Form S-1 Legacy Housing, LTD.

General form for registration of securities under the Securities Act of 1933

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As filed with the Securities and Exchange Commission on November 9, 2018

Registration No. 333-

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

FORM S-1

REGISTRATION STATEMENT
under the Securities Act of 1933

Legacy Housing Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	**2451**	**20-2897516**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Number)	(I.R.S. Employer Identification No.)

Legacy Housing Corporation
1600 Airport Freeway, #100
Bedford, Texas 76022
(817) 799-4900

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Curtis D. Hodgson
Kenneth E. Shipley
Co-Chief Executive Officers
Legacy Housing Corporation
1600 Airport Freeway, #100
Bedford, Texas 76022
(817) 799-4900

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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New York, New York 10019	**Dallas, Texas 75201**
(212) 451-2300	**(214) 453-6500**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☐ (Do not check if a smaller reporting company)	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 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock, par value $0.001 per share	$69,000,000	$8,362.80

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes shares the underwriters have the option to purchase to cover over-allotments, if any.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a) may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion—Dated November 9, 2018

PRELIMINARY PROSPECTUS

[•] Shares

Legacy Housing Corporation

Common Stock

This is the initial public offering of common stock of Legacy Housing Corporation. Prior to this offering, no public market has existed for our common stock. We are offering [•] shares. We currently estimate that the initial public offering price will be between $[•] and $[•] per share. We intend to list our shares of common stock for trading on The Nasdaq Global Market under the symbol "LEGH."

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 15.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions (1)	$	$
Proceeds to us, before expenses	$	$

(1) Please see the section of this prospectus entitled "Underwriting" for additional information regarding underwriter compensation.

We have granted the underwriters the right to purchase up to [•] additional shares of common stock from us at the initial public offering price less underwriting discounts and commissions to cover over-allotments, if any. The underwriter can exercise this option within 30 days after the date of this prospectus.

We are an "emerging growth company" as defined under U.S. federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements after this offering.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of our common stock to purchasers on or about , 2018.

B. Riley FBR

Oak Ridge Financial

The date of this prospectus is , 2018.

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Legacy HOUSING

Single Wide

- Housing for residential buyers
- 613 – 1,226 sq. ft.
- 1 – 3 bedrooms
- 1 – 2 full bathrooms
- Dimensions: 16x44 – 16x84

Double Wide

- Housing for residential buyers
- 1,227 – 2,669 sq. ft.
- 1 – 5 bedrooms
- 1 – 3.5 bathrooms
- Dimensions: 32x44 – 36x80

18 Wide

- Housing for residential buyers
- 1,120 – 1,130 sq. ft.
- 2 – 4 bedrooms
- 2 full bathrooms
- Dimensions: 18x68 – 18x80

Oilfield Housing

- Designed for oilfield employee housing
- 966 – 1,330 sq.ft.
- 3 – 6 bedrooms
- Dimensions: 14x74 – 18x80

Tiny House

- Housing for residential buyers
- 399 sq. ft.
- 1 – 3 bedrooms
- 1 – 2 full bathrooms
- Dimensions: 12x44

Hunting Cabins

- Customizable floor plan for recreational use
- 399 – 1,773 sq. ft.
- 1 – 3 bedrooms
- Dimensions: 12x44 – 32x64

Park Housing

- MHP financing program; bulk sales to mobile home parks straight from production
- 950 – 1,165 sq. ft.
- 3 bedroom

Legacy Housing Corporation, the nation's fourth largest producer of manufactured housing, offers its customers an array of quality, affordable homes

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About this Prospectus

Neither we nor the underwriters have authorized anyone to provide you with information that is different from that contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriter are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date on the front of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside the United States: Neither we nor the underwriters have done anything that would permit this offering, or possession or distribution of this prospectus, in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside of the United States. See "Underwriting."

Unless otherwise indicated, information in this prospectus concerning economic conditions, our industry, our markets and our competitive position is based on a variety of sources, including information from third-party industry analysts and publications and our own estimates and research. Some of the industry and market data contained in this prospectus are based on third-party industry

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publications. This information involves a number of assumptions, estimates and limitations. The sources of the third-party industry publications referred to in this prospectus are:

- The United States Census Bureau;
- The Institute for Building Technology and Safety, an independent nonprofit corporation that works on behalf of government entities ("IBTS"); and
- The Manufactured Housing Institute, an independent industry organization.

The industry publications, surveys and forecasts and other public information generally indicate or suggest that their information has been obtained from sources believed to be reliable. None of the third-party industry

publications used in this prospectus were prepared on our behalf. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause results to differ materially from those expressed in these publications.

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PROSPECTUS SUMMARY

This summary highlights information contained in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our financial statements and the related notes thereto and the information set forth under the sections "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes thereto, in each case included in this prospectus. Some of the statements in this prospectus constitute forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements."

Unless the context requires otherwise, the words "we," "us," "our," "our company" and "our business" refer to Legacy Housing Corporation, a Delaware corporation, and prior to the Corporate Conversion described in this prospectus, Legacy Housing, Ltd., a Texas limited partnership.

Our Company

Legacy Housing Corporation, formerly Legacy Housing, Ltd., builds, sells and finances manufactured homes and "tiny houses" that are distributed through a network of independent retailers and company-owned stores and are sold directly to manufactured home communities. We are the fourth largest producer of manufactured homes in the United States as ranked by number of homes manufactured based on information available from the Manufactured Housing Institute and Institute for Building Technology and Safety for the second quarter of 2018. With current operations focused primarily in the southern United States, we offer our customers an array of quality homes ranging in size from approximately 390 to 2,667 square feet consisting of 1 to 5 bedrooms, with 1 to 3 1/2 bathrooms. Our homes range in price, at retail, from approximately $22,000 to $95,000. In 2017, we sold 3,274 home sections (which are entire modules or single floors). During the first nine months of 2018, we have sold 3,045 home sections. We commenced operations in 2005 and have experienced strong sales growth and increased our equity holders' capital at a compound annual growth rate, or CAGR, of approximately 25% between 2009 and 2017. We currently have the largest backlog of orders in our company's 13-year history.

Our homes address the significant need in the United States for affordable housing. This need for affordable housing is being driven by a nationwide trend of increasing rental rates for housing, higher prices for site-built homes and decreasing percentages of home ownership among portions of the U.S. population. Our customers typically have annual household incomes of less than $60,000 and include young and working class families, as well as persons age 55 and older. In 2016, there were approximately 63,799,000 households in the United States with annual household incomes of less than $60,000, representing a majority of all U.S.

households, according to the Current Population Survey and 2017 Annual Social and Economic Supplement published by the U.S. Census Bureau.

We believe our company is one of the most vertically integrated in the manufactured housing industry, allowing us to offer a complete solution to our customers, from manufacturing custom-made homes using quality, cost effective materials and distributing those homes through our expansive network of independent retailers and company-owned distribution locations, to providing tailored financing solutions for our customers. Our homes are constructed in the United States at one of our three manufacturing facilities in accordance with the construction and safety standards of the U.S. Department of Housing and Urban Development ("HUD"). As of the date of this prospectus, our factories employ high-volume production techniques that allow us to produce, on average, approximately 76 home sections, or 54 fully-completed homes depending on product mix, in total per week. We use quality materials and operate our own component manufacturing facilities for many of the items used in the construction of our homes. Each home can be configured according to a variety of floor plans and equipped with such features as fireplaces, central air conditioning and state-of-the-art kitchens.

Our homes are marketed under our premier "Legacy" brand name and currently are sold primarily across 15 states through a network of 117 independent retail locations and 11 company-owned retail locations and through direct sales to owners of manufactured home communities. Our 11 company-owned retail locations, including our nine Heritage Housing stores and two Tiny House Outlet stores, exclusively sell our Legacy branded homes. During 2017, 62% of our manufactured homes were sold in Texas, followed by 8% in Georgia, 8% in Colorado, 5% in Oklahoma, and 4% in Louisiana. For the nine months ended September 30, 2018, our largest sales occurred in Texas (59%), Georgia (12%), Louisiana (9%), and Oklahoma (4%). We plan to deepen our distribution channel by using a portion of the net proceeds from this offering to expand our company-owned retail locations in new and existing markets.

We offer three types of financing solutions to our customers. We provide floor plan financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us. We also provide consumer financing for our products which are sold to end-users through both independent and company-owned retail locations, and we provide financing to manufactured housing community owners that buy our products for use in their housing communities as rental units. Our ability to offer attractive financing options provides us with several competitive advantages and allows us to capture sales that may not have otherwise occurred without our ability to offer consumer financing.

Our total net revenue and net income for the nine months ended September 30, 2018 were $127.2 million and $18.7 million, which was a 47% and 12% increase, respectively, over our total net revenue and net income for the nine months ended September 30, 2017 of $86.8 million and $16.7 million respectively. Our total net revenue and net income for the year ended December 31, 2017 were approximately $128.7 million and $26.3 million, compared to total net revenue and net income for the year ended December 31, 2016 of $110.5 million and $17.3 million.

Our company was founded in 2005 by Curtis D. Hodgson and Kenneth E. Shipley, our Co-Chief Executive Officers, who together have more than 60 years of combined experience in the manufactured housing industry.

We currently have approximately 800 employees and are based in Bedford, Texas (between Dallas and Fort Worth).

Our Market Opportunity

Manufactured housing provides a competitive alternative to other forms of affordable housing, whether new or existing, or located in urban, suburban or rural areas. In 2017, approximately 9.9% of all new single-family home starts built in the United States were manufactured homes, according to the Manufactured Housing Institute ("MHI"). We believe the segment of the U.S. population that manufactured homes most competitively addresses is households with annual incomes of less than $60,000, which includes young families, working class families and persons age 55 and older. Households in this income bracket comprised a majority of total U.S. households in 2017. Our target population age segments, which include ages 20-39 and 50-69, represent the fastest growing age segments from 2007 to 2017 according to the U.S. Census Bureau.

The comparatively low cost of fully-equipped manufactured housing is attractive to these consumers with an all-in average cost per square foot that is less than half of a new site-built home structure (excluding land) in 2017, according to U.S. Census Bureau data. Additionally, innovative engineering and design, as well as efficient production techniques, including the advent and development of the "tiny house" market, continue to position manufactured homes as a viable housing alternative. Demand for high-quality affordable housing has also been driven by increasing rental rates for housing, higher prices for site-built homes, decreasing percentages of home ownership among portions of the U.S. population and stagnant U.S. wage growth at lower income levels.

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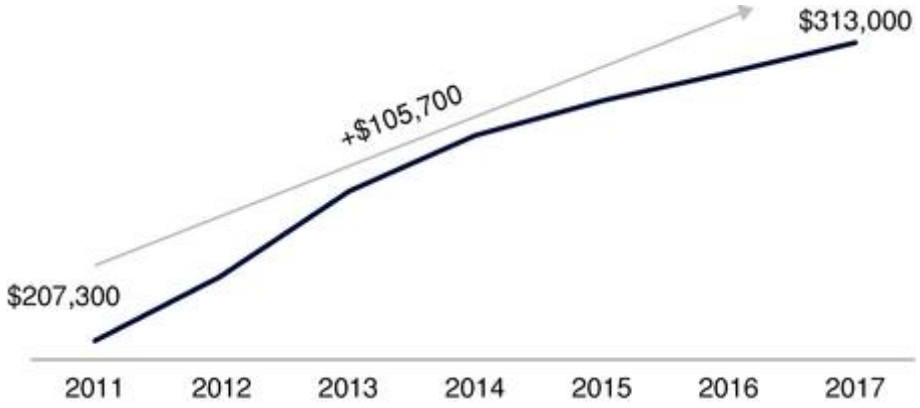
Average Price Difference of New Site-Built Homes (Including Land) vs. New Manufactured Home



Source: U.S. Census Bureau, the Institute for Building Technology and Safety, and the Manufactured Housing Institute.

Total manufactured housing shipments remain well below historical levels dating back to the late 1960s but have steadily increased from 49,717 manufactured home shipments in 2009 to 92,891 manufactured home shipments in 2017. Total annualized MH shipments during the first half of 2018 exceeded 100,000, according to data published by the U.S. Census Bureau, IBTS and MHI. Since 2009, the annual average sale price of a new site-built home (including the land on which it is built) increased approximately 42%, while the annual average sale price of a new manufactured home grew at a more modest pace, increasing approximately 14%, providing ample room for future growth.

Manufactured Home Shipments vs. Total Completed Housing

Source: U.S. Census Bureau, the Institute for Building Technology and Safety, and the Manufactured Housing Institute.

We believe expanded and improved financing options will support further growth for manufactured housing sales. There has been limited financing and no secondary loan market for manufactured homes after financial institutions exited the market from 1999 through 2002. Some financial institutions recently announced new financing programs for manufactured homes and Fannie Mae and Freddie Mac have added new pilot programs to buy chattel loans beginning in early 2019.

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Our Growth Strategy

We have a strong operating history of investing in successful growth initiatives over the past 13 years. We believe that the solution we are able to provide for our customers, as a result of the vertical integration of our company, enhances our brand recognition as a leading producer, results in higher and more efficient utilization of our manufacturing factories and expands our direct-to-consumer outreach for our wide variety of customizable homes. This operational focus has provided us with sustained net sales and net income growth over the years. Our growth strategy includes the following key initiatives:

- ***Broaden and Deepen Our Retail Presence in Key Geographic Areas.*** We currently distribute our products primarily across 15 states through a combination of 11 company-owned retail locations and 117 independent retail locations. We believe that a more robust network of company-owned retail locations will allow us to be more responsive and improve the customer experience at all stages, from manufacturing and design to sales, financing and customer service. We believe our company-owned stores will, on average, be more productive than our independent retail locations and generate higher gross margins due to our ability to select attractive markets and develop highly-trained sales representatives who possess a deep understanding of our business and customer needs.

- ***Expand Financing Solutions for Our Customers.*** We recognize that offering financing solutions to our customers is an important component of being a vertically integrated company that provides affordable manufactured housing. Providing financing improves our responsiveness to the needs of prospective purchasers while also providing us with opportunities for loan origination and servicing revenues, which act as additional drivers of net revenue for us. With a portion of the net proceeds of this offering, we intend to expand our financing solutions to manufactured housing community-owner customers, in a manner than includes developing new sites for products in or near urban locations where there is a shortage of sites to place our products.

- ***Continue to Focus on Innovation and Customization for Core Customer Groups.*** Our production strategy is focused on continually developing the resources necessary to efficiently build homes that incorporate unique, varied and innovative customer preferences. We are constantly seeking ways to directly source materials to be used in the manufacturing process, which allows us to ensure we utilize and employ quality materials that can be customized to meet our customers' needs. Our principal focus is on designing and building highly functional and durable products that appeal to families of all sizes.

- ***Seek Additional Agreements with Owners of Manufactured Home Communities.*** Community housing developments provide us with large, concentrated sales opportunities. These projects vary in size and density but generally include 30 to 300 homes. We believe there are significant growth opportunities to work with our development partners on such projects and view these opportunities as an important driver for both the sale of additional manufactured homes and for financing bulk purchases of those homes by community owners.

- ***Pursue Selective Acquisitions.*** We seek to grow through selective acquisitions in both existing markets and new markets that exhibit strong and reliable long-term fundamentals. We also regularly evaluate opportunities tangentially related to our affordable housing business in our geographic markets. We have no current agreements or understandings regarding an acquisition.

Our Products

We are the fourth largest producer of manufactured homes in the United States. We build a variety of sizes and floor plans of residential homes and tiny houses. We work collaboratively with our partners to meet diverse housing needs, such as residences on privately-owned land and in

manufactured home communities, recreational and vacation properties, such as hunting cabins, and accommodations for workforces in oilfields and other industries.

We utilize local market research to design homes that meet the specific requirements of our customers and our homes are designed after extensive field research and consumer feedback. We frequently introduce new floor plans, decor, exterior design, features and accessories to appeal to changing consumer trends and we offer an assortment of customizations to match each customer's individual tastes. Each home typically contains a living room, dining area, kitchen, 1 to 5 bedrooms and 1 to 3 1/2 bathrooms, and each home can be customized to include certain features including, among others, fireplaces, central air conditioning, overhead heat ducts, stipple-textured ceilings, decorative wood grain vinyl floors, wood cabinetry and energy conservation elements. In addition to traditional manufactured homes, we offer a diverse assortment of tiny houses, which are structures between 320 and 400 square feet in size that are used as dwellings, can be pulled by a pick-up truck, and are generally aesthetically similar to larger homes. Our tiny houses are built in a variety of models and floor plans and typically range from 1 to 3 bedrooms with 1 to 2 bathrooms. Our manufactured homes (other than tiny homes and oilfield housing) are constructed in accordance with the construction and safety standards of HUD, Texas factories are certified to build homes according to the Texas Industrialized Housing and Buildings law (known as the Texas Modular Code) and our Georgia factory is certified to build homes according to Georgia state construction codes.

Our manufactured homes are primarily constructed and equipped at our three factories. Our homes are constructed using high-volume production techniques and employ approximately 150 to 275 employees at each facility. Most of our homes are constructed in one or more sections (or floors) on a steel chassis. Each section is assembled in stages beginning with the construction of the chassis, followed by the addition of other constructed and purchased components and ending with a final quality control inspection. The efficiency of the production process and the benefits of constructing homes in a controlled factory environment enable us to produce homes in less time and at a lower cost per-square-foot than traditional home building. The finished home is then transported directly to a customer at a retail sales center, work site or manufactured home community. During the first nine months of 2018 and for the year 2017, we sold 3,045 and 3,274 home sections, including 200 and 366 tiny houses, respectively.

We currently operate three manufacturing facilities located in Fort Worth, Texas, Commerce, Texas and Eatonton, Georgia, each of which range in size from approximately 97,000 to 388,000 square feet. The production schedules for our manufacturing facilities are based on wholesale orders received from distributors, which fluctuate from week to week. In general, our facilities are structured to operate on one 8- to 9-hour shift per day, five days per week. We currently manufacture a typical home in approximately three to six production

days. As of the date of this prospectus, we produced, on average, approximately 75 home sections per week, or approximately 62 fully-completed homes.

