

TMHC Library Crosswalk

Companion to Berkshire Read Case 1

For each Institute guide where Berkshire's \$8.5B acquisition of Taylor Morrison Home Corporation illuminates a chapter — the lead chapter, the read, and the practitioner takeaway.

Eight guides. Twelve chapters. One transaction.

POWER OF THE PACK. *The Institute library brings the deal-mechanics read, the first-principles read, the CFO read, and the practitioner-buyer read together in one place. This crosswalk is the integration layer — one transaction surfaces all four lenses.*

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About this crosswalk

Every Baratelli Institute case study is paired with a Library Crosswalk so the practitioner can move directly from the observation ("Berkshire just acquired TMHC") to the working framework ("this is the chapter, here is the principle, here is how it applies"). The crosswalk is intentionally short and operational. Each entry names the guide, names the lead chapter, and gives a 2-3 sentence read.

Eight guides are surfaced by the TMHC deal: Private Equity Guide, First Principles of Master Investing, CFO & Controller's Guide, Business Buyers Guide, Liquidity Event Playbook, Insurance & Risk Architecture, Real Estate Decoded, and Tax Strategy Decoded. The first four are the Power-of-the-Pack core; the last four are adjacent reads that the case still illuminates.

PE — Private Equity Guide

Lead chapter: Deal Mechanics & Comparable-Company Pricing

The TMHC transaction is a clean walkthrough of strategic-buyer deal mechanics at public-merger scale. Definitive merger agreement, all-cash consideration, stockholder vote required, customary regulatory clearance, expected H2 2026 close. The 24% premium to undisturbed \$58.50 close pulls TMHC's trading multiple from ~0.91x book to 1.08x book — still inside the public-comparable distribution and well below NVR's asset-light premium. Practitioners reading the PE Guide's comp-pricing chapter should walk the TMHC deal table for the cleanest live example of how a strategic premium is sized and justified against trading comps.

Secondary chapters this case touches:

- **LBO Structuring (counterfactual).** Why a financial sponsor could not match Berkshire's price - the homebuilder credit constrains leverage; sponsor exit horizons fight the homebuilder cycle. The case is a structural argument for the strategic premium.
- **Closing Mechanics.** The 'subject to customary closing conditions' language is standard. Practitioners should track the proxy filing for the merger-agreement MAC carveouts, particularly cycle-related materiality thresholds.
- **Working with Investment Bankers.** Goldman Sachs and Moelis on the sell-side. The Goldman/Moelis pairing is the classic 'big bulge + boutique' structure - one for distribution, one for the executive-level seller dialogue.

FP — First Principles of Master Investing

Lead chapter: Berkshire Acquisition Doctrine & Margin of Safety

The TMHC deal is the first major capital deployment fully under Greg Abel's CEO authority and is the cleanest live read of the post-Buffett Berkshire acquisition pattern. The doctrine fingerprints — modest premium, owner-CEO stays, all-cash from existing balance sheet, adjacent to existing Berkshire businesses, long-cycle replacement-cost-protected asset — appear in textbook form. The genuine break with prior pattern is the industry: production homebuilding is cyclical and mortgage-rate-sensitive in ways the canonical Berkshire holdings are not. The First Principles chapter on Berkshire doctrine reads this deal as Buffett-discipline-applied-by-Abel to a category Buffett would have approached at higher multiples with more skepticism.

Secondary chapters this case touches:

- **Margin of Safety (the third great principle).** 1.08x book, 8.7x earnings, 6.6x EBITDA - the deal does not require heroics; it requires the cycle to not get materially worse.
- **Circle of Competence.** The deal expands Berkshire's stated circle of competence to include production homebuilding alongside manufactured housing (Clayton). The expansion is incremental, not radical.
- **Owner-Operator Pattern.** Sheryl Palmer stays in the seat. This is the Nicely / Abel / Clayton / Liegl template - acquire the business and the operator together.
- **The Replacement-Cost Lens.** TMHC's land positions and entitlements are irreproducible at the prices Berkshire paid - the BNSF / Burlington Northern structural-moat read.

CFO — CFO & Controller's Guide

Lead chapter: Capital Allocation (Ch. 18)

Berkshire's \$8.5B all-cash deployment is the canonical case for the CFO Guide's Chapter 18 principle: do not deploy capital absent a clear thesis; when the thesis arrives, deploy decisively. Berkshire held \$397B of cash + Treasuries at 3/31/26; the TMHC deal absorbs approximately 2% of available cash. The deal is decisively-deployed cash into a thesis (Sun Belt production housing platform) at a price that does not require optimistic scenarios to work. CFOs and controllers reading the chapter alongside this case will see the principle in operation at the largest possible scale.

