, [www.richmondamerican.com](http://www.richmondamerican.com). The functions of the Corporate Governance/Nominating Committee include development of and recommendations as to corporate governance principles and codes of conduct, identification of individuals qualified to become Board members, the selection process for Director nominees and oversight of the self-evaluations of the Board and the Audit, Compensation and Corporate Governance/Nominating Committees.

Procedures for nominating persons for election to the Board are contained in the Company's By-Laws and, accordingly, those procedures constitute the Company's policy with regard to the nomination and consideration of Director candidates recommended by shareowners. The Corporate Governance/Nominating Committee will consider candidates identified by shareowners following the procedures set forth in the By-Laws. There have been no changes to these procedures in the last year.

The By-Laws provide that nominations of persons for election to the Board of Directors may be made at a meeting of shareowners by any shareowner entitled to vote for the election of Directors at the meeting who complies with the notice procedures set forth in the By-Laws. Specifically, such nominations shall be made pursuant to timely notice in writing to the Secretary of the Company. To be timely, a shareowner's notice shall be delivered to, or mailed and received at, the principal offices of the Company not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 75 days' notice or prior public disclosure of the date of the meeting is given or made to shareowners, notice by the shareowner to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. Such shareowner's notice shall set forth in writing:

- (a) as to each person whom the shareowner proposes to nominate for election or re-election as a Director:
  - (i) the name, age, business address and residence address of such person,
  - (ii) the principal occupation or employment of such person,
  - (iii) the class and number of shares of the Company which are beneficially owned by such person and
  - (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors pursuant to Rule 14(a) under the Securities Exchange Act of 1934 and any other applicable laws or rules or regulations of any governmental authority or of any national securities exchange or similar body overseeing any trading market on which shares of the Company are traded, and

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(b) as to the shareowner giving the notice:

- (i) the name and record address of the shareowner and
- (ii) the class and number of shares of the Company beneficially owned by the shareowner.

The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and, if so determined, shall so declare to the meeting and the defective nomination shall be disregarded.

The Corporate Governance/Nominating Committee believes that all candidates for the Board, including candidates recommended by shareowners, should have experience in appropriate areas and disciplines and that the criteria that should be considered in selecting candidates for the Board include, in addition to applicable requirements of law and of the NYSE, business experience, specific expertise, strength of character, judgment, and other factors deemed appropriate in adding value to the composition of the Board. Other than for compliance with the procedures set forth in the By-Laws, there is no difference in the manner in which the Corporate Governance/Nominating Committee evaluates nominees for director based on whether the nominee is recommended by a shareowner. At such times as may be appropriate, the Corporate Governance/Nominating Committee will lead the search for individuals qualified to become members of the Board, seeking candidates who have experience in appropriate areas and disciplines. The Committee has authority to engage search firms to identify candidates for nomination to the Board.

***Legal Committee***

Effective January 22, 2007, the Legal Committee consisted of Messrs. Borick, Buchwald and Goldstein, who served as its Chairman. Upon his resignation from the Board of Directors, effective as of the close of business on December 31, 2007, Mr. Goldstein withdrew from the Legal Committee. Currently, the Committee consists of Messrs. Borick and Buchwald, both independent members of the Board of Directors. During 2007, the Legal Committee met nine times. The Legal Committee provides oversight and review of significant legal affairs of the Company, and it has been active in reviewing legal issues affecting the Company's business with the Company's inside and outside counsel. The organization, functions and responsibilities of the Legal Committee are described in the committee's charter, which is posted in the investor relations section of the Company's website, [www.richmondamerican.com](http://www.richmondamerican.com).

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**EXECUTIVE OFFICERS**

Set forth below are the names and offices held by the executive officers of the Company as of the Record Date. The Board of Directors, after reviewing the functions performed by the Company's officers, has determined that, for purposes of Section 16 of the Securities Exchange Act of 1934 (and the rules thereunder) and Item 401 of SEC Regulation S-K, only these officers are deemed to be officers or executive officers of the Company for reporting purposes under those respective legal provisions. The executive officers of the Company hold office until their successors are duly elected and qualified or until their resignation, retirement, death or removal from office. Biographical information on Messrs. Mizel and Mandarich, who serve as Directors and executive officers of the Company, is set forth under "Election of Directors" above. Biographical information for the other executive officers of the Company is set forth below.