Distribution

We currently distribute our manufactured homes primarily in the southern United States through a network of independent retail locations, company-owned retail locations and direct sales to owners of manufactured home communities. As is common in the industry, our independent distributors typically sell manufactured homes produced by other manufacturers in addition to our manufactured homes. Additionally, some independent retailers operate multiple sales outlets. During the first nine months of 2018 and the year 2017, no independent retailer accounted for 10% or more of our manufacturing net sales.

Approximately 69% of our product sales during the nine months ended September 30, 2018 were attributable to our independent retail distributors, 9% to our company-owned retail locations and 22% to direct sales to owners of manufactured housing communities. Approximately 73% of our 2017

product sales were attributable to our independent retail distributors, 6% to our company-owned retail locations and 21% directly to owners of manufactured housing communities.

We continually seek to increase our wholesale shipments by growing sales at our existing independent retailers and by finding new independent retailers to sell our homes. We provide comprehensive sales training to retail sales associates and bring them to our manufacturing facilities for product training and to view new product designs as they are developed. These training seminars facilitate the sale of our homes by increasing the skill and knowledge of the retail sales consultants. Additionally, we display our products at trade shows and support our retailers through the distribution of floor plan literature, brochures, decor selection displays and point of sale promotional material, as well as internet-based marketing assistance. We believe we have the most comprehensive printed catalog of manufactured housing products in the industry.

In addition to our expansive independent retailer channel, we have attractive growth opportunities to expand our company-owned locations. We currently have 12 company-owned retail locations, of which 11 stores are operational and one store is under lease with operations expected to commence by the end of 2018. Our company-owned locations allow us to improve the customer experience through all steps of the buying process, from manufacturing and design to sales, financing and customer service. This also gives us a direct window into consumer preferences and lending opportunities. We believe that our company-owned stores will, on average, be more productive than our independent retail locations and carry higher gross margins.

Financing Solutions for Our Customers

We offer three types of financing solutions:

-

Floor Plan Financing. We provide floor plan or wholesale financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us.

- ***Consumer Financing.*** We provide consumer financing for our products sold to end-users through both independent and our company-owned retail stores.

- ***Manufactured Housing Community Financing.*** We provide financing to community owners that buy our products for use in their rental manufactured housing communities.

Overview of Consumer and MHP Financing Options as of September 30, 2018
($ in thousands)

	Principal Amount Outstanding	Number of Loans	Contractual Rate or Monthly Fee	Average Remaining Term
Consumer Financing	$ 97,067	2,781	14% average contractual rate	134 months
MHP Community Financing	$ 59,795	364	Typically prime rate + 4.0% with 8% floor	88 months

We also offer inventory floor plan financing to our independent retailers that takes the form of a consignment arrangement between the independent retailer and us. As of September 30, 2018, we had $28,428,000 of inventory under consignment to our independent retailers.

All consumer loan applications go through an underwriting process conducted at our corporate headquarters to evaluate credit risk that takes into account numerous factors including the down payment, FICO score, and monthly income and total housing payment of the borrower. The interest rates on approved loans are determined by a buyer's credit history and down payment amount. We use payment history to monitor the credit quality of the consumer loans on an ongoing basis. Offering

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financing solutions to our dealers and customers generally improves our responsiveness to the needs of prospective purchasers while also providing us with opportunities for loan origination and servicing revenues, which acts as an additional driver of net income for us. Certain of our wholesale factory-built housing sales to independent retailers are purchased through floor plan financing arrangements between the retailer and an independent financial institution who requires us, as the manufacturer of the home, to enter into a separate repurchase agreement under which we are obligated, upon certain circumstances, to repurchase the financed home.

Sales of factory-built homes are significantly affected by the availability and cost of consumer financing. There are three basic types of consumer financing in the factory-built housing industry: (i) chattel, or personal property loans, for purchasers of a home without any underlying land involved (generally HUD code homes), (ii) non-conforming mortgages for purchasers of a home and the land on which the home is placed, and

(iii) conforming mortgage loans which have lower loan limits than non-conforming mortgages and comply with the requirements of the Federal Housing Administration ("FHA"), Veterans Affairs or government-sponsored enterprise ("GSE") loans. At the present time, we currently offer only chattel loans. We intend to fill some of the demand for consumer financing by increasing the pace of our consumer lending for products we build. As our own network of company-owned retail centers becomes a larger share of our production, we will be able to couple our consumer-financing solutions with increased levels of anticipated sales from our own centers.

Our financing solutions are designed solely for the purpose of financing products we build and sell through our sales channels. We do not intend to offer financing to the market in general, but, rather, we expect to continue to limit our financing to products built in our factories and products sold by us.

Our Competitive Advantages

We offer a complete solution for affordable manufactured housing. We believe that we differentiate ourselves from our competition and have been able to grow our business as a result of the following key competitive strengths:

- ***Quality and Variety of Housing Designs.*** Based on more than 60 combined years of industry experience, our co-founders have developed an operating model that enables the efficient production of quality, customizable manufactured homes. All of our homes are constructed in one of our three U.S.-based manufacturing facilities. By utilizing an assembly-line process we are able to manufacture a home in approximately three to six days and are currently producing on average approximately 75 home sections, or 62 fully-completed homes depending on product mix, in total per week at our three facilities. We utilize local market research to design homes that meet the specific needs of our customers and offer a variety of structural and decorative customization options, including, among others, fireplaces, central air conditioning, overhead heat ducts, stipple-textured ceilings, decorative wood grain vinyl floors, wood cabinetry and energy conservation elements. Additionally, our homes have vaulted ceilings in every room, have numerous proprietary advantages such as our copyrighted "furniture friendly" floor plans and, in most cases, are wider, have taller ceilings and a steeper roof pitch than our competitors' products.

- ***Manufacturing Facilities Strategically Located Near Customers in Key Markets.*** Our three manufacturing facilities are strategically located to allow us to serve our 117 independent and 11 company-owned retail locations. Currently, we have a manufacturing plant in Fort Worth, Texas that measures 97,000 square feet in size and produced 1,073 homes in 2017 and 831 homes in the first nine months of 2018, a manufacturing plant in Commerce, Texas that measures 130,000 square feet in size and produced 1,077 homes in 2017 and 834 homes through the nine months ended September 30, 2018, and a manufacturing plant in Eatonton, Georgia that measures 388,000 square feet in size and produced 744 homes in 2017 and 751 homes in

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the first nine months of 2018. Once our homes are constructed and equipped at our facilities, we have the ability to transport the finished products directly to customers through a fleet of company-owned trucks, ensuring timely and efficient delivery of our manufactured homes.

- ***Expansive and Growing Distribution Network.*** We distribute our products primarily in the southern United States through a network of independent retail locations, company-owned retail locations and direct sales to owners of manufactured home communities. Our first company-owned retail location opened in June 2016 and we plan to significantly expand our company-owned retail footprint over the next two years. Increasing the mix of company-owned locations allows us to improve the customer experience through all the steps of the buying process, from manufacturing and design to sales, financing and customer service.

- ***Competitive Production Strategies and Direct Sourcing.*** We develop and maintain the resources necessary to efficiently build custom homes that incorporate unique and varied customer-requested features. We are constantly seeking ways in which to directly source materials to be used in the manufacturing process, which allows us to ensure the materials are of high-quality and can be customized to meet our customers' needs. Customization enables us to attract additional retailers and consumers who seek individualized homes that are assembled on a factory production line. When these custom homes are sold through company-owned retail stores, we expect to capture higher gross margins.

- ***Available Financing for our Customers.*** Our strong financial position allows us to develop and offer financing solutions to our customers in connection with their purchase of our homes. We offer three types of financing solutions to our customers. We provide floor plan financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us. We also provide consumer financing for our products sold to end-users through both independent and our company-owned retail locations, and we also provide financing to manufactured housing community owners that buy our products for use in their rental housing communities.

- ***Support for Owners of Manufactured Home Communities.*** We provide manufacturing and financing solutions for owners of manufactured housing communities in connection with their development of communities in our geographic market area. Such development projects can vary, but generally include custom park development financing and large purchase orders of manufactured homes. We have also recently begun a program under which manufactucred housing communities can lease manufactured homes from us for a minimum term of eight years. These financing solutions are structured to give us an attractive return on investment, when coupled with the gross margin we realize on products specifically targeted for these new manufactured housing communities.

- ***Strong Alignment of Interests through Co-Founders' Ownership.*** We believe a strong alignment of interests with stockholders and investors exists through the ownership of a significant percentage of our outstanding shares by Curtis D. Hodgson and Kenneth E. Shipley, our co-founders and Co-Chief Executive Officers. Messrs. Hodgson and Shipley acquired their ownership in 2005 when they founded the company and have not sold any of their shares to date. Each individual has received a minimal salary ($50,000) during the past several years and their overall compensation structure has incentivized

them to continue to focus on the performance of our company. By providing structural and economic alignment with the performance of our company, Messrs. Hodgson and Shipley's continuing controlling interests are directly aligned with those of our investors. We believe the combination of these characteristics has promoted long-term planning and an enhanced culture among our customers, strategic partners and employees, which we believe will ultimately create value for our investors.

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Selected Risks Associated with Our Business

Investing in our common stock involves a high degree of risk. You should carefully consider all the information in this prospectus prior to investing in our common stock. These risks are discussed more fully in the section entitled "Risk Factors" immediately following this prospectus summary. These risks and uncertainties include, but are not limited to, the following:

- the highly competitive and, nature of the industry in which we operate and our inability to compete effectively against larger manufactured home builders;
- our dependence on independent retailers to market and sell a substantial portion of our manufactured homes;
- the risk involved in our vertically integrated lines of business, including our failure to adequately assess and monitor the credit risks of our customers who purchase our products using our financial services;
- our concentration in the southern United States, and notably in Texas, of substantially all of our operations and our potential inability to effectively expand the reach of our existing products to new customers and new markets;
- our ability to attract and retain collaborative partners for community development projects;
- changes in regulations, including zoning ordinances and lending rules may adversely impact our business; and
- adverse changes in employment levels, employment growth, interest rates, consumer confidence, land availability and development costs, apartment and rental housing vacancy levels, inflation and the health of the economy in general.

Implications of Being an "Emerging Growth Company"

As a company with less than $1.07 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" under the Jumpstart our Business Startups Act of 2012, commonly known as the JOBS Act. An emerging growth company may take advantage of certain reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. In particular, as an emerging growth company we:

- are not required to obtain an attestation and report from our auditors on our management's assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act;
- are not required to provide a detailed narrative disclosure discussing our compensation principles, objectives and elements and analyzing how those elements fit with our principles and objectives (commonly referred to as "compensation discussion and analysis");
- are not required to obtain a non-binding advisory vote from our stockholders on executive compensation or golden parachute arrangements (commonly referred to as the "say-on-pay," "say-on-frequency" and "say-on-golden-parachute" votes);
- are exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and CEO pay ratio disclosure;
- may present only two years of audited financial statements and only two years of related Management's Discussion & Analysis of Financial Condition and Results of Operations, or MD&A; and
- are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act.

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We intend to take advantage of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under §107 of the JOBS Act. Please see "Risk Factors," at page 26 ("We are an 'emerging growth company'. . . .").

Certain of these reduced reporting requirements and exemptions were already available to us due to the fact that we also qualify as a "smaller reporting company" under SEC rules. For instance, smaller reporting companies are not required to obtain an auditor attestation and report regarding internal control over financial reporting; are not required to provide a compensation discussion and analysis; are not required to provide a pay-

for-performance graph or CEO pay ratio disclosure; and may present only two years of audited financial statements and related MD&A disclosure.

Under the JOBS Act, we may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after our initial sale of common equity pursuant to a registration statement declared effective under the Securities Act of 1933, or such earlier time that we no longer meet the definition of an emerging growth company. In this regard, the JOBS Act provides that we would cease to be an "emerging growth company" if we have more than $1.07 billion in annual revenue, have more than $700 million in market value of our common stock held by non-affiliates, or issue more than $1 billion in principal amount of non-convertible debt over a three-year period. Further, under current SEC rules we will continue to qualify as a "smaller reporting company" for so long as we have a public float (i.e., the market value of common equity held by non-affiliates) of less than $250 million as of the last business day of our most recently completed second fiscal quarter.

Corporate Information and Incorporation

We were originally organized in May 2005 as Legacy Housing, Ltd., a Texas limited partnership. Effective January 1, 2018, we converted into a Delaware corporation and changed our name to Legacy Housing Corporation, which is referred to herein as the Corporate Conversion. In conjunction with the conversion, all of our outstanding partnership interests were converted on a proportional basis into shares of common stock. As a result of the Corporate Conversion, we are now a federal corporate taxpayer as opposed to a pass-through entity for tax purposes. For more information, see the section entitled "Corporate Conversion."

Our principal executive offices are located at 1600 Airport Freeway, #100, Bedford, Texas 76022, and our telephone number is (817) 799-4900. You may access our website at *www.legacyhousingcorp.com.* Information contained on, or accessible through, our website is not part of this prospectus and is not incorporated in this prospectus by reference.

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THE OFFERING

The summary below describes the principal terms of this offering. The "Description of Capital Stock" section of this prospectus contains a more detailed description of the common stock.

Common stock offered by us	[•] shares.
Proposed initial public offering price	$[•] per share.

Underwriters' over-allotment option	We have granted the underwriters a 30-day option to purchase up to an additional [•] shares of our common stock from us at the price to public less underwriting discounts and commissions to cover over-allotments, if any.
Common stock to be outstanding after this offering	[•] shares (or [•] shares if the underwriters' option to purchase additional shares from us is exercised in full).(1)
Use of proceeds after expenses	We estimate that the net proceeds of the sale of our common stock in this offering will be approximately $[•] million (or approximately $[•] million if the underwriters exercise their option in full to purchase additional shares of our common stock), based on an assumed initial public offering price of $[•] per share, which is the midpoint of the price range listed on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds of this offering to expand our retail presence in the southern United States and surrounding geographic markets, provide financing solutions to select housing community-owner customers, repay debt, possible acquisitions for expansion geographically or into affordable housing niches, and the balance for working capital and general corporate purposes. See "Use of Proceeds" for more information.
Dividend policy	We have never declared or paid any cash dividends on our common stock. We anticipate that we will retain any earnings to support operations and to finance the growth and development of our business. Accordingly, we do not expect to pay cash dividends on our common stock in the foreseeable future.
Risk factors	Investing in our common stock involves a high degree of risk. See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Nasdaq trading symbol	"LEGH"(2)

(1) In this prospectus, except as otherwise indicated, the number of shares of our common stock that will be outstanding immediately after this offering and the other information based thereon:

- assumes an initial public offering price of $[•] per share of common stock (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus);

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- excludes [•] shares of common stock issuable upon exercise of options outstanding at a weighted-average exercise price of $[•] per share under our 2018 Incentive Compensation Plan;

- excludes an additional [•] shares of our common stock reserved for future issuance under our 2018 Incentive Compensation Plan; and

- no exercise of the underwriters' option to purchase up to [•] additional shares from us in this offering to cover over-allotments, if any.

(2) We have reserved the trading symbol "LEGH" in connection with our application to have our common stock listed for trading on The Nasdaq Global Market.

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SUMMARY FINANCIAL DATA

In the following tables, we provide our summary financial data. We have derived the summary statements of operations for the years ended December 31, 2017 and 2016 from our audited financial statements appearing in this prospectus. The summary statements of operations for the nine months ended September 30, 2018 and 2017 and the summary balance sheet data as of September 30, 2018 are derived from our condensed financial statements included elsewhere in this prospectus. We have prepared the condensed financial statements on the same basis as the audited financial statements and have included, in our opinion, all adjustments consisting only of normal recurring adjustments that we consider necessary for a fair statement of the financial information set forth in those statements. Our historical results are not necessarily indicative of the results to be expected in the future. When you read this summary financial data, it is important that you read it together with "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in conjunction with the financial statements, related notes and other financial information included in this prospectus.

	Nine Months ended September 30, (in thousands)		Year ended December 31, (in thousands)	
	2018	2017	2017	2016
	(unaudited)			(restated)
Statement of Operations Data:				
Revenue, net				
Product Sales	$ 110,498	$ 73,015	$ 109,750	$ 93,394

Consumer and MHP loans interest	13,653	11,478	15,647	13,739
Other	3,088	2,287	3,339	3,412
Total Net Revenue	127,239	86,870	128,736	110,545
Operating expenses:				
Cost of product sales	83,323	56,524	82,498	77,329
Selling, general & administrative expenses	14,768	11,641	17,105	13,580
Dealer incentive	459	821	1,038	1,211
Income from Operations	28,689	17,794	28,095	18,425
Other income (expense):				
Non-operating interest income	189	224	272	214
Miscellaneous, net	122	354	149	102
Interest expense	(2,027)	(1,531)	(2,044)	(1,244)
Total Other	(1,716)	(953)	(1,623)	(928)
Income before state income tax expense	26,973	16,841	26,472	17,497
State Income Tax Expense	(8,238)	(107)*	(124)	(158)
Net Income	$ 18,735	$ 16,734	$ 26,348	$ 17,339

*

We were a partnership in 2017 and, therefore, a pass-through entity with respect to taxes. However, the pro forma tax provision for 2017 reflects a total of $6.0 million would have been the tax expense in 2017 if we had been a corporation, and the pro forma net income as of September 30, 2017 would have been $10.7 million.

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	As of September 30, 2018	
	Actual(1)	As Adjusted(2)
	(in thousands) (unaudited)	
Balance Sheet Data:		
	$	
Cash and cash equivalents	$ 449	—
Working capital	45,041	—
Total assets	233,656	—
Total indebtedness	90,650	—
Total stockholders' equity	$ 143,006	—

(1) Actual balance sheet data presents balance sheet data on an actual basis without any adjustments to reflect subsequent or anticipated events.

(2) As adjusted balance sheet data presents balance sheet data on an as-adjusted basis for Legacy Housing Corporation reflecting the receipt by us of the net proceeds from the sale of [•] shares of common stock in this offering at an assumed initial public offering price of $[•] per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us and excluding the exercise of the underwriters' over-allotment option, as if each had occurred on September 30, 2018.