Secondary chapters this case touches:

- **Cash Management Strategy (Ch. 7).** Berkshire's Treasury-bill-heavy cash management lets it deploy size at notice. The 3-month T-bill ladder is the structural enabler of the \$397B war chest.
- **M&A; Integration Planning (Ch. 19).** Berkshire's operating-autonomy doctrine - the acquired CEO continues, the operating segment continues, capital allocation moves to HQ. CFOs of acquired Berkshire subsidiaries report into Omaha but operate locally.
- **KPI Selection for Cyclical Businesses (Ch. 9).** TMHC's KPI set - absorption pace, lot supply, gross margin, SG&A; leverage - is the standard cyclical-builder dashboard. The 1Q26 print is the practitioner's reference for what cycle-trough operational discipline looks like.

BBG — Business Buyers Guide

Lead chapter: Owner-Operator Acquisition Lens (Ch. 4)

The TMHC deal is a large-scale dress-rehearsal of the small-business owner-operator acquisition pattern. Sheryl Palmer led TMHC since the 2013 IPO, built the geographic and product footprint personally, and per the press release continues as CEO post-close. This is the same template a small-business buyer applies when acquiring a \$5M-revenue HVAC company or a \$50M-revenue regional distributor: identify the operator who is the franchise, structure the deal so the operator stays, pay a price that earns its keep on trough rather than peak earnings. The TMHC deal is the largest possible illustration of the framework.

Secondary chapters this case touches:

- **Pay for Trough, Not Peak (Ch. 5).** TMHC's 1Q26 print is the dress-rehearsal of the trough. Berkshire is paying 8.8x adjusted EPS on a quarter where adjusted GM compressed to 20.6% and SG&A; leverage compressed - i.e., paying close to a cycle-trough multiple.
- **Aligning Seller Incentives (Ch. 7).** Palmer's incentive moves from public-company equity comp to Berkshire-style cash compensation. Berkshire structures these so the operator continues to feel like an owner without the share-price distraction.
- **Integration with Existing Holdings (Ch. 9).** Berkshire's Clayton + Shaw + Benjamin Moore + HomeServices + MiTek perimeter creates a 'platform discount' - the acquirer captures procurement, distribution, and financing synergies the standalone seller cannot.

LEP — Liquidity Event Playbook

Lead chapter: Strategic Sale to a Patient Buyer (Ch. 8)

From the TMHC stockholder's perspective, the transaction is a textbook strategic-sale liquidity event: all-cash consideration, certain value, modest control premium (24%), transaction certainty backed by Berkshire's balance sheet. The seller's calculus: trade upside for certainty at a price that lock-in book-plus-13% and earnings-multiple of approximately 8.8x. The Liquidity Event Playbook chapter on strategic-sale dynamics walks this exact set of trade-offs — the TMHC deal is the operational illustration.

Secondary chapters this case touches:

- **Cash vs. Stock Consideration (Ch. 6).** 100% cash. No stub equity. No rollover. The seller's tax event is fully crystallized at close - a long-term capital gains realization for the holder who held since IPO.
- **Working with Multiple Advisors (Ch. 4).** Goldman + Moelis dual-advisor pattern is increasingly common at the upper-mid market. The seller-side practitioner should expect this structure on any \$5B+ transaction.
- **Diversification After Liquidity (Ch. 11).** The TMHC shareholder receiving cash now faces the post-liquidity portfolio-construction question. The LEP chapter on post-liquidity asset allocation is the practical sequel.

IRA — Insurance & Risk Architecture

Lead chapter: Float Deployment in Operating Assets (Ch. 3)

Berkshire's \$397B cash + Treasury position is the largest insurance-float-driven war chest in the public-company world. The TMHC deal is a canonical illustration of how that float deploys: into long-cycle, replacement-cost-protected, operating assets that generate internal returns above the float's cost of capital. The Insurance & Risk Architecture chapter on float deployment uses Berkshire as the model; the TMHC deal is the live case.

Secondary chapters this case touches:

- **Long-Duration Liability Matching (Ch. 5).** Insurance float is long-duration liability; a homebuilder's land book + ongoing capital reinvestment is long-duration asset. The match is structural.
- **Cost of Float (Ch. 4).** Berkshire's float has historically been negative-cost - the underwriting discipline of GEICO, Berkshire Specialty, National Indemnity. The TMHC deal earns whatever the homebuilder cycle delivers, on capital that costs Berkshire less than the long bond.