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RISK FACTORS

An investment in our common stock involves a high degree of risk. In addition to the other information contained in this prospectus, prospective investors should carefully consider the following risks before investing in our common stock. If any of the following risks actually occur, as well as other risks not currently known to us or that we currently consider immaterial, our business, operating results and financial condition could be materially adversely affected. As a result, the trading price of our common stock could decline, and you may lose all or part of your investment in our common stock. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See "Cautionary Note Regarding Forward-looking Statements" in this prospectus. In

assessing the risks below, you should also refer to the other information contained in this prospectus, including the financial statements and the related notes, before deciding to purchase any shares of our common stock.

Risks Related to Our Business and the Manufactured Housing Industry

The manufactured housing industry is highly competitive, and increased competition and greater consolidation may result in lower sales for us.

The manufactured housing industry is highly competitive. Competition at both the manufacturing and retail levels is based upon several factors, including, among others, price, product features, reputation for service and quality, brand recognition, merchandising, terms of retailer promotional programs and the terms of retail customer financing. Numerous companies produce manufactured homes in our markets. In addition, our homes compete with repossessed homes and new homes that are offered for sale in the geographic markets in which we operate. Certain of our manufacturing competitors also have their own retail distribution systems and consumer finance and insurance operations. We believe that where wholesale floor plan financing is available, it is relatively easy for new retailers to enter into our markets as competitors. In addition, our products compete with other forms of low- to moderate-cost housing, including new and existing site-built homes, apartments, townhouses and condominiums. If we are unable to compete effectively in this environment, our manufactured housing sales could be adversely impacted.

Our industry has been in a state of consolidation over the past 15 years and a significant portion of the market share is held by a relatively small number of companies, some of which have greater financial resources than we do, a greater ability to borrow funds to provide financing and the ability to accept more risk than we can prudently manage. If the industry continues to further consolidate, we may not be able to grow at the pace we would like, which could adversely impact our results of operations.

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

Since commencing operations in 2005, we have grown rapidly, with home sales growing 800% from 380 home sections in 2005 to 3,274 home sections in 2017. Our future operating results may depend on our ability to effectively manage our growth, which is dependent, in part, upon our ability to, among other things:

- stabilize and manage an increasing number of relationships across the regions in which we operate while maintaining a high level of customer satisfaction, and building and enhancing our brand;
- identify and supervise a number of suitable third parties on which we rely to provide certain services that are critical to our success;
- attract, integrate and retain new management and operations personnel;

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- absorb costs that are out of our control, including litigation, legal compliance, real estate taxes and insurance and interest rate levels and volatility;

- respond quickly enough to changing demands that our growth will impose on management; and

- continue to improve our operational and financial controls and reporting procedures and systems.

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

If we are unable to establish or maintain relationships with independent retailers who sell our homes, our net sales could decline.

As of September 30, 2018, approximately 69% of our sales of manufactured homes were to independent retailers. As is common in the industry, independent retailers may also sell homes produced by competing manufacturers. We may not be able to establish relationships with new independent retailers or maintain good relationships with independent retailers that currently sell our homes. Even if we do establish and maintain relationships with independent retailers, these retailers are not obligated to sell our homes exclusively and may choose to sell our competitors' homes instead. The independent retailers with whom we have relationships can cancel these relationships on short notice. In addition, these retailers may not remain financially solvent, as they are subject to industry, economic, demographic and seasonal trends similar to those faced by us. If we do not establish and maintain relationships with solvent independent retailers in one or more of our markets, net sales in those markets could decline.

If we are unable to successfully increase the size of our company-owned retail network, our relationships with independent retailers who sell our homes will continue to be critical to our company's success.

As part of our growth strategy, we intend to further develop our network of company-owned retail locations through which we sell our products. We currently have 11 retail locations, however, we also work closely with our independent distributors and we have a deep understanding of the retail and distribution process with respect to our products. Our additional retail locations will be competing with existing retailers and distributors who have been operating in this space for a significant time and have other advantages, including the ability to sell products from other manufacturers. As such, our additional retail locations may not be successful. If we are unable to build a more robust retail presence, we will need to continue to rely heavily on our network of independent distributors for our distribution needs and those relationships will continue to be a critical component of the success of the business and any deterioration of those relationships could negatively impact our results of operations.

Curtis D. Hodgson and Kenneth E. Shipley possess specialized knowledge about our business and we would be adversely impacted if either one were to become unavailable to us.

We believe that our ability to execute our business strategy will depend to a significant extent upon the efforts and abilities of Curtis D. Hodgson and Kenneth E. Shipley, our Co-Chief Executive Officers. Mr. Hodgson, who is an attorney and engineer, oversees our day-to-day business operations including strategic planning, and possesses technical expertise regarding our manufacturing processes that would be difficult to replace. Mr. Shipley, who oversees our sales and distribution including our company-owned retail locations, has

specialized knowledge regarding the manufactured home industry and dealer and customer contacts that our other officers do not possess. If Messrs. Hodgson or Shipley were to become unavailable to us, our operations would be adversely affected and our relationship with lenders, business partners and industry participants would be weakened. Further, the loss of either

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Mr. Hodgson or Mr. Shipley would be negatively perceived in the capital markets. We do not have "key-man" life insurance for our benefit on the lives of either Messrs. Hodgson or Shipley.

Our operations are concentrated in the southern United States, which exposes us to regional economic, social and other risks.

Our operations are concentrated in the southern United States, most notably Texas. Due to the concentrated nature of our operations, there could be instances where these regions are negatively impacted by economic, natural, social or population changes that could, in turn, negatively impact the results of our business more than other companies that are more geographically dispersed. We have a significant presence in Texas with one manufacturing facility located in Fort Worth, Texas and another located in Commerce, Texas. As of September 30, 2018, we sold our manufactured homes primarily in 15 states, of which approximately 59% of the homes were sold in Texas.

Further, as of December 31, 2017, our consumer loan contracts were secured by manufactured homes primarily located in 15 states, of which 80% of the homes were located in Texas. As of September 30, 2018, approximately 79% of the homes that secured our loan contracts were located in Texas. Loan contracts secured by collateral that is geographically concentrated could experience higher rates of delinquencies, default and foreclosure losses than loan contracts secured by collateral that is more geographically dispersed. Our total loans in Texas under delinquency, default or foreclosure, which are loans that are past due more than 30 days on principal or interest payment, were approximately 1.8% (measured in units) and 1.8% (measured in dollar amount) as of September 30, 2018, and 1.8% (measured in units) and 1.5% (measured in dollar amount) as of December 31, 2017. This compares to our rates of delinquencies, default and foreclosure losses for our total loans in other states as of September 30, 2018 of approximately 3.1% (measured in units) and 2.4% (measured in dollar amount), and in 2017 of approximately 3.2% (measured in units) and 2.9% (measured in dollar amount). The aggregate unit number and aggregate dollar amount used in the measurement of these rates were 2,237 and 2,083 units and $76,815,000 and $71,508,000 in Texas during the first nine months of 2018 and as of December 31, 2017, respectively, and 544 and 497 units and $20,246,000, and $18,357,000 in all other states during the first nine months of 2018 and as of December 31, 2017, respectively. Delinquency, default and foreclosure rates are measured at the end of each month and simply represent those accounts that are past due and do not represent actual losses. An account that is only due for the current month (or not due until a future month) is considered current. Based on the foregoing, a decline in the economic and social conditions in Texas and surrounding states could have an adverse impact on our results of operations.

We operate and will continue to operate primarily in the single-family properties sector of the real estate industry, which exposes us to downturns in the single-family properties sector or declines in the broader housing industry.

Our business is focused and will continue to be focused in the single-family properties sector of the real estate industry. A downturn or slowdown in the rental demand for single-family housing caused by adverse economic, regulatory or environmental conditions, or other events, in our markets may have a greater impact on the value of our properties or our operating results than if we had more fully diversified product line. We believe that there are seasonal fluctuations in rental demand with demand higher in the spring and summer than in the late fall and winter. Such seasonal fluctuations may impact our operating results.

As a participant in the homebuilding industry, we are subject to market forces beyond our control. These market forces include employment levels, employment growth, interest rates, consumer confidence, development costs, apartment and rental housing vacancy levels, inflation and the health of the general economy. Unfavorable changes in any of the above factors or other issues could have an adverse effect on our net sales and earnings.

The cyclical and seasonal nature of the manufactured housing industry causes our net sales and operating results to fluctuate, and we expect this cyclicality and seasonality to continue in the future.

The manufactured housing industry is highly cyclical and seasonal and is influenced by many national and regional economic and demographic factors, including the availability of consumer financing for home buyers, the availability of wholesale financing for retailers, seasonality of demand, consumer confidence, interest rates, demographic and employment trends, income levels, housing demand, general economic conditions, including inflation and recessions, and the availability of suitable home sites.

As a result of these economic, demographic and other factors, our net sales and operating results have fluctuated in the past, and we expect them to continue to fluctuate in the future on a quarterly basis. Moreover, we could experience quarterly operating losses during cyclical downturns in the manufactured housing market.

Additionally, our quarterly and annual results are impacted by sporadic and unpredictable purchases of our homes resulting from acts of nature or other catastrophic events that cause damage to living accommodations. For example, in 2017, we built and shipped approximately $3.8 million of homes as a subcontractor operating under a contract with the Federal Emergency Management Association, or FEMA, to provide housing for victims of hurricane Harvey.

Our operating results could be affected by market forces and declining housing demand.

As a homebuilder, we are subject to market forces affecting the homebuilding industry that are beyond our control. These market forces include employment levels, employment growth, interest rates, consumer confidence, land availability and development costs, apartment and rental housing vacancy levels, inflation and the general health of the economy. Unfavorable changes to one or more of these factors could have an adverse effect on our results of operations.

Failure to find collaborative partners for community development projects could adversely affect us.

Part of our growth strategy is to increase our involvement in community housing development projects. Participation in these projects requires that we find collaborative partners who are seeking to develop

communities of affordable manufactured housing. Given the highly-competitive environment in which we operate, we cannot guarantee that we will be able to secure or continue such partnerships, which could have an adverse impact on our results of operations.

Our results of operations can be adversely affected by labor shortages and the pricing and availability of raw materials.

The homebuilding industry has from time to time experienced labor shortages and other labor-related issues. A number of factors may adversely affect the labor force available to us and our subcontractors in one or more of our markets, including, among others, high employment levels, construction market conditions and government regulation, which include laws and regulations related to workers' health and safety, wage and hour practices, immigration, and trade and tariff policies. An overall labor shortage or a lack of skilled or unskilled labor could cause significant increases in costs or delays in construction of homes, which could have a material adverse effect upon our net sales and results of operations.

Our results of operations can be affected by the pricing and availability of raw materials. Although we attempt to increase the sales prices of our homes in response to higher materials costs, such increases may lag behind the escalation of materials costs. Sudden increases in price and lack of availability of raw materials can be caused by natural disaster or other market forces. The tariffs recently imposed by the federal government on certain products used by us, including steel and

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aluminum, have not had any material impact on our operations, but prolonged or increased tariffs could impact the pricing and availability of certain materials. Although we have not recently experienced any production halts, severe or prolonged shortages of some of our most important building materials, which include wood and wood products, gypsum wallboard, steel, insulation and other petroleum-based products, have occurred. There can be no assurance that sufficient supplies of these and other raw materials will continue to be available to us.

Our involvement in vertically integrated lines of business, including manufactured housing financial services, exposes us to the risk that may not be able to adequately measure or limit our credit risk, which could lead to unexpected losses.

We are a vertically integrated business that not only manufactures affordable housing, but also provides delivery services and financing for customers. We offer manufactured home chattel loans to purchasers of our homes sold by independent retailers. We make loans to borrowers that we believe are creditworthy based on our underwriting guidelines. However, the ability of these customers to repay their loans may be affected by a number of factors, including, among others, national, regional and local economic conditions, changes or continued weakness in specific industry segments, natural hazard risks affecting the region in which the borrower resides, and employment, financial or life circumstances. If our customers are unable to repay their loans as a result of these or other factors, the performance of our loan portfolio may be adversely affected.

If customers do not repay their loans, we may repossess or foreclose on the secured property in order to liquidate our loan collateral and minimize losses. The homes we manufacture are subject to fluctuating market values, and proceeds realized from liquidating repossessed or foreclosed homes are highly susceptible to adverse movements in collateral values. During the first nine months of 2018 and the year 2017, we repossessed or

foreclosed on 51 and 64 homes, respectively, representing approximately $1,622,000 and $2,272,000 in repossessed home amounts in those respective periods. Home price depreciation and elevated levels of unemployment may result in additional defaults and exacerbate actual loss severities upon collateral liquidation beyond those normally experienced by us.

If we are unable to provide consumer financing, the demand for our homes could be substantially reduced.

We provide financing to individual buyers, dealers and manufactured housing community developers who buy our manufactured homes. During the first nine months of 2018 and for the year 2017, we financed approximately 33% and 38%, respectively, of all homes we sold. We are dependent on third party lenders to provide us the capital to make these loans. We currently have two credit facilities, under which we have available credit, as of September 30, 2018, of $3,990,000 and $3,000,000, respectively. Our borrowing capacity under one of these credit facilities is dependent on the value of our eligible consumer loans and MHP Notes, which is dependent on the market value of those loans. There can be no assurance that we will be able to extend these credit facilities when they mature or that we will be able to obtain additional financing, if needed, on terms acceptable to us.

Some of the loans we have originated or may originate in the future may not have a liquid market, or the market may contract rapidly and the loans may become illiquid. Although we offer loan products and price our loans at levels that we believe are marketable at the time of credit application approval, market conditions for home-only loans may deteriorate rapidly and significantly. Our ability to respond to changing market conditions is bound by credit approval and funding commitments we make in advance of loan completion. In this environment, it is difficult to predict the types of loan products and characteristics that may be susceptible to future market curtailments and tailor our loan offerings accordingly. As a result, no assurance can be given that the market value of our loans will not decline in the future.

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The business of lending is inherently risky, including risks that the principal of or interest on any loan will not be repaid timely or at all or that the value of any collateral supporting the loan will be insufficient to cover our outstanding exposure. These risks may be affected by the strength of the borrower's business sector and local, regional and national market and economic conditions. Many of our loans are made to small and medium-sized businesses that may be less able to withstand competitive, economic and financial pressures than larger borrowers. Our risk management practices, such as monitoring the concentration of our loans within specific industries and our credit approval practices, may not adequately reduce credit risk, and our credit administration personnel, policies and procedures may not adequately adapt to changes in economic or any other conditions affecting customers and the quality of the loan portfolio. A failure to effectively measure and limit the credit risk associated with our loan portfolio could lead to unexpected losses and have a material adverse effect on our business, financial condition and results of operations.

In addition, while we currently distribute our products through independent distributors, part of our growth strategy is to develop a network of company-owned retail locations through which we will sell our products. This will further increase our vertical integration and possibly subject us to further risks. There is a risk that our retail locations will not be successful and may negatively impact our relationships with our distributors.

We have contingent repurchase obligations related to wholesale financing provided to industry retailers.

In accordance with customary business practice in the manufactured housing industry, we have entered into two repurchase agreements with various financial institutions and other credit sources who provide floor plan financing to industry retailers, which provide that we will be obligated, under certain circumstances, to repurchase homes sold to retailers in the event of a default by a retailer in its obligation to such credit sources. Under these agreements, we have agreed to repurchase homes at declining prices over the term of the agreement (24 months). Our obligation under these repurchase agreements ceases upon the purchase of the home by the retail customer. The maximum amount of our contingent obligations under such repurchase agreements was approximately $2,394,000 and $1,765,000 as of September 30, 2018 and December 31, 2017, respectively, without reduction for the resale value of the homes. We may be required to honor contingent repurchase obligations in the future and may incur additional expense as a consequence of these repurchase agreements.

A continued constrained consumer financing market could result in reduced demand for our homes.

The substantial majority of consumers who buy our manufactured homes have historically secured retail financing from third-party lenders. Home-only financing is at times more difficult to obtain than financing for site-built homes. The availability, terms and costs of retail financing depend on the lending practices of financial institutions, governmental policies and economic and other conditions, all of which are beyond our control. Over the last decade, home-only lenders have tightened credit underwriting standards and increased interest rates for loans to purchase manufactured homes, which have reduced lending volumes and negatively impacted revenue for manufactured home sellers. Most of the national lenders who have historically provided home-only loans have exited the manufactured housing sector of the home loan industry.

Changes in laws or other events that adversely affect liquidity in the secondary mortgage market could hurt our business. The GSEs and the FHA play significant roles in insuring or purchasing home mortgages and creating or insuring investment securities that are either sold to investors or held in their portfolios. These organizations provide significant liquidity to the secondary market. Any new federal laws or regulations that restrict or curtail their activities, or any other events or conditions that alter the roles of these organizations in the housing finance market could affect the ability of our customers to obtain mortgage loans or could increase mortgage interest rates, fees, and credit

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standards, which could reduce demand for our homes and/or the loans that we originate and adversely affect our results of operations.

Our allowance for loan losses may prove to be insufficient to absorb potential losses in our loan portfolio.

We maintain an allowance for loan losses that represents management's judgment of probable losses and risks inherent in our loan portfolio. As of September 30, 2018, our allowance for loan losses totaled approximately $663,000, which represents approximately 0.7% of our total loans held for investment. The level of the allowance reflects management's continuing evaluation of general economic conditions, diversification and seasoning of the loan portfolio, historic loss experience, identified credit problems, delinquency levels and adequacy of collateral. The determination of the appropriate level of our allowance for loan losses is inherently

highly subjective and requires management to make significant estimates of and assumptions regarding current credit risks and future trends, all of which may undergo material changes.

Inaccurate management assumptions, deterioration of economic conditions affecting borrowers, new information regarding existing loans, identification or deterioration of additional problem loans, acquisition of problem loans and other factors (including third-party review and analysis), both within and outside of our control, may require us to increase our allowance for loan losses. In addition, our regulators, as an integral part of their periodic examination, review our methodology for calculating, and the adequacy of, our allowance for loan losses and may direct us to make additions to the allowance based on their judgments about information available to them at the time of their examination. Further, if actual charge-offs in future periods exceed the amounts allocated to our allowance for loan losses, we may need additional provisions for loan losses to restore the adequacy of our allowance for loan losses. Finally, the measure of our allowance for loan losses depends on the adoption and interpretation of accounting standards. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies."

The availability of wholesale financing for industry retailers is limited due to a reduced number of floor plan lenders and reduced lending limits.

Manufactured housing retailers generally finance their inventory purchases with wholesale floor plan financing provided by lending institutions. The availability of wholesale financing is significantly affected by the number of floor plan lenders and their lending limits. Reduced availability of floor plan lending negatively affects the inventory levels of our independent retailers to hold and increase inventory, the number of retail sales center locations and overall wholesale demand, and, as a result, adversely affects the number of our homes that independent retailers will be able to acquire.

Our participation in certain financing programs for the purchase of our products by industry retailers, consumers and housing community developers may expose us to additional risk of credit loss, which could adversely impact our liquidity and results of operations.

We are exposed to risks associated with the creditworthiness of certain independent retailers and home buyers, many of whom may be adversely affected by the volatile conditions in the economy and financial markets. These conditions could result in financial instability or other adverse effects. The consequences of such adverse effects could include delinquencies by customers who purchase our products under special financing initiatives, and deterioration of collateral values. In addition, we may incur losses if our collateral cannot be recovered or liquidated at prices sufficient to recover recorded commercial loan notes receivable balances. The realization of any of these factors may adversely affect our cash flow, profitability and financial condition.

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We are subject to extensive regulation affecting the production and sale of manufactured housing, which could adversely affect our profitability.

We are subject to a variety of federal, state and local laws and regulations affecting the production and sale of manufactured housing. Our failure to comply with such laws and regulations could expose us to a wide variety of sanctions, including closing one or more manufacturing facilities. Regulatory matters affecting our operations are under regular review by governmental bodies and we cannot predict what effect, if any, new

laws and regulations would have on us or the manufactured housing industry. Failure to comply with applicable laws or regulations or the passage in the future of new and more stringent laws, may adversely affect our financial condition or results of operations.

Manufactured homes are subject to various covenants limiting the use of the underlying real estate and local laws and regulatory requirements, including permitting, licensing and zoning requirements. Local regulations, including municipal or local ordinances, restrictions and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or community standards organizations at any time with respect to our properties, including prior to acquiring any of our properties or when undertaking renovations of any of our existing properties. Additionally, such local regulations may cause us to incur additional costs to renovate or maintain our properties in accordance with the particular rules and regulations. We cannot assure you that existing regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional costs. Our business and growth strategies may be materially and adversely affected by our ability to obtain permits, licenses and approvals. Our failure to obtain such permits, licenses and approvals could have a material adverse effect on us and cause the value of our common stock to decline.

If the manufactured housing industry is not able to secure favorable local zoning ordinances, our net sales could decline and our business could be adversely affected.

Manufactured housing communities and individual home placements, including tiny houses, are subject to local zoning ordinances and other local regulations relating to utility service and construction of roadways. In the past, property owners often have resisted the adoption of zoning ordinances permitting the location of manufactured homes in residential areas, which we believe has restricted the growth of the industry. It is possible that manufactured homes may not achieve widespread acceptance and localities may not adopt zoning ordinances permitting the development of manufactured home communities. If the manufactured housing industry is unable to secure favorable local zoning ordinances, our net sales could decline and our business, results of operations and financial condition could be adversely affected.

Our results of operations could be adversely affected by significant warranty and construction defect claims on manufactured housing.

In the ordinary course of our business, we are subject to home warranty and construction defect claims. We record a reserve for estimated future warranty costs relating to homes sold, based upon our assessment of historical experience factors. Construction defect claims may arise a significant period of time after product completion. Although we maintain general liability insurance and reserves for such claims, based on our assessments, which to date have been adequate, there can be no assurance that warranty and construction defect claims will remain at current levels or that such reserves will continue to be adequate. A large number of warranty and construction defect claims exceeding our current levels could have a material adverse effect on our results of operations.

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

Numerous consumer rights organizations exist throughout the country and operate in our markets, and we may attract attention from some of these organizations and become a target of legal demands, litigation and negative publicity. While we intend to conduct our business lawfully and in compliance with applicable consumer laws, such organizations might work in conjunction with trial and pro bono lawyers in one or multiple states to attempt to bring claims against us on a class action basis for damages or injunctive relief and to seek to publicize our activities in a negative light. We cannot anticipate what form such legal actions might take, or what remedies they may seek.

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

Our liquidity and ability to raise capital may be limited.

We may need to obtain debt or additional equity financing in the future. The type, timing and terms of the financing selected by us will depend on, among other things, our cash needs, the availability of other financing sources and prevailing conditions in the financial markets. There can be no assurance that any of these sources will be available to us at any time or that they will be available on satisfactory terms.

There have been substantial changes to the Internal Revenue Code, some of which could have an adverse effect on our retail customers and, in turn, on our business.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act, which contains substantial changes to the Internal Revenue Code, effective January 1, 2018, some of which could have an adverse effect on our retail home buyers and, in turn, on our business. For example, certain tax changes could make purchasing homes less attractive. These include (i) limitations on the ability of our home buyers to deduct property taxes, (ii) limitations on the ability of our home buyers to deduct mortgage interest, and (iii) limitations on the ability of our home buyers to deduct state and local income taxes. Although we believe these limitations primarily impact buyers of more expensive site-built homes than our manufactured housing, nonetheless, tax changes that negatively impact the consequences of home ownership could potentially result in our sale of fewer homes in the future.

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

We use information technology and other computer resources to carry out important operational activities and to maintain our business records. Our computer systems, including our back-up systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches (through cyber-attacks from computer hackers and sophisticated organizations), catastrophic events such as fires, tornadoes and hurricanes and human error. Given the unpredictability of the timing, nature and scope of information technology disruptions, if our computer systems and our backup systems are damaged, breached, or cease to function properly, we could potentially be subject to production downtimes,

operational delays, the compromising of confidential or otherwise protected information (including information about our home buyers and business partners),

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destruction or corruption of data, security breaches, other manipulation or improper use of our systems and networks or financial losses from remedial actions, any of which could have a material adverse effect on our cash flows, competitive position, financial condition or results of operations.

We are involved in a variety of litigation.

We are involved in a range of legal actions in the ordinary course of business. These actions may include, among others, warranty disputes, labor disputes, issues with regulators and local housing officials, outside vendor disputes and trademark infringement and other intellectual property claims. These actions can be time-consuming and expensive, and may adversely affect our reputation. Although we are not involved in any legal or regulatory proceedings that we expect would have a material adverse effect on our business, results of operations or financial condition, such proceedings may arise in the future.

We have no operating history as a publicly-traded company, and our inexperience could materially and adversely affect us and our stockholders.

We have no operating history as a publicly-traded company. Our board of directors and senior management team will have overall responsibility for our management and only a limited number of our directors or members of our senior management team have prior experience in operating a public company. As a publicly-traded company, we will be required to develop and implement substantial control systems, policies and procedures in order to satisfy our periodic SEC reporting and Nasdaq obligations. We cannot assure you that management's past experience will be sufficient to successfully develop and implement these systems, policies and procedures and to operate our company. Failure to do so could jeopardize our status as a public company, and the loss of such status may materially and adversely affect us and our stockholders.

We may not be able to attract and retain the highly skilled employees we need to support our planned growth, and our compensation expenses may increase.

To execute on our strategy, we must continue to attract and retain highly qualified personnel. Competition for these personnel is intense. We may not be successful in attracting and retaining qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we do. Highly-qualified personnel are also aggressively recruited by other emerging growth companies, which are especially active in many of the areas and geographic regions in which we operate. In addition, in making employment decisions, job candidates may consider the value of the stock-based compensation they are to receive in connection with their employment. Declines in the value of our common stock could adversely affect our ability to attract or retain key employees and result in increased employee compensation expenses.

Our Co-CEO is the owner of two manufactured home retailers in Texas which could pose potential conflicts of interest.

Kenneth E. Shipley, our co-Chief Executive Officer, is also the owner of Bell Mobile Homes and Shipley Bros., Ltd., manufactured home retailers located in Lubbock, Texas. These retailers are operated primarily by Mr. Shipley's brothers in a relatively small market and sell only Legacy manufactured homes. While we believe that these retailers do not present significant competition to our own chain of company-owned retail locations, Mr. Shipley may have potential conflicts of interest with respect to, among other things, potential business opportunities that may become available to him and/or our company. Moreover, while Mr. Shipley spends substantially all of his business and professional time and efforts with our company, potential conflicts of interest also include the amount

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of time and effort devoted by him to the affairs of Bell Mobile Homes and Shipley Bros., Ltd. We may be adversely affected if Mr. Shipley chooses to place the interests of these retailers before those of our company. Failure to resolve any conflicts of interest in favor of our company could adversely affect our business, financial condition and results of operations.

Changes in accounting principles or guidance, or in their interpretations, could result in unfavorable accounting charges or effects, including changes to our previously filed financial statements, which could cause our stock price to decline.

We prepare our financial statements in accordance with accounting principles generally accepted in the United States of America. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles and guidance. A change in these principles or guidance, or in their interpretations, may have a significant negative effect on our reported results and retroactively affect previously reported results, which, in turn, could cause our stock price to decline.

We will incur significantly increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance efforts.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the accounting and internal controls provisions of the Foreign Corrupt Practices Act of 1977, as amended, and will be required to comply with the applicable requirements of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, as well as rules and regulations subsequently implemented by the SEC and The Nasdaq, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Our management and other personnel will need to devote a substantial amount of time and resources to complying with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, which will increase when we are no longer an "emerging growth company," as defined by the JOBS Act. These new obligations will require substantial attention from our management team and could divert their attention away from the day-to-day management of our business. We will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting

knowledge and maintain an internal audit function. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors and board committees or as executive officers, and more expensive for us to obtain director and officer liability insurance.

We are exposed to the credit risk of our mobile home park customers, and nonpayment or nonperformance by these parties would reduce our cash flows.

We are subject to risk from loss resulting from our mobile home park ("MHP") customers' nonperformance or nonpayment under their MHP notes. The concentration of credit risk may be affected by changes in economic or other conditions within our industry and may accordingly affect our overall credit risk. Although our MHP notes are secured by mobile homes and other assets and are personally guaranteed, in the event our customers experience a decline in their equity values or there is a lack of availability of alternative debt or equity financing, such conditions may result in a significant reduction in our customers' liquidity and ability to make payments or perform on their MHP notes to

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us. As of September 30, 2018, no customer represented more than 20% of our MHP notes, and the largest customer, Gulf Stream Homes of LA, LLC, represented approximately 12% of our outstanding MHP notes. As of December 31, 2017, two customers, Gulf Stream Homes of LA, LLC and MHCA Homes, LLC, together represented more than 20% of our MHP notes, respectively. Any nonpayment or nonperformance by our MHP customers would reduce our cash flows.

We have identified material weaknesses in our internal control over financial reporting and failure to maintain effective internal controls could cause our investors to lose confidence in us and adversely affect the market price of our common stock.

For 2017 and prior periods, we identified certain material weaknesses in our internal controls related to lack of sufficient accounting processes and procedures in place, particularly in the areas of allowance for loan loss, finished goods inventory costing method, and revenue recognition, lack of sufficient experienced personnel to support preparation of financial statements for compliance with U.S. GAAP and SEC rules, and lack of policies and procedures to ensure the appropriate review and approval of user access rights and approval of journal entries in our financial reporting process. In connection with these material weaknesses, we have implemented certain remediation measures, including the adoption of appropriate processes and procedures with respect to key areas, including allowance for loan loss, finished goods inventory costing, and revenue recognition. We are also in the process of implementing remediation measures including providing further training of accounting personnel as well as hiring additional personnel, designing internal controls over financial reporting, including user access rights and journal entry processes and approvals, and researching more robust financial reporting databases and systems for implementation.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our shares.

We are an "emerging growth company" and our election to delay adoption of new or revised accounting standards applicable to public companies may result in our financial statements not being comparable to those of some other public companies. As a result of this and other reduced disclosure requirements applicable to emerging growth companies, our securities may be less attractive to investors.

As a company with less than $1.07 billion in revenue during our last completed fiscal year, we qualify as an "emerging growth company" under the JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements that are otherwise generally applicable to public companies. In particular, as an emerging growth company we:

- are not required to obtain an attestation and report from our auditors on our management's assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act;
- are not required to provide a detailed narrative disclosure discussing our compensation principles, objectives and elements and analyzing how those elements fit with our principles and objectives (commonly referred to as "compensation discussion and analysis");
- are not required to obtain a non-binding advisory vote from our stockholders on executive compensation or golden parachute arrangements (commonly referred to as the "say-on-pay," "say-on-frequency" and "say-on-golden-parachute" votes);
- are exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and CEO pay ratio disclosure;

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- may present only two years of audited financial statements and only two years of related Management's Discussion & Analysis of Financial Condition and Results of Operations, or MD&A; and
- are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act.

We intend to take advantage of all of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under §107 of the JOBS Act.

Certain of these reduced reporting requirements and exemptions were already available to us due to the fact that we also qualify as a "smaller reporting company" under SEC rules. For instance, smaller reporting companies are not required to obtain an auditor attestation and report regarding management's assessment of

internal control over financial reporting, are not required to provide a compensation discussion and analysis, are not required to provide a pay-for-performance graph or CEO pay ratio disclosure, and may present only two years of audited financial statements and related MD&A disclosure.

Under the JOBS Act, we may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after our initial sale of common equity pursuant to a registration statement declared effective under the Securities Act, or such earlier time that we no longer meet the definition of an emerging growth company. In this regard, the JOBS Act provides that we would cease to be an "emerging growth company" if we have more than $1.07 billion in annual revenue, have more than $700 million in market value of our common stock held by non-affiliates, or issue more than $1 billion in principal amount of non-convertible debt over a three-year period. Under current SEC rules, however, we will continue to qualify as a "smaller reporting company" for so long as we have a public float (i.e., the market value of common equity held by non-affiliates) of less than $250 million as of the last business day of our most recently completed second fiscal quarter.

We cannot predict if investors will find our securities less attractive due to our reliance on these exemptions. If investors were to find our securities less attractive as a result of our election, we may have difficulty raising all of the proceeds we seek in this offering.

While we currently qualify as an "emerging growth company" under the JOBS Act, once we lose emerging growth company status, the costs and demands placed upon our management are expected to increase.

Following this offering, we will continue to be an emerging growth company until the earliest to occur of (i) the last day of the fiscal year during which we had total annual gross revenue of at least $1.07 billion (as indexed for inflation), (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of common stock under this registration statement, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt, or (iv) the date on which we are deemed to be a "large accelerated filer," as defined under the Exchange Act. Once we lose emerging growth company status, we expect the costs and demands placed upon our management to increase, as we would have to comply with additional disclosure and accounting requirements.

Risks Related to Ownership of Our Common Stock and this Offering

Our stock price may be volatile and your investment could decline in value.

The market price of our common stock following this offering may fluctuate substantially as a result of many factors, some of which are beyond our control. These fluctuations could cause you to

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lose all or part of the value of your investment in our common stock. Factors that could cause fluctuations in the market price of our common stock include the following:

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quarterly variations in our results of operations;

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts;
- publication of research reports about us or the home building industry;
- announcements by us or our competitors of significant contracts, acquisitions or capital commitments;
- announcements by third parties of significant claims or proceedings against us;
- changes affecting the availability of financing in the wholesale and consumer lending markets;
- regulatory developments in the manufactured housing industry;
- significant future sales of our common stock, and additions or departures of key personnel;
- the realization of any of the other risk factors presented in this prospectus; and
- general economic, market and currency factors and conditions unrelated to our performance.

In addition, the stock market in general has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to operating performance of individual companies. These broad market factors may seriously harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A class action suit against us could result in significant liabilities and, regardless of the outcome, could result in substantial costs and the diversion of our management's attention and resources.

Our common stock has no prior market and our stock price may decline after the offering.

Before this offering, there has been no public market for shares of our common stock. Although we have applied to have our common stock listed on The Nasdaq Global Market, an active trading market for our common stock may not develop or, if it develops, may not be sustained after this offering. Our company and the

underwriters will negotiate to determine the initial public offering price. The initial public offering price may be higher than the market price of our common stock after the offering and you may not be able to sell your shares of our common stock at or above the price you paid in the offering. As a result, you could lose all or part of your investment.

Investors purchasing common stock in this offering will experience immediate dilution.

The initial public offering price of shares of our common stock is higher than the pro forma as adjusted net tangible book value per outstanding share of our common stock. You will incur immediate dilution of $[•] per share in the pro forma as adjusted net tangible book value of shares of our common stock, based on an assumed initial public offering price of $[•] per share, the midpoint of the range set forth on the cover page of this prospectus. To the extent outstanding options are ultimately exercised, there will be further dilution of the common stock sold in this offering.

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Future sales, or the perception of future sales, of a substantial amount of our shares of common stock could depress the trading price of our common stock.

If we or our stockholders sell substantial amounts of our shares of common stock in the public market following this offering or if the market perceives that these sales could occur, the market price of shares of our common stock could decline. These sales may make it more difficult for us to sell equity or equity-linked securities in the future at a time and price that we deem appropriate, or to use equity as consideration for future acquisitions.

Immediately upon completion of this offering, based on the number of shares outstanding as of November [•], 2018, we will have [•] shares of common stock authorized and [•] shares of common stock outstanding. Of these shares, the [•] shares to be sold in this offering (assuming the underwriters do not exercise their option to purchase additional shares in this offering to cover over-allotments, if any) will be freely tradable. We, our executive officers and directors, and certain of our stockholders have entered into agreements with the underwriters not to sell or otherwise dispose of shares of our common stock for a period of 180 days following completion of this offering, with certain exceptions. Immediately upon the expiration of this lock-up period, [•] shares will be freely tradable pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), by non-affiliates and another [•] shares will be eligible for resale pursuant to Rule 144 under the Securities Act, subject to the volume, manner of sale, holding period and other limitations of Rule 144.