RED — Real Estate Decoded

Lead chapter: Production Homebuilder Economics

The TMHC deal surfaces the production-builder economic model in operational detail: 78,835 lots (6.1 years of supply, 54% off-balance-sheet), 12,997 closings at \$597K average selling price, 22.5% home closings gross margin, 9.5% SG&A ratio. Real Estate Decoded's chapter on production builders walks these unit economics. The TMHC case adds the financial-services attach (88% mortgage capture rate, in-house title and insurance) which the chapter identifies as the modern production-builder profit pool.

Secondary chapters this case touches:

- **Land Banking and Lot Options.** TMHC's 54% off-balance-sheet share is industry-leading discipline; the chapter on land-light operating models reads the structure cleanly.
- **Sun Belt Housing Demographics.** TMHC's 12-state Sun Belt concentration matches the 20-year migration map - the chapter on regional housing demand uses Phoenix, Austin, Tampa, Charlotte, Atlanta as case studies.

TSD — Tax Strategy Decoded

Lead chapter: Cash Merger Tax Treatment

For the TMHC stockholder, receiving \$72.50 per share in cash is a fully taxable capital-gains realization event at close. The Tax Strategy Decoded chapter on cash mergers walks the long-term vs. short-term capital-gains determination, the state-tax overlay (Arizona residents face state tax; California-based holders face additional 13.3% top rate), and the year-of-close planning moves (charitable bunching, donor-advised fund contribution of appreciated shares pre-close, Section 1202 considerations if any QSBS exposure exists, NIIT on gain).

Secondary chapters this case touches:

- **Cost-Basis Tracking (Ch. 2).** A 13-year holder (since 2013 IPO) has long-term capital gains on essentially the entire position. Cost basis is the IPO price (~\$22 at 2013 IPO) adjusted for any subsequent reinvestment.
- **Charitable Pre-Close Strategies (Ch. 9).** Donating appreciated TMHC shares to a donor-advised fund pre-close converts a taxable gain into an itemized deduction at FMV. The window is the gap between announcement and close (~3-6 months).
- **State Domicile Planning (Ch. 12).** Holders with state-domicile flexibility (e.g., already considering a Florida / Nevada / Texas relocation) may have a planning window if the close date allows.

Summary Crosswalk

A one-page reference of all eight guides, lead chapters, and depth of coverage to the TMHC deal.

Guide	Lead Chapter	Coverage Depth	How This Guide Frames the Case
PE Guide	Deal Mechanics + Comp Pricing	High	Deal-mechanics lens
First Principles	Berkshire Doctrine + Margin of Safety	High	First-principles lens
CFO Guide	Capital Allocation (Ch. 18)	High	CFO lens
Business Buyers Guide	Owner-Operator Lens (Ch. 4)	High	Practitioner-buyer lens
Liquidity Event Playbook	Strategic Sale to Patient Buyer (Ch. 8)	Medium-High	Seller-side lens
Insurance & Risk Architecture	Float Deployment (Ch. 3)	Medium	Capital-source lens
Real Estate Decoded	Production Builder Economics	Medium	Industry-economic lens
Tax Strategy Decoded	Cash Merger Tax Treatment	Medium	Shareholder-tax lens

How to use this crosswalk

Read this crosswalk alongside the main TMHC case study PDF. The case study walks the deal; the crosswalk walks the chapters. Together they show the Institute's framework operating in one direction (case → chapter) and the chapters illuminating the case in the other direction (chapter → case). Practitioners building working frameworks should bookmark the lead chapters above and return to them when the next Berkshire deal — or the next owner-operator acquisition in their own practice — surfaces the same questions.

Disclaimer

The Baratelli Institute does not advise on this stock, or any other stock. This Library Crosswalk is an educational and analytical companion to the Berkshire Read Case 1 study. It is not investment advice; it is not a recommendation; it is not a fairness opinion; it is not a forecast. Library chapter references are summary characterizations of the full guides — practitioners should refer to the underlying Institute guide for the complete chapter content.

Insurance, banking, mortgage, and other regulated financial services are not the subject of this crosswalk.

Any reference to TMHF, Inspired Title, TMIS, or Berkshire's insurance entities is structural — intended to describe how the businesses fit together — not advisory.

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