In addition, following the completion of this offering, we intend to file a registration statement on Form S-8 registering the issuance of approximately [•] shares of common stock subject to stock options or other equity awards issued or reserved for future issuance under our 2018 Incentive Compensation Plan. Shares registered under the registration statement on Form S-8 will be available for sale in the public market subject to vesting arrangements and exercise of options, the lock-up agreements described above and the restrictions of Securities Act Rule 144 in the case of our affiliates.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, or if our actual results differ significantly from our guidance, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

In addition, from time to time, we may release earnings guidance or other forward-looking statements in our earnings releases, earnings conference calls or otherwise regarding our future performance that represent our management's estimates as of the date of release. Some or all of the assumptions of any future guidance that we furnish may not materialize or may vary significantly from actual future results. Any failure to meet guidance or analysts' expectations could have a material adverse effect on the trading price or volume of our stock.

Anti-takeover provisions in our charter documents could discourage, delay or prevent a change in control of our company and may affect the trading price of our common stock.

Our corporate documents, to be effective upon completion of this offering, and the Delaware General Corporation Law contain provisions that may enable our board of directors to resist a change

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in control of our company even if a change in control were to be considered favorable by you and other stockholders. These provisions:

- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to help defend against a takeover attempt;
- establish advance notice requirements for nominating directors and proposing matters to be voted on by stockholders at stockholder meetings;
- provide that stockholders are only entitled to call a special meeting upon written request by 33 1/3% of the outstanding common stock; and
- require supermajority stockholder voting to effect certain amendments to our certificate of incorporation and bylaws.

In addition, Delaware law prohibits large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or consolidating with us except under certain circumstances. These provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take other corporate actions you desire.

Concentration of ownership of our common stock among our existing executive officers, directors and principal stockholders may limit new investors from influencing significant corporate decisions.

Upon completion of this offering, our executive officers, directors and current beneficial owners of 5% or more of our common stock and their respective affiliates will, in aggregate, beneficially own approximately 80% of our outstanding shares of common stock. These persons, acting together, would be able to determine the outcome of all matters requiring stockholder approval, including the election and removal of directors and any merger or other significant corporate transactions. The interests of this group of stockholders may not align with our interests or the interests of other stockholders and thereby could control our policies and operations, including the appointment of management, future issuances of our common stock or other securities, the incurrence or modification of debt by us, amendments to our certificate of incorporation and bylaws, and the entering of extraordinary transactions, such as a merger or sale of all or substantially all of our assets. In addition, these majority stockholders will be able to cause or prevent a change of control of our company and could preclude any unsolicited acquisition of our company. This concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of our company and ultimately might affect the market price of our common stock.

We do not expect to pay any dividends on our common stock for the foreseeable future.

We currently expect to retain all future earnings, if any, for future operation, expansion and debt repayment and have no current plans to pay any cash dividends to holders of our common stock for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our operating results, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, we must comply with the covenants in our credit agreements in order to be able to pay cash dividends, and our ability to pay dividends generally may be further limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

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We may invest or spend the proceeds of this offering in ways with which you may not agree or in ways that may not yield a return.

Our management will have considerable discretion in the application of the net proceeds of this offering, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The net proceeds may be invested with a view towards long-term benefits for our

stockholders and this may not increase our operating results or market value. Until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," but are also contained in this prospectus. In some cases, you can identify forward-looking statements by the words "may," "might," "will," "could," "would," "should," "expect," "intend," "plan," "aim," "objective," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue," "ongoing," "target," "seek" or the negative of these terms, or other comparable terminology intended to identify statements about the future. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our future financial performance, including our total net sales, cost of sales, operating expenses and profitability;
- the sufficiency of our cash and cash equivalents to meet our liquidity needs;
- our predictions about the manufactured housing industry and market trends;
- our ability to attract and retain customers to purchase our manufactured homes;
- the availability of favorable consumer and wholesale manufactured home financing;
- our ability to successfully expand in our existing markets and into new markets and industry verticals; and
- our ability to effectively manage our growth and future expenses.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this prospectus.

These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis

for each forward-looking statement contained in this prospectus, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain.

You should refer to the "Risk Factors" section of this prospectus for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result, of these factors, we cannot assure you that the forward-looking statements in this prospectus will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by federal securities law.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

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CORPORATE CONVERSION

Prior to January 1, 2018, we operated as a Texas limited partnership under the name Legacy Housing, Ltd. Effective January 1, 2018, we converted into a Delaware corporation pursuant to a statutory conversion and changed our name to Legacy Housing Corporation. In order to consummate the Corporate Conversion, a certificate of conversion was filed with the Secretary of State of the State of Delaware and with the Secretary of State of the State of Texas. Holders of partnership interests in Legacy Housing, Ltd. received an initial allocation, on a proportional basis, of 20,000,000 shares of common stock of Legacy Housing Corporation. This initial allocation will be adjusted before the offering via a forward or reverse stock split once the offering price and number of shares included in the offering are determined. Following the stock split, our authorized capital stock will consist of 90,000,000 shares of common stock and [•] shares of common stock will be outstanding. In connection with this offering, we will issue an additional [•] shares of new common stock and, immediately following this offering, we will have [•] total shares of common stock outstanding, in each case, assuming the underwriters do not exercise their option to purchase additional shares.

Following the Corporate Conversion, Legacy Housing Corporation continues to hold all property and assets of Legacy Housing, Ltd. and all of the debts and obligations of Legacy Housing, Ltd. We are now governed by a certificate of incorporation filed with the Secretary of State of the State of Delaware and bylaws, the material portions of which are described in the section of this prospectus entitled "Description of Capital Stock." On the effective date of the Corporate Conversion, the officers of Legacy Housing, Ltd. became the officers of Legacy Housing Corporation. As a result of the Corporate Conversion, we are now a federal corporate taxpayer as opposed to a pass-through entity for tax purposes.

The purpose of the Corporate Conversion was to reorganize our corporate structure so that the top-tier entity in our corporate structure, the entity that is offering shares of common stock to the public in this offering, is a corporation rather than a limited partnership and so that our existing owners own shares of our common stock rather than partnership interests in a limited partnership.

Except as otherwise noted herein, the financial statements included in this prospectus are those of Legacy Housing, Ltd.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of our common stock in this offering will be approximately $[•] (or approximately $[•] if the underwriters exercise their option in full to purchase additional shares of our common stock), based upon an assumed initial public offering price of $[•] per share, which is the midpoint of the price range listed on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Consistent with our long-term strategy of conservatively deploying our capital to achieve above average rates of return, we intend to use the net proceeds of this offering to expand our retail presence in the geographic markets we now serve, particularly in the southern United States. Each retail center requires between $1,000,000 and $2,000,000 to acquire the location, situate an office, provide inventory, and allocate the initial working capital. We expect to open 10 to 15 additional retail centers by the end of 2020. We also expect, based on our current financial position, that we will opportunistically increase our credit lines on terms that will allow us to rapidly expand the pace of our financing solutions for our retail consumers, giving our new retail centers the support they need to generate sales.

We also expect to use a portion of the net proceeds to provide financing solutions to a select group of our community-owner customers, in a manner that includes developing new sites for products in or near urban locations where there is a shortage of sites to place our products. These solutions will be structured to give us an attractive return on investment, when coupled with the gross margin we make on products specifically targeted for these new manufactured housing communities.

Additionally, in the event a major acquisition opportunity develops, we will evaluate and consider a geographical expansion or an expansion into affordable housing niches in our current geographical markets that we believe will be consistent with our long-term strategy of achieving above average rates of return within the affordable housing industry.

We will use the remainder of the net proceeds from this offering for working capital and general corporate purposes, including investing in our sales and marketing, product enhancement efforts, and enhancing our corporate infrastructure and systems to assist in creating a more robust means of tracking data, automating back office functions, and improving our financial reporting system. We may allocate funds from other sources to fund some or all of these activities.

We do not intend to significantly leverage our balance sheet. Rather, we expect that our debt-to-equity ratio will remain for the foreseeable future in our historical range of 1-to-1, or less. We may allocate some of the proceeds for paying down our current debt.

The intended use of net proceeds from this offering represents our expectations based upon our present plans and business conditions. We cannot predict with certainty all of the particular uses for the proceeds of this offering or the amounts that we will actually spend on the uses described in this prospectus. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering. The timing and amount of our actual expenditures will be based on many factors, including cash flows from operations and the anticipated growth of our business. Pending their use, we intend to invest the net proceeds of this offering in a variety of capital-preservation investments, including short- and intermediate-term, interest-bearing, investment-grade securities.

Each $1.00 increase or decrease in the assumed initial public offering price of $[•] per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease the net proceeds to us from this offering by approximately $[•], assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

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DIVIDEND POLICY

Our board of directors will determine our future dividend policy based on our result of operations, financial condition, capital requirements and other circumstances. We have not previously declared or paid any cash dividends on our common stock. We anticipate that we will retain earnings to support operations and finance the growth of our business, as described in this prospectus. Accordingly, it is not anticipated that any cash dividends will be paid on our common stock in the foreseeable future. Previously, as a limited partnership, we made periodic minimal distributions to our partners, primarily to cover the partners' tax obligations.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2018:

- on an actual basis without any adjustments to reflect subsequent or anticipated events; and
-

on an as-adjusted basis reflecting the receipt by us of the net proceeds from the sale of [•] shares of common stock in this offering at an assumed initial public offering price of $[•] per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us and excluding the exercise of the underwriters' over-allotment option, as if each had occurred on September 30, 2018.

The following information is illustrative only of our cash and cash equivalents and capitalization following the completion of this offering and will change based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes appearing in this prospectus.

	As of September 30, 2018	
	Actual	As Adjusted
	(in thousands, except share and per share amounts)	
Cash and cash equivalents	$ 449	
Debt, current portion	$ 21,082	[•]
Long-term debt, net of current portion	69,568	[•]
Stockholders' equity	143,006	[•]
Common stock, $0.001 par value, 90,000,000 shares authorized; 20,000,000 shares issued and outstanding; [•] shares issued and outstanding, as adjusted(1)	20	
Additional paid-in capital	124,251	[•]
Retained earnings	18,735	[•]
Total stockholders' equity	143,006	[•]
Total capitalization(2)	$233,656	[•]

(1) Prior to the completion of this offering, we will effect a forward or reverse stock split of the initial allocation of $20,000,000 shares. Only the [•] shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act. The remaining [•] shares of common stock outstanding after this offering will be "restricted securities" as such term is defined in Rule 144 under the Securities Act and will be eligible for sale upon expiration of the lock-up agreements 181 days after the date of this prospectus, subject to any volume and other limitations

applicable to the holders of such shares.

(2) A $1.00 increase or decrease in the assumed initial public offering price of $[•] per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, our adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by approximately $[•], assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

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DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma, as adjusted net tangible book value per share of our common stock immediately after this offering. Net tangible book value per share is determined by dividing our total tangible assets less total liabilities by the number of outstanding shares of common stock.

As of September 30, 2018, we had a pro forma net tangible book value of $[•], or $[•] per share of common stock. Our pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of our common stock outstanding as of September 30, 2018, after giving effect to the Corporate Conversion.

Investors participating in this offering will incur immediate and substantial dilution. After giving effect to the issuance and sale of [•] shares of our common stock in this offering at an assumed initial public offering price of $[•] per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our as pro forma adjusted net tangible book value as of September 30, 2018, would have been approximately $[•], or $[•] per share of common stock. This represents an immediate increase in the pro forma net tangible book value of $[•] per share to existing stockholders and an immediate dilution of $[•] per share to investors purchasing shares of our common stock in this offering. The following table illustrates this per share dilution on a per share basis:

	Amount
Assumed initial public offering price	$
Pro forma net tangible book value (deficit) before offering	
Increase in pro forma net tangible book value attributable to new investors	
Pro forma as adjusted net tangible book value after offering	

Dilution in pro forma net tangible book value to new investors	

The dilution information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing. Each $1.00 increase or decrease in the assumed initial public offering price of $[•] per share would increase or decrease our pro forma as adjusted net tangible book value by approximately $[•] per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

Holders of partnership interests in Legacy Housing, Ltd. received an initial allocation, on a proportional basis, of 20,000,000 shares of common stock of Legacy Housing Corporation. Before the offering, this initial allocation will be adjusted via a forward or reverse stock split once the offering price and number of shares to be included in the offering are determined. Following the stock split, our authorized capital stock will consist of 90,000,000 shares of common stock and [•] shares of common stock will be outstanding. In connection with this offering, we will issue an additional [•] shares of new common stock and, immediately following this offering, we will have [•] total shares of common stock outstanding, in each case, assuming the underwriters do not exercise their option to purchase additional shares. If the underwriters exercise their over-allotment option in full to purchase [•] additional shares of common stock from us in this offering to cover over-allotments, if any, the pro forma as adjusted net tangible book value per share after the offering would be $[•] per share, the increase in the pro forma net tangible book value per share to existing stockholders would be

$[•] per share and the dilution per share to new investors purchasing common stock in this offering would be $[•] per share.

The following table illustrates, as of September 30, 2018, the differences between the number of shares of common stock purchased from us, the total consideration paid, and the average price per share paid by existing stockholders and new investors purchasing shares of our common stock in this offering based on an assumed initial public offering price of $[•] per share, the midpoint of the price range on the cover page of this prospectus, and before deducting underwriting discounts and commissions and estimated offering expenses.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%		%	
New investors		%		%	
Total		100.0%		100.0%	

Each $1.00 increase or decrease in the assumed initial public offering price of $[•] per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease the

total consideration paid by new investors by $[•], assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

The number of shares of common stock shown above to be outstanding after this offering is based on [•] shares of our common stock outstanding as of September 30, 2018 excludes:

- [•] shares of common stock issuable upon exercise of options outstanding at a weighted-average exercise price of $[•] per share under our 2018 Incentive Compensation Plan; and

- an additional [•] shares of our common stock reserved for future issuance under our 2018 Incentive Compensation Plan.

In addition, if the underwriters exercise their over-allotment option to purchase additional shares in full, the number of shares held by new investors would increase to [•], or [•]% of the total number of shares of our common stock outstanding after this offering.

To the extent that options are exercised, new options are issued under our 2018 Incentive Compensation Plan or we issue additional shares of common stock in the future, there will be further dilution to investors participating in this offering. In addition, we may choose to raise additional capital because of market conditions or strategic considerations, even if we believe that we have sufficient funds for our current or future operating plans. If we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and accompanying notes and the information contained in other sections of this prospectus, particularly under the headings "Risk Factors" and "Business." It contains forward-looking statements that involve risks and uncertainties, and is based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. Our actual results could differ materially from those anticipated by our management in these forward-looking statements as a result of various factors, including those discussed below and in this prospectus, particularly under the heading "Risk Factors."

Overview

Legacy Housing Corporation builds, sells and finances manufactured homes and "tiny houses" that are distributed through a network of independent retailers and company-owned stores and are sold directly to manufactured housing communities. We are the fourth largest producer of manufactured homes in the United States as ranked by number of homes manufactured based on information available from the Manufactured Housing Institute and IBTS for the second quarter of 2018. With current operations focused primarily in the southern United States, we offer our customers an array of quality homes ranging in size from approximately

390 to 2,667 square feet consisting of 1 to 5 bedrooms, with 1 to 3½ bathrooms. Our homes range in price, at retail, from approximately $22,000 to $95,000. In 2017, we built and sold 3,274 home sections (which are entire homes or single floors that are combined to create complete homes). During the first nine months of 2018, we have sold 3,045 home sections. We commenced operations in 2005 and have experienced strong sales growth and increased our equity holders' capital at a compound annual growth rate of approximately 25% between 2009 and 2017. We currently have the largest backlog of orders in our company's 13-year history.

We believe our company is one of the most vertically integrated in the manufactured housing industry, allowing us to offer a complete solution to our customers, from manufacturing custom-made homes using quality materials and distributing those homes through our expansive network of independent retailers and company-owned distribution locations, to providing tailored financing solutions for our customers. Our homes are constructed in the United States at one of our three manufacturing facilities in accordance with the construction and safety standards of the U.S. Department of Housing and Urban Development ("HUD"). Our factories employ high-volume production techniques that allow us to produce, on average, approximately 75 home sections, or 62 fully-completed homes depending on product mix, in total per week. We use quality materials and operate our own component manufacturing facilities for many of the items used in the construction of our homes. Each home can be configured according to a variety of floor plans and equipped with such features as fireplaces, central air conditioning and state-of-the-art kitchens.

Our homes are marketed under our premier "Legacy" brand name and currently are sold primarily across 15 states through a network of 117 independent retail locations, 11 company-owned retail locations and through direct sales to owners of manufactured home communities. Our 11 company-owned retail locations, including nine Heritage Housing stores and two Tiny House Outlet stores exclusively sell our homes. During 2017, 62% of our manufactured homes were sold in Texas, followed by 8% in Georgia, 8% in Colorado, 5% in Oklahoma, and 4% in Louisiana. For the nine months ended September 30, 2018, our largest sales occurred in Texas (59%), Georgia (12%), Louisiana (9%), and Oklahoma (4%). We plan to deepen our distribution channel by using a portion of the net proceeds of this offering to expand our company-owned retail locations in new and existing markets.

We offer three types of financing solutions to our customers. We provide floor plan financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us. We also provide consumer financing for our products which are sold to end-users through both

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independent and company-owned retail locations, and we provide financing to manufactured housing community owners that buy our products for use in their manufactured housing communities. Our ability to offer competitive financing options at our retail locations provides us with several competitive advantages and allows us to capture sales which may not have otherwise occurred without our ability to offer consumer financing.

Corporate Conversion

Prior to January 1, 2018, we were a Texas limited partnership named Legacy Housing, Ltd. Effective January 1, 2018, we converted into a Delaware corporation pursuant to a statutory conversion, or the Corporate Conversion, and changed our name to Legacy Housing Corporation. All of our outstanding partnership interests

were converted on a proportional basis into shares of common stock of Legacy Housing Corporation. For more information, see "Corporate Conversion."

Following the Corporate Conversion, Legacy Housing Corporation continues to hold all of the property and assets of Legacy Housing, Ltd. and all of the debts and obligations of Legacy Housing, Ltd. continue as the debts and obligations of Legacy Housing Corporation. The purpose of the Corporate Conversion was to reorganize our corporate structure so that the top-tier entity in our corporate structure, the entity that is offering common stock to the public in this offering, is a corporation rather than a limited partnership and so that our existing owners own shares of our common stock rather than partnership interests in a limited partnership. Except as otherwise noted, the financial statements included in this prospectus are those of Legacy Housing, Ltd.

Factors Affecting Our Performance

We believe that the growth of our business and our future success depend on various opportunities, challenges, trends and other factors, including the following:

- Consistent with our long-term strategy of conservatively deploying our capital to achieve above average rates of return, we intend to expand our retail presence in the geographic markets we now serve, particularly in the southern United States. Each retail center requires between $1,000,000 and $2,000,000 to acquire the location, situate an office, provide inventory, and provide the initial working capital. We expect to open 10 to 15 additional retail centers by the end of 2020. We also expect that, with our solid balance sheet, we will opportunistically increase our credit lines on terms that will allow us to rapidly expand the pace of our financing solutions for our retail consumers, giving our new retail centers the support they need to generate sales.

- We also expect to provide financing solutions to a select group of our manufactured housing community-owner customers in a manner that includes developing new sites for products in or near urban locations where there is a shortage of sites to place our products. These solutions will be structured to give us an attractive return on investment when coupled with the gross margin we expect to make on products specifically targeted for sale to these new manufactured housing communities.

- Finally, our financial performance will be impacted by our ability to fulfill current orders for our manufactured homes from dealers and customers. Currently, our two Texas manufacturing facilities are operating at near peak capacity, with limited ability to increase the volume of homes produced at those plants. Our Georgia manufacturing facility has some additional capacity to increase the number of homes that can be manufactured, and we intend to increase production at the Georgia facility over time, particularly in response to orders increasingly being generated from new markets in Florida and the Carolinas. In order to maintain our growth, we will need to be able to continue to properly estimate anticipated future volumes when making commitments regarding the level of business that we will seek and accept, the mix of products

that we intend to manufacture, the timing of production schedules and the levels and utilization of inventory, equipment and personnel.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management believes the following accounting policies are critical to our operating results or may affect significant judgments and estimates used in the preparation of our financial statements.

Allowance for Loan Losses—Consumer Loan Receivable

The allowance for loan losses reflects management's estimate of losses inherent in the consumer loans that may be uncollectible based upon review and evaluation of the consumer loan portfolio as of the date of the balance sheet. A reserve is calculated after giving consideration to, among other things, the loan characteristics, including the financial condition of borrowers, the value and liquidity of collateral, delinquency and historical loss experience.

The allowance for loan losses is comprised of two components: the general reserve and specific reserves. Our calculation of the general reserve considers the historical loss rate for the last three years, adjusted for the estimated loss discovery period and any qualitative factors both internal and external to our company. Specific reserves are determined based on probable losses on specific classified impaired loans.

Our policy is to place a loan on nonaccrual status when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due, which is normally when either principal or interest is past due and remains unpaid for 90 days or more. Management implemented this policy based on an analysis of historical data and performance of loans and the likelihood of recovery once principal or interest payments became delinquent and were aged 90 days or more. Payments received on nonaccrual loans are accounted for on a cash basis, first to interest and then to principal, as long as the remaining book balance of the asset is deemed to be collectible. The accrual of interest resumes when the past due principal or interest payments are brought within 90 days of being current.

Impaired loans are those loans where it is probable we will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. Impaired loans are generally measured based the fair value of the collateral. Impaired loans, or portions thereof, are charged off when deemed uncollectible. A loan is generally deemed impaired if it was 90 days or more past due on principal or interest, was in bankruptcy proceedings, or in the process of repossession. A specific reserve is created for impaired loans based on fair value of underlying collateral value. We used certain factors to determine to the value of the underlying collateral for impaired loans. These factors were: (1) the length of time the unit was unsold after construction; (2) the amount of time the house was occupied; (3) the cooperation level of the borrowers, i.e., loans requiring legal action or extensive field collection efforts will reduce the value; (4) units located on private property present additional value loss

because it tends to be more expensive to remove units from private property as opposed to a manufactured home park; (5) the

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length of time the borrower has lived in the house without making payments; (6) location and size, including market conditions; and (7) the experience and expertise of the particular dealer assisting in collection efforts.

Collateral for repossessed loans is acquired through foreclosure or similar proceedings and is recorded at the estimated fair value of the home, less the costs to sell. At repossession, the fair value of the collateral is computed based on the historical recovery rates of previously charged-off loans; the loan is charged off and the loss is charged to the allowance for loan losses. At each reporting period, the fair value of the collateral is adjusted to the lower of the amount recorded at repossession or the estimated sales price less estimated costs to sell, based on current information.

Allowance for Loan Losses—MHP Notes

MHP Notes are stated at amounts due from customers net of allowance for loan losses. We determine the allowance by considering several factors including the aging of the past due balance, the customer's payment history, and our previous loss history. We establish an allowance reserve composed of specific and general reserve amounts that are deemed to be uncollectible.

Inventories

Inventories consist of raw materials, work-in-process, and finished goods and are stated at the lower of cost or net realizable value. Raw materials cost is based on the first-in first-out method. Finished goods and work-in-process are based on a standard cost system that approximates actual costs using the specific identification method.

Estimates of the lower of cost and net realizable value of inventory are determined by comparing the actual cost of the product to the estimated selling prices in the ordinary course of business based on current market and economic conditions, less reasonably predictable costs of completion, disposal, and transportation of the inventory.

We evaluate inventory based on historical experience to estimate our inventory not expected to be sold in less than a year. We classify our inventory not expected to be sold in one year as non-current.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of each asset. Estimated useful lives for significant classes of assets are as follows: buildings and improvements, 30 to 39 years; vehicles, 5 years; machinery and equipment, 7 years; and furniture and fixtures, 7 years. Repair and maintenance charges are expensed as incurred. Expenditures for major renewals or betterments which extend the useful lives of existing property, plant, and equipment are capitalized and depreciated. We periodically evaluate the carrying value of long-lived assets to be held and used and when events and circumstances warrant such a review. The carrying

value of long-lived assets is considered impaired when the anticipated undiscounted cash flow from such assets is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived assets. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that the fair values are based primarily on independent appraisals and preliminary or definitive contractual arrangements less costs to dispose.

Dealer Incentive Liability

Under a dealer agreement with qualified dealers, a portfolio is created for the houses sold by the dealer with consumer loan arrangements financed by the Company. The dealer is eligible to receive

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dealer incentive, which is a portion of total collections on a consumer loan portfolio after our contribution (collection thresholds set per the terms of dealer agreement) is met.

A dealer incentive liability is recorded on our balance sheet based on total outstanding balance of individual dealer loan portfolios at period end, less the remaining portion of our contribution in respective portfolios.

Revenue Recognition

Direct Sales

Revenue from homes sold to independent retailers that are not financed and not under a consignment arrangement are generally recognized upon execution of a sales contract and when the home is shipped, at which time title passes to the independent retailer and collectability is reasonably assured. These types of homes are generally either paid for prior to shipment or floor plan financed by the independent retailer through standard industry arrangements, which can include repurchase agreements.

Commercial Sales

Revenue from homes sold to mobile home parks under commercial loan programs involving funds provided by our company is recognized when the home is shipped, at which time title passes to the customer and a sales and financing contract is executed and the down payment received, and collectability is reasonably assured.

Consignment Sales

We provide floor plan financing for independent dealers, which takes the form of a consignment arrangement. Sales under a consignment agreement are recognized as revenue when we enter into a sales contract and receive full payment for cash sales, and title passes; or, upon execution of a sales and financing contract, with a down payment received from and upon delivery of the home to the final individual customer, at which time title passes and collectability is reasonably assured. For homes sold to customers through dealers under consignment arrangements and financed by us, a percentage of profit is paid to the dealer up front as a

commission for sale and also reimburses certain direct expenses incurred by the dealer for each transaction. Such payments are recorded as cost of product sales in our statement of operations.

Retail Store Sales

Revenue from direct retail sales through company-owned retail locations are generally recognized when the customer has entered into a legally binding sales contract, and payment received, the home is delivered at the customer's site, title has transferred, and collection is reasonably assured. Retail sales financed by us are recognized as revenue upon the execution of a sales and financing contract with a down payment received and upon delivery of the home to the final customer, at which time title passes and collectability is reasonably assured.

Revenue is recognized net of sales taxes.

Segment Reporting

We considered the guidance in ASC 280-10-50 in determining that we have a single reportable segment. All of our activities are interrelated, and each activity is dependent and assessed based on how each of the activities of our company supports the others. For example, the sale of manufactured homes is done through wholesale and retail operations that include providing transportation and consignment arrangements with dealers. We also provide financing options to the customers to facilitate

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such sale of homes. In addition, the sale of homes is directly related to financing provided by us. Accordingly, all significant operating and strategic decisions by the chief operating decision-maker are based upon analyses of our company as one segment or unit.

Product Warranties

We provide retail home buyers with a one-year warranty from the date of purchase on manufactured inventory. Product warranty costs are accrued when the covered homes are sold to customers. Product warranty expense is recognized based on the terms of the product warranty and the related estimated costs. Factors used to determine the warranty liability include the number of homes under warranty and the historical costs incurred in servicing the warranties. The accrued warranty liability is reduced as costs are incurred and warranty liability balance is included as part of accrued liabilities in our balance sheet.

Results of Operations

The following discussion should be read in conjunction with the information set forth in the financial statements and the accompanying notes appearing elsewhere in this prospectus.

Comparison of Nine Months ended September 30, 2018 and 2017 (in thousands)

	Nine months ended September 30,			
	2018	2017	$ change	% change

Net revenue:				
Product sales	$ 110,498	$ 73,015	$ 37,483	51%
Consumer and MHP loans interest	13,653	11,478	2,175	19%
Other	3,088	2,287	801	35%
Total net revenue	127,239	86,780	40,459	47%
Operating expenses:				
Cost of product sales	83,323	56,524	26,799	47%
Selling, general administrative expenses	14,768	11,641	3,127	27%
Dealer incentive	459	821	(362)	–44%
Income from operations	28,689	17,794	10,895	61%
Other income (expense)				
Non-operating interest income	189	224	(35)	–16%
Miscellaneous, net	122	354	(232)	–66%
Interest expense	(2,027)	(1,531)	(496)	32%
Total other	(1,716)	(953)	(763)	80%
Income before income tax expense	26,973	16,841	10,132	60%
Income tax expense	(8,238)	(107)*	(8131)	7599%
Net income	$ 18,735	$ 16,734	$ 2,001	12%

*

We were a partnership in 2017 and, therefore a pass-through entity with respect to taxes. However, the pro forma tax provision for 2017 reflects a total of $6.0 million would have been the tax expense in 2017 if we had been a corporation, and the pro forma net income as of September 30, 2017 would have been $10.7 million.

Product sales in the first nine months of 2018 were approximately $110.5 million, compared to product sales of $73.0 million during the first nine months of 2017. This was driven by an increased volume of homes sold, as well as a series of price increases. Likewise, our company-owned retail stores

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have started to increase their volume of sales, including approximately $10.5 million of sales through the first nine months of 2018, as compared with approximately $6.6 million in sales for the same period in 2017, which represents a 59% increase in sales for our company-owned stores. The first quarter of 2018 also included home sales of approximately $8.9 million in sales as a subcontractor operating under a contract with FEMA to provide housing for victims of hurricane Harvey.

Net revenue attributable to our factory-built housing consisted of the following during the first nine months of 2018 and 2017:

	Nine Months ended September 30, (in thousands) 2018	2017	$ Change	% Change
Net revenue:				
Homes sold	$ 110,498	$ 73,015	$ 37,482	51%
Total homes sold	2,608	1,978	630	32%
Net revenue per home sold	$ 42,369	$ 36,913	$ 5,456	15%

In 2018, our net revenue per product sold increased in part because of increased sales to manufactured home communities and increased sales through our company-owned stores, all of which carry higher margins. In addition, there were multiple price increases to our product prices due to rising material and labor costs, which resulted in higher home sales prices and more revenue generated per home sold. Additionally, sales and production volumes increased, driven by greater demand for our products.

The cost of product sales was approximately $83.3 million in the first nine months of 2018 compared to $56.5 million during the same period of 2017. These additional costs were primarily related to the production of a greater volume of homes in 2018, increased material costs and the continued and expanded operations of our company-owned stores.

Total net revenue through September 30, 2018 was approximately $127.2 million compared to total net revenue of $86.8 million during the first nine months of 2017. This increase was primarily due to increases in total sales volume and prices of our homes. In addition, our interest income grew 19% on a comparative basis between the first nine months of 2017 and 2018 due to our company increasing our outstanding MHP Notes by approximately $12.9 million and the consumer loan portfolio by approximately $8.3 million between September 30, 2017 and September 30, 2018.

Selling, general and administrative expenses in the first nine months of 2018 were approximately $14.8 million compared to selling, general and administrative expenses of $11.6 million during the same period of 2017. This increase was primarily due to increased operations of our company-owned retail lots, as well as the opening of a corporate office in Bedford, Texas and a sales office in Norcross, Georgia.

Other income (expense) was a loss of $1.7 million in the first nine months of 2018, as compared to a loss of $953,000 for the same period in 2017. This additional expense was primarily due to an increase in interest rates and our borrowing additional amounts on lines of credit.

Income tax expense for the first nine months of 2018 was approximately $8.2 million compared to $107,000 for the same period in 2017. This increase in tax expense was primarily due to a structural change of our tax status from a partnership to a corporation. The change in tax status required the recognition of a deferred tax liability between the historical cost basis and tax basis of our assets and liabilities as the result of our deemed change in tax status to a subchapter C corporation. The resulting net deferred tax liability was recorded as a one-time income tax expense of approximately $3.7 million.

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Net income for the first nine months of 2018 was approximately $18.7 million as compared to $16.7 million for the same period in 2017. This increase was primarily due to increased sales amounts and prices and an increase in the outstanding principal balance of the MHP Notes and the consumer loan portfolio, offset by income tax expenses recorded in 2018 after our tax status conversion to a corporation.

Comparison of Years ended December 31, 2017 and 2016 (in thousands)

	Years ended December 31,			
	2017	2016 (Restated)	$ change	% change
Net revenue:				
Product sales	$ 109,750	$ 93,394	$ 16,356	18%
Consumer and MHP loans interest	15,647	13,739	1,908	14%
Other	3,339	3,412	(73)	–2%
Total net revenue	128,736	110,545	18,190	16%
Operating expenses:				
Cost of product sales	82,498	77,329	5,169	7%
Selling, general administrative expenses	17,105	13,580	3,525	26%
Dealer incentive	1,038	1,211	(173)	–14%
Income from operations	28,095	18,425	9,670	52%
Other income (expense)				

Non-operating interest income	272	214	58	27%
Miscellaneous, net	149	102	47	46%
Interest expense	(2,044)	(1,244)	(800)	64%
Total other	(1,623)	(928)	(695)	75%
Income before income tax expense	26,472	17,497	8,975	51%
Income tax expense	(124)	(158)	34	–22%
Net income	$ 26,348	$ 17,339	$ 9,009	52%

Product sales in 2017 was approximately $109.8 million, compared to product sales of $93.4 million during 2016. In addition, this increase was driven by opening five company-owned stores to generate additional manufactured home sales during 2017 and having the Eatonton, Georgia plant in operation for all of 2017, as opposed to only nine months in 2016. Net revenue attributable to our factory-built housing consisted of the following in 2017 and 2016:

Years Ended December 31, (in thousands)				
	2017	2016 (Restated)	$ Change	% Change
Net revenue:				
Homes sold	$ 109,750	$ 93,394	$ 16,356	18%
Total homes sold	2,900	2,452	448	18%
Net revenue per home sold	$ 37,845	$ 38,089	$ (244)	–0.6%

In 2017, rising material and labor input costs resulted in higher home sales prices, but also kept the revenue per home sold substantially similar to the prior year. Our product prices are also periodically adjusted for the cost and availability of raw materials included in, and labor used to produce, each home. For these reasons, we have experienced, and may experience in the future, volatility in overall net revenue per home sold. Additionally, sales and production volumes increased, driven by greater demand for our products.

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The cost of product sales was approximately $82.5 million compared to $77.3 million during 2016. These additional costs were primarily related to the production of a greater volume of homes in 2017.

Total net revenue in 2017 was approximately $128.7 million compared to total net revenue of $110.5 million during 2016. This increase was primarily due to increases in total sales volume and prices of our homes, primarily due to the opening of five additional company-owned stores and having the Eatonton, Georgia plant in operation for all of 2017. In addition, our interest income grew 14% year-over-year due to our company

increasing our outstanding MHP Notes by $19,715,000 and consumer loan portfolio by $17,980,000 between December 31, 2016 and December 31, 2017.

Selling, general and administrative expenses in 2017 were approximately $17.1 million compared to selling, general administrative expenses of $13.6 million during 2016. This increase was primarily due to the opening of five additional company-owned stores and the expenses associated with operating the Eatonton, Georgia plant for the entirety of 2017, as compared to the Georgia plant only being operational for a portion of 2016.

Other income (expense) was a loss of $1.6 million in 2017, as compared to a loss of $928,000 in 2016. This additional expense was primarily due to an increase in interest rates and our borrowing additional amounts on our lines of credit.

State income tax expense in 2017 was approximately $124,000 compared to state income tax expense of $158,000 during 2016. This decrease in tax expense was primarily due to an increase in activity and revenue outside the state of Texas that was not subject to certain margin taxes on sales in Texas.

Net income in 2017 was approximately $26.3 million compared to net income of $17.3 million during 2016. This increase was primarily due to the opening of five additional company-owned stores, having the Eatonton, Georgia plant in operation for the entirety of 2017, increased sales amounts and prices, and an increase in MHP Notes and our consumer loan portfolio.

Liquidity and Capital Resources

Cash and Cash Equivalents

We consider all cash and highly liquid investments with an original maturity of three months or less to be cash equivalents. We maintain cash balances in bank accounts that may, at times, exceed federally insured limits. We have not incurred any losses from such accounts and management considers the risk of loss to be minimal. We believe that cash and cash equivalents at September 30, 2018, together with cash flow from operations and the proceeds from this offering, will be sufficient to fund our operations and provide for growth for the next 12 to 18 months and into the foreseeable future. As of September 30, 2018, we had approximately $449,000 in cash and cash equivalents, compared to $670,000 as of September 30, 2017.

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Cash Flow Activities

	Nine Months ended September 30,		Year ended December 31,	
	2018	2017	2017	2016
	(in thousands)			(restated)
Net cash provided by (used in) operating activities	$562	$5,963	$4,691	($1,903)
Net cash provided by (used in) investing activities	($6,017)	($227)	($2,256)	($3,472)

Net cash provided by (used in) financing activities	$5,476	($6,075)	($3,016)	$6,084
Net change in cash and cash equivalents	$21	($339)	$(581)	$709
Cash and cash equivalents at beginning of period	$428	$1,009	$1,009	$300
Cash and cash equivalents at end of period	$449	$670	$428	$1,009

Comparison of Cash Flow Activities from September 30, 2018 to September 30, 2017

Net cash provided by our operating activities for the nine months ended September 30, 2018 totaled approximately $562,000 compared to $6.0 million for the same period in 2017. The change in cash was due primarily to an increase in the origination of loans and additional tax liabilities on account of the change in our structure from a partnership to a corporation.

Net cash flows used by investing activities for the nine months ended September 30, 2018 totaled approximately $6.0 million compared to $227,000 for the same period in 2017. This difference was due primarily to $4.2 million used for the acquisition of land for development and a loan for manufactured housing park development totaling approximately $935,000.

Cash flows provided by financing activities was approximately $5.5 million for the nine months ended September 30, 2018 compared to $6.1 million for the same period in 2017. This difference was primarily due to the change in our structure from a partnership to a corporation, which meant there were no distributions made in 2018 to partners as would have occurred in prior years for the payment of taxes on their allocable share of partnership income. In addition, these differences were due to an increase of approximately $5.0 million from our credit lines.

Comparison of Cash Flow Activities from 2017 to 2016

Net cash provided by our operating activities for the year ended December 31, 2017 totaled approximately $4.7 million compared to net cash used in our operations for the year ended December 31, 2016 of $1.9 million. The change in cash used was due primarily to higher net income in 2017 compared to 2016. This increase was primarily due to the opening of five additional company-owned stores in 2017, having the Eatonton, Georgia plant in operation for the entirety of 2017, increased sales amounts and prices, and an increase in MHP Notes and the consumer loan portfolio.

Net cash flows used by investing activities for the year ended December 31, 2017 totaled approximately $2.3 million compared to net cash used in our investing activities for the year ended December 31, 2016 of $3.5 million. This difference was due primarily to the purchase of real property (as opposed to leasing) in 2016 for retail lots.

Cash flows used in financing activities was approximately $3.0 million for the year ended December 31, 2017 compared to net cash provided by financing activities of $6.1 million for the year ended December 31, 2016. This difference was primarily due to paying down lines of credit in 2017 using cash provided by operating activities from increased sales volume, as well as additional distributions made to partners in 2017 for tax payments on their allocable share of partnership income. These additional distributions for taxes historically would have been made in 2018, but were provided

in 2017 because we were converting from a partnership to a corporation effective January 1, 2018, and there could not be any distributions under a corporate structure.

Indebtedness

Capital One Revolver. We have a revolving line of credit ("Revolver 1") with Capital One, N.A. with a maximum credit limit of $35,000,000 as of December 31, 2016. On May 12, 2017, Revolver 1 was amended to extend the maturity date to May 11, 2020 and increase the maximum borrowing availability under Revolver 1 to $45,000,000. For the period ended September 30, 2018 and the year ended December 31, 2017, Revolver 1 accrued interest at one month LIBOR plus 2.40%. The interest rates in effect as of September 30, 2018 and December 31, 2017 were 4.5% and 3.78%, respectively. Amounts available under Revolver 1 are subject to a formula based on eligible consumer loans and MHP Notes and are secured by all accounts receivable and a percentage of the consumer loans receivable and MHP Notes. The amount of available credit under Revolver 1 was $3,990,000 and $6,906,000 at September 30, 2018 and December 31, 2017, respectively. For the periods ended September 30, 2018 and September 30, 2017, interest expense was $1,332,000 and $954,000, respectively. The outstanding balance as of September 30, 2018 and December 31, 2017 was $41,010,000 and $38,094,000, respectively. We were in compliance with all financial covenants as of September 30, 2018, including that we maintain a tangible net worth of at least $30,000,000 and that we maintain a ratio of debt to EBITDA of 4-to-1, or less.

Veritex Community Bank Revolver. In April 2016, we entered into an agreement with Veritex Community Bank to secure an additional revolving line of credit of $15,000,000 ("Revolver 2"). Revolver 2 accrues interest at one month LIBOR plus 2.50% and all unpaid principal and interest is due at maturity on April 4, 2021. Revolver 2 is secured by all finished goods inventory excluding repossessed homes. Amounts available under Revolver 2 are subject to a formula based on eligible inventory. The interest rates in effect as of September 30, 2018 and 2017 was 4.60% and 3.87%, respectively. On May 12, 2017, we entered into an agreement to increase the maximum borrowing availability under Revolver 2 to $20,000,000. On October 15, 2018, Revolver 2 was amended to extend the maturity date from April 4, 2019 to April 4, 2021. The amount of available credit under Revolver 2 was $3,000,000 at September 30, 2018 and $0 at December 31, 2017. For the nine months ending September 30, 2018 and September 30, 2017, interest expense was $505,000 and 379,000, respectively. The outstanding balance as of September 30, 2018 was $17,000,000 and $15,000,000 as of December 31, 2017. We were in compliance with all financial covenants as of September 30, 2018, including that we maintain a tangible net worth of at least $80,000,000.

Notes Payable. On April 7, 2011, we signed a promissory note for $4,830,000 with Woodhaven Bank. The amount due under the promissory note accrues interest at an annual rate of 3.85% through February 2, 2017 and then at the prime interest rate plus 0.60% through maturity on April 7, 2018. The loan was subsequently renewed through April 7, 2033. The promissory note calls for monthly principal and interest payments of $30,000 with a final payment due at maturity. The interest rates in effect as of September 30, 2018 and December 31, 2017 were 4.25% and 4.35%, respectively. The note is secured by certain of our real property. Interest paid on the note payable was $122,000 and $125,000 for the nine months ended September 30, 2018 and 2017, respectively. The balance outstanding on the note payable at September 30, 2018 and December 31, 2017 was $3,602,000 and $3,734,000, respectively.

On May 24, 2016, we signed a promissory note for $515,000 with Eagle One, LLC collateralized by the purchase of real property located in Oklahoma City, Oklahoma. The amount due under the promissory note

accrues interest at an annual rate of 6.00%. The promissory note calls for monthly principal and interest payments of $6,000 until June 1, 2026. Interest paid on the note payable was $22,000 for the nine months ending September 30, 2018 and 2017. The balance outstanding on the note payable at September 30, 2018 and December 31, 2017 was $424,000 and $453,000, respectively.

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Notes Payable to an Affiliate. On February 2, 2016, we entered into a $1,500,000 note payable agreement with stated annual interest rates of 3.75% with Shipley & Sons, Ltd., a related party through the common ownership of Kenneth Shipley, a significant shareholder of the Company and its co-CEO. The note is due on demand. Interest paid on the note payable was $42,000 for the nine months ended September 30, 2018 and September 30, 2017. The balance outstanding on the note payable at September 30, 2018 and December 31, 2017 was $1,500,000. On October 18, 2018, this note payable was paid in full.

PILOT Agreement. In December 2016, we entered into a Payment in Lieu of Taxes ("PILOT") agreement commonly offered in Georgia by local community development programs to encourage industry development. The net effect of the PILOT agreement is to provide us with incentives through the abatement of local, city and county property taxes and to provide financing for improvements to our Georgia plant (the "Project"). In connection with the PILOT agreement, the Putman County Development Authority provides a credit facility for up to $10,000,000, which can be drawn upon to fund Project improvements and capital expenditures as defined in the agreement. If funds are drawn, we would pay transactions costs and debt service payments. The PILOT agreement requires interest payments of 6.00% per annum on outstanding balances, which are due each December 1 through maturity on December 1, 2021, at which time all unpaid principal and interest are due. The PILOT agreement is collateralized by the assets of the Project. As of September 30, 2018, we had not drawn down on this credit facility.

Contractual Obligations

The following table is a summary of contractual cash obligations at December 31, 2017:

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 year	2 - 3 years	4 - 5 years	More than 5 years
Lines of Credit	$ 53,094,000		$ 15,000,000	$ 38,094,000	
Notes payable	$ 5,687,000	$ 5,276,000	93,000	105,000	$ 213,000
Operating Lease Obligations	$ 2,656,000	443,000	893,000	638,000	682,000

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, net sales, results of operations, liquidity or capital expenditures. However, we do have repurchase obligations related to wholesale financing provided to industry retailers. Under these agreements, we have agreed to repurchase homes at declining prices over the term of the agreement (24

months). Our obligation under these repurchase agreements ceases upon the purchase of the home by the retail customer. The maximum amount of our contingent obligations under such repurchase agreements was approximately $1,765,000 and $2,394,000 as of December 31, 2017 and September 30, 2018, respectively, without reduction for the resale value of the homes. We may be required to honor contingent repurchase obligations in the future and may incur additional expense as a consequence of these repurchase agreements.

Income Taxes

On January 1, 2018, our company changed its income tax status from a partnership to a subchapter C corporation. As a corporation, we will account for income taxes under by Accounting for Income Taxes ASC 740. The change in tax status requires the recognition of a deferred tax liability for the initial temporary differences at the time of the change in status. The resulting net deferred tax liability was recorded as a one-time income tax expense.

Our company will provide a valuation allowance against net deferred tax assets unless, based upon the available evidence, it is more likely than not that the deferred tax assets will be realized.

We will prepare and file tax returns based on interpretations of tax laws and regulations. In the normal course of business our tax returns will be subject to examination by various taxing authorities. Such examinations may result in future tax and interest assessments by these taxing authorities.

In determining our company's tax provision for financial reporting purposes, we will establish a reserve for uncertain income tax positions unless it is determined to be "more likely than not" that such tax positions would be sustained upon examination, based on their technical merits. That is, for financial reporting purpose, our company will only recognize tax benefits taken on the tax return if it believes it is "more likely than not" that such tax position would be sustained. There will be considerable judgment involved in determining whether it is "more likely than not" that such tax positions would be sustained.

Our company will adjust its tax reserve estimates periodically because of ongoing examinations by, and settlements with, varying taxing authorities, as well as changes in tax laws, regulations and interpretations. The consolidated tax provision of any given period will include adjustments to prior year income tax accruals and related estimated interest charges that are considered appropriate.

Recent Accounting Pronouncements

We have elected to use longer phase-in periods for the adoption of new or revised financial accounting standards under the JOBS Act as an emerging growth company.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The standard requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements

intended to provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of the new revenue standard. We will adopt the requirements of the new standard in the fiscal year beginning January 1, 2019 using the modified retrospective transition method. We have engaged a third party to evaluate the impact of the adoption of ASU 2014-09 and are uncertain of the impact on our financial statements at this point in time.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and an asset representing its right to use the underlying asset for the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous requirements. We plan to use longer phase-in period for adoption and accordingly this ASU is effective for our fiscal year beginning January 1, 2020. Modified retrospective application and early adoption is permitted. We are currently assessing the impact the adoption of this standard will have on our operations and our financial statements.

In June 2016, the FASB issued an accounting standards update ASU 2016-13 *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which

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amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale debt securities, credit losses should be measured in a manner similar to current GAAP, however Topic 326 will require that credit losses be presented as an allowance rather than as a write-down and affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. We plan to use longer phase-in period for adoption and accordingly this ASU is effective for our fiscal year beginning January 1, 2021. We are continuing to evaluate the impact of the adoption of this ASU and are uncertain of the impact on our financial statements at this point in time.

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We have elected to take advantage of these exemptions until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of this exemption.

Controls and Procedures

We will not be required to comply with the internal control requirements of the Sarbanes-Oxley Act prior to our fiscal year ending December 31, 2019. Only in the event that we are deemed to be a large accelerated filer or an accelerated filer would we be required to comply with the independent registered public accounting firm attestation requirement. Further, for as long as we remain an emerging growth company as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirement.

Prior to the closing of this offering, we have not completed an assessment, nor have our auditors tested our systems, of internal controls. We expect to assess the internal controls of our company and, if necessary, to implement and test additional controls as we may determine are necessary in order to state that we maintain an effective system of internal controls, in areas such as:

- staffing for financial, accounting and external reporting areas, including segregation of duties;
- reconciliation of accounts;
- proper recording of expenses and liabilities in the period to which they relate;
- evidence of internal review and approval of accounting transactions;
- documentation of processes, assumptions and conclusions underlying significant estimates; and
- documentation of accounting policies and procedures.

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Because it will take time, management involvement and perhaps outside resources to determine what internal control improvements are necessary for us to meet regulatory requirements and market expectations for our operation of a target business, we may incur significant expenses in meeting our public reporting responsibilities, particularly in the areas of designing, enhancing, or remediating internal and disclosure controls. Doing so effectively may also take longer than we expect, thus increasing our exposure to financial fraud or erroneous financing reporting.

Once our management's report on internal controls is complete, we will retain our independent auditors to audit and render an opinion on such report when required by Section 404. The independent auditors may identify additional issues concerning a target business's internal controls while performing their audit of internal control over financial reporting.

Change in Accountants

On or about April 6, 2018, we terminated Montgomery Coscia & Greilich LLP ("MCG") as our independent public accounting firm and sought a new independent auditing firm for the 2017 audit and the re-audit of the 2016 financials. MCG's audit report on our financial statements for the fiscal year ended December 31, 2016 did not contain an adverse opinion or disclaimer of opinion, nor was such report qualified or modified as to uncertainty, audit scope or accounting principles. During our two most recent fiscal years and subsequent interim period (i) there were no disagreements with MCG on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures, except that MCG brought to our attention that the measurement of dealer liability should be reevaluated, and the revaluation could impact prior years, and (ii) there were no "reportable events," as that term is described in Item 304(a)(1)(v) of Regulation S-K.

On June 19, 2018, we engaged Grant Thornton LLP ("Grant Thornton") to serve as our independent registered public accounting firm to audit the fiscal years ended December 31, 2016 and 2017 in accordance with PCAOB standards. During the two most recent fiscal years and subsequent interim period, neither we, nor anyone acting on our behalf, consulted with Grant Thornton regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements, and no written report nor oral advice was provided by Grant Thornton, or (ii) any matter that was either the subject of a disagreement, as that term is defined in Item 304(a)(1)(iv) of Regulation S-K, or a reportable event, as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

We requested that MCG furnish us a letter addressed to the SEC stating whether it agrees with the above statements. A copy of that letter is filed as Exhibit 16.1 to the registration statement of which this prospectus forms a part.

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BUSINESS

Our Company

Legacy Housing Corporation builds, sells and finances manufactured homes and "tiny houses" that are distributed through a network of independent retailers and company-owned stores and are sold directly to manufactured home communities. We are the fourth largest producer of manufactured homes in the United States as ranked by number of homes manufactured based on information available from the Manufactured Housing Institute and IBTS for the second quarter of 2018. With current operations focused primarily in the southern United States, we offer our customers an array of quality homes ranging in size from approximately 390 to 2,667 square feet consisting of 1 to 5 bedrooms, with 1 to 3½ bathrooms. Our homes range in price, at retail, from approximately $22,000 to $95,000. In 2017, we sold 3,274 home sections (which are entire modules or single floors). During the first nine months of 2018, we have sold 3,045 home sections. We commenced

operations in 2005 and have experienced strong sales growth and increased our equity holders' capital at a compound annual growth rate of approximately 25% between 2009 and 2017. The company has experienced steady growth since its inception. We currently have the largest backlog of orders in our company's 13-year history.

Our homes address the significant need in the United States for affordable housing. This need for affordable housing is being driven by a nationwide trend of increasing rental rates for housing, higher prices for site-built homes and decreasing percentages of home ownership among portions of the U.S. population. Our customers typically have annual household incomes of less than $60,000 and include young and working class families, as well as persons age 55 and older. In 2016, there were approximately 63,799,000 households in the United States with annual household incomes of less than $60,000, representing a majority of all U.S. households, according to the Current Population Survey and 2017 Annual Social and Economic Supplement published by the U.S. Census Bureau.

We believe our company is one of the most vertically integrated in the manufactured housing industry, allowing us to offer a complete solution to our customers, from manufacturing custom-made homes using quality materials and distributing those homes through our expansive network of independent retailers and company-owned distribution locations, to providing tailored financing solutions for our customers. Our homes are constructed in the United States at one of our three manufacturing facilities in accordance with the construction and safety standards of the U.S. Department of Housing and Urban Development ("HUD"). Our factories employ high-volume production techniques that allow us to produce, as of the date of this prospectus, approximately 76 home sections, or approximately 54 fully-completed homes on average depending on product mix, in total per week. We use quality materials and operate our own component manufacturing facilities for many of the items used in the construction of our homes. Each home can be configured according to a variety of floor plans and equipped with such features as fireplaces, central air conditioning and state-of-the-art kitchens.

Our homes are marketed under our premier "Legacy" brand name and currently are sold primarily across 15 states through a network of 117 independent retail locations, 11 company-owned retail locations and through direct sales to owners of manufactured home communities. Our 11 company-owned retail locations, including nine Heritage Housing stores and two Tiny House Outlet stores, exclusively sell our homes. As of September 30, 2018, we sold approximately 59% in Texas, 12% in Georgia, 9% in Louisiana, and 4% in Oklahoma. During 2017, 62% of our manufactured homes were sold in Texas, followed by 8% in Georgia, 8% in Colorado, 5% in Oklahoma, and 4% in Louisiana. We plan to deepen our distribution channel by using a portion of the net proceeds of this offering to expand our company-owned retail locations in new and existing markets.

We offer three types of financing solutions to our customers. We provide floor plan financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and

us. We also provide consumer financing for our products which are sold to end-users through both independent and company-owned retail locations, and we provide financing to manufactured housing community owners that buy our products for use in their housing communities. Our ability to offer competitive financing options

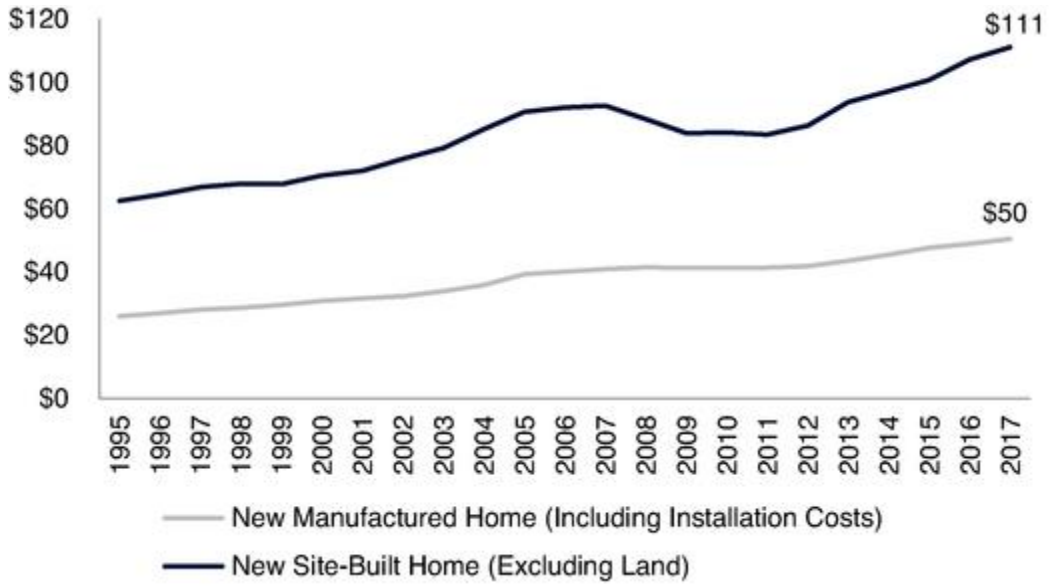
at our retail locations provides us with several competitive advantages and allows us to capture sales that may not have otherwise occurred without the ability to offer consumer financing.

Our company was founded in 2005 by Curtis D. Hodgson and Kenneth E. Shipley, our co-CEOs, who together have more than 60 years of combined experience in the manufactured housing industry. We currently have approximately 800 employees and are based in Bedford, Texas (between Dallas and Fort Worth).

Our Market Opportunity

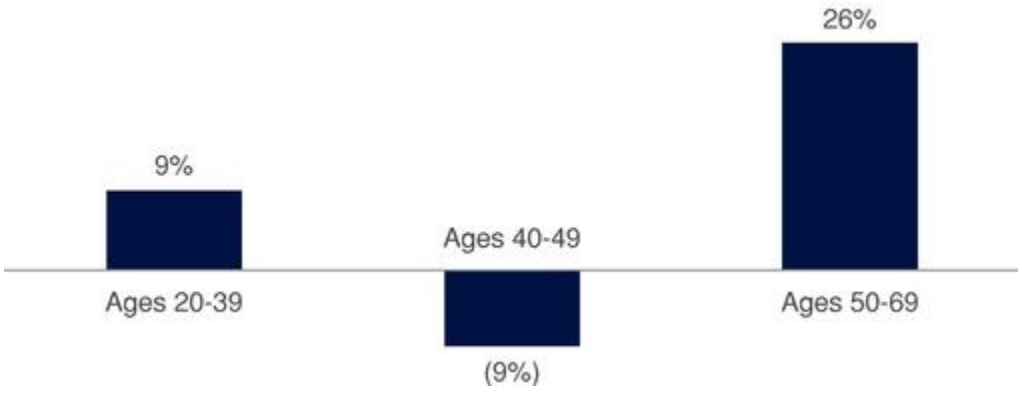
Manufactured housing is a competitive alternative to other forms of affordable housing, whether new or existing, or located in urban, suburban or rural areas. We believe the target universe of manufactured home buyers consists of households with total annual income below $60,000 which comprised a majority of total U.S. households in 2016. We believe our target U.S. age groups consist of young families between the ages of 20-39 and persons age 50 and older. These age groups have grown significantly since 2007. The comparatively low all-in cost of fully-equipped manufactured housing is attractive to our target consumers. The chart below highlights the increasing all-in average sales price per square foot difference between a new manufactured home and a new site-built home (excluding land).

Average Price per Square Foot Comparison



Source: U.S. Census Bureau, the Institute for Building Technology and Safety, and the Manufactured Housing Institute.

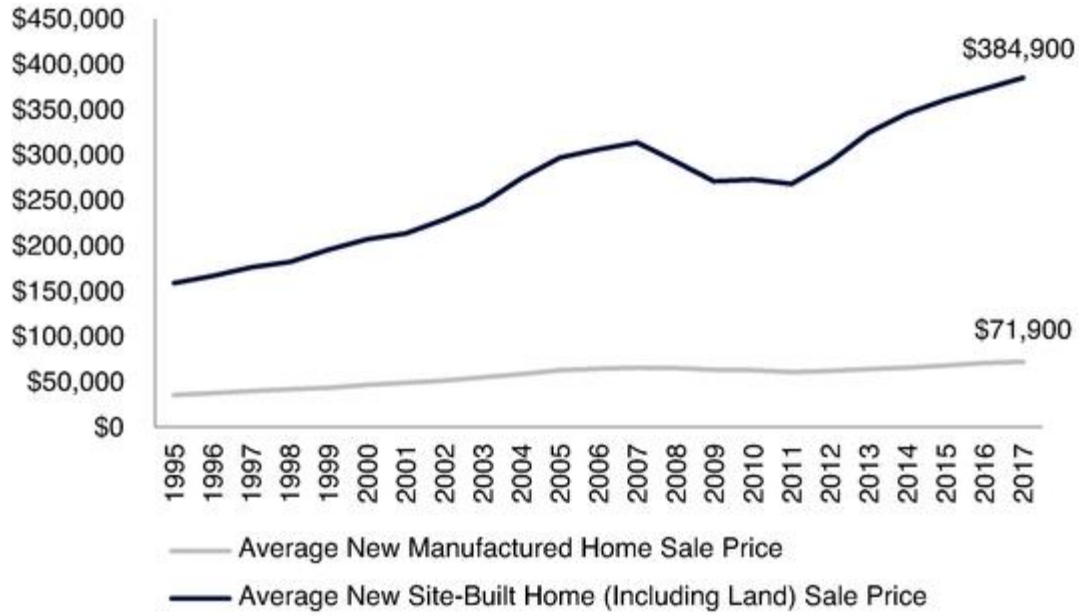
Population Growth from 2007 to 2017



Source: U.S. Census Bureau.

Manufactured homes are an attractive alternative for consumers as new single-family home prices continue to rise at a rapid rate. As shown in the chart below, the average sale price for new single-family homes (including the land on which they were built) increased approximately 42% since 2009 while the annual average sale price of manufactured homes increased 14% during that time period.

Average Sale Price Comparison



Source: U.S. Census Bureau, the Institute for Building Technology and Safety, and the Manufactured Housing Institute.

Additionally, innovative engineering and design, as well as efficient production techniques, including the advent and development of the "tiny house" market, continue to position manufactured homes as a viable housing alternative. Demand for high-quality affordable housing below $150,000 has also been driven by increasing rental rates for housing, higher prices for site-built homes, decreasing percentages of home ownership among portions of the U.S. population and stagnant U.S. wage growth.

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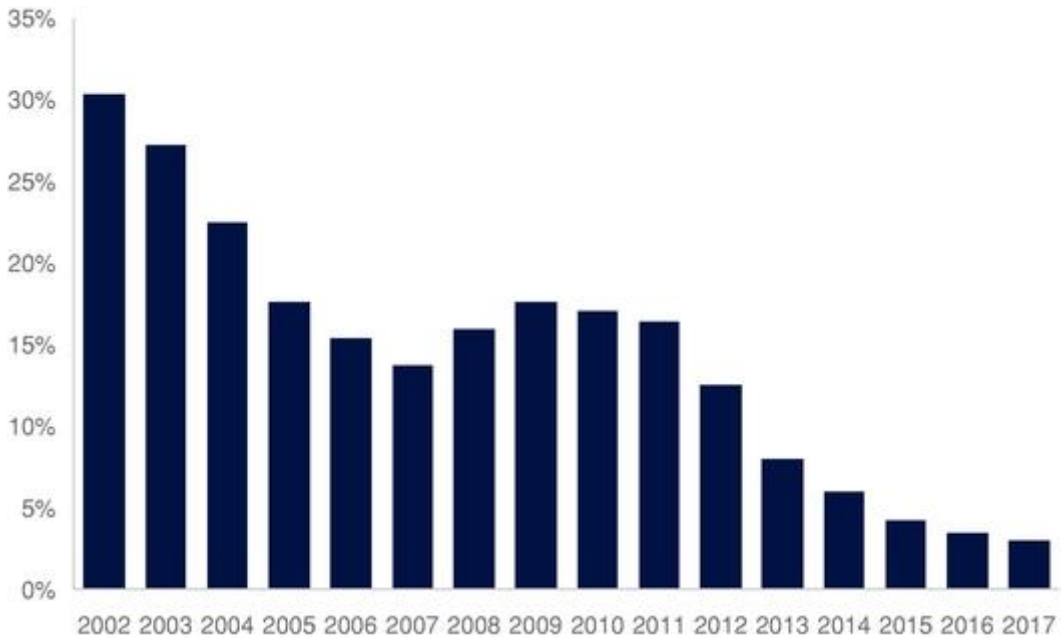
Percentage of New Houses Sold Under $150,000



Source: U.S. Census Bureau.

In 2017, the manufactured housing industry shipped 92,891 manufactured homes according to data published by the U.S. Census Bureau, the Institute for Building Technology and Safety ("IBTS") and the Manufactured Housing Institute ("MHI"). Total annualized manufactured home shipments during the first half of 2018 increased to approximately 102,000, which remains well below the average annual shipments totaling approximately 350,000 between 1994 and 1999.

Manufactured Home Shipments vs. Total Completed Housing

Source: U.S. Census Bureau, the Institute for Building Technology and Safety, and the Manufactured Housing Institute.

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Our Competitive Advantages

We offer a complete solution for affordable manufactured housing. We believe that we differentiate ourselves from our competition and have been able to grow our business as a result of the following key competitive strengths:

- ***Quality and Variety of Housing Designs.*** Based on more than 60 combined years of industry experience, our co-founders have developed an operating model that enables the efficient production of quality, customizable manufactured homes. All of our homes are constructed in one of our three U.S.-based manufacturing facilities. By utilizing an assembly-line process that employs from approximately 150 to 275 individuals per facility, we are able to manufacture a home in approximately three to six days and are currently on average producing approximately 75 home sections, or 62 fully-completed homes depending on product mix, in total per week. We utilize local market research to design homes that meet the specific needs of our customers and offer a variety of structural and decorative customization options, including, among others, fireplaces, central air conditioning, overhead heat ducts, stipple-textured ceilings, decorative woodgrain vinyl floors, wood cabinetry and energy conservation elements. Additionally, our homes have vaulted ceilings in every room, have numerous proprietary advantages such as our copyrighted "furniture friendly" floor plans and, in most cases, are wider, have taller ceilings and a steeper roof pitch than our competitors' products. Taken together, we believe our ability to offer our customers a range of home sizes and styles, as well as

sophisticated design and customization, allows us to accommodate virtually all reasonable customer requests. Our vertical integration allows us the ability to respond quickly to our customers' needs and modify designs during the construction process.

- ***Manufacturing Facilities Strategically Located Near Customers in Key Markets.*** Our three manufacturing facilities are strategically located to allow us to serve our 117 independent and 11 company-owned retail locations primarily across 15 states. Currently, we have a manufacturing plant in Fort Worth, Texas that measures 97,000 square feet in size and produced 1,073 homes in 2017 and 831 homes in the first nine months of 2018, a manufacturing plant in Commerce, Texas that measures 130,000 square feet in size and produced 1,077 homes in 2017 and 834 homes as of September 30, 2018, and a manufacturing plant in Eatonton, Georgia that measures 388,000 square feet in size and produced 744 homes in 2017 and 751 homes for the first nine months in 2018. Once our homes are constructed and equipped at our facilities, we have the ability to transport the finished products directly to customers ensuring timely and efficient delivery of our manufactured homes. We currently have approximately 35 company-owned trucks, which transported approximately 35% of our production.

- ***Expansive and Growing Distribution Network.*** We distribute our products primarily in the southern United States through a network of independent retail locations, company-owned retail locations and direct sales to owners of manufactured home communities. Our first company-owned retail location opened in June 2016 and we plan to significantly expand our company-owned retail footprint over the next two years. Increasing the mix of company-owned locations allows us to improve the customer experience through all the steps of the buying process, from manufacturing and design to sales, financing and customer service. Because we believe our company-owned stores will, on average, be more productive than our independent retail locations and carry higher gross margins, we intend to use a portion of the net proceeds from this offering to expand our company-owned retail presence. See "Use of Proceeds."

- ***Competitive Production Strategies and Direct Sourcing.*** We develop and maintain the resources necessary to efficiently build custom homes that incorporate unique and varied customer-requested features. We are constantly seeking ways in which to directly source materials to be used in the manufacturing process, which allows us to ensure the materials are of high-quality

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and can be customized to meet our customers' needs. Customization enables us to attract additional retailers and consumers who seek individualized homes that are assembled on a factory production line. When these custom homes are sold through company-owned retail stores, we expect to capture higher gross margins.

- ***Available Financing for our Customers.*** Our strong financial position allows us to develop and offer financing solutions to our customers in connection with their purchase of our homes. We offer three types of financing solutions to our customers. We provide floor plan financing for our independent

retailers, which takes the form of a consignment arrangement between the retailer and us. And, also, we provide consumer financing for our products sold to end-users through both independent and our company-owned retail locations, and we provide financing to community owners that buy our products for use in their rental housing communities. Our company has been providing floor plan financing to our independent retailers since our formation and we now have more than 72 independent retailers using our consignment solution. We were the first manufacturing company to offer financing directly to community owners and now have more than 204 community owners who have purchased over 3,650 homes via our community-owner financing solutions since November 2009. We have offered financing to consumers for over six years and we now have more than 3,000 customers that purchased their homes utilizing our retail financing solutions since 2005. The average interest rates of the loans we have made to our customers during the first nine months of 2018 was approximately 14% and for the year ended December 31, 2017 they were approximately 13.9%, and the repossession rates, measured by units, were approximately 1.8% and 2.6% for these periods.

- ***Support for Owners of Manufactured Home Communities.*** We provide manufacturing and financing solutions for owners of manufactured home communities in connection with the development of communities in our geographic market area. Such development projects can vary, but generally include custom park development financing and large purchase orders of manufactured homes. We also make loans to community owners for the purpose of acquiring or developing properties and, as part of the arrangement, these community owners contract to buy homes from us. These loans typically range in term from two to five years and carry interest at 8% to 12%. As of September 30, 2018 and December 31, 2017, we had provided additional loans to owners of manufactured home communities with a total principal balance of $1,225,982 and 2,032,093, respectively. These financing solutions are structured to give us an attractive return on investment, when coupled with the gross margin we realize on products specifically targeted for these new manufactured housing communities.

- ***Strong Alignment of Interests through Co-Founders' Ownership.*** We believe that a strong alignment of interests with stockholders and investors exists through the ownership of a significant percentage of our outstanding shares by Curtis D. Hodgson and Kenneth E. Shipley, our co-founders and Co-Chief Executive Officers. Messrs. Hodgson and Shipley acquired their ownership in 2005 when they founded the company and have not sold any of their shares to date. Each individual has received a minimal salary ($50,000) during the past years and their overall compensation structure has incentivized them to continue to focus on the performance of our company. By providing structural and economic alignment with the performance of our company, Messrs. Hodgson and Shipley's continuing controlling interests are directly aligned with those of our investors. We believe the combination of these characteristics has promoted long-term planning, an enhanced culture among our customers, strategic partners and employees, and ultimately the creation of value for our investors.

Our Growth Strategy

We have a strong operating history of investing in successful growth initiatives over the past 13 years. We believe that the solution we are able to provide for our customers, as a result of the

vertical integration of our company, enhances our brand recognition as a leading producer, results in higher and more efficient utilization of our manufacturing factories and expands our direct-to-consumer outreach on the competitive advantages of our wide variety of customizable homes. This operational focus has provided us with sustainable net sales and net income growth over the years. Our growth strategy includes the following key initiatives:

- ***Broaden and Deepen Our Retail Presence in Key Geographic Areas.*** We currently distribute our products primarily across 15 states through a combination of 11 company-owned retail locations and 117 independent retail locations. We believe that a more robust network of company-owned retail locations will allow us to be more responsive and improve the customer experience at all stages, from manufacturing and design to sales, financing and customer service. We believe our company-owned stores will, on average, be more productive than our independent retail locations and carry higher gross margins due to our ability to select critical markets and develop highly-trained sales representatives who possess a deep understanding of our business and customer needs.

- ***Expand Financing Solutions for Our Customers.*** We recognize that offering financing solutions to our customers is an important component of being a vertically integrated company that provides of affordable manufactured housing. Providing financing improves our responsiveness to the needs of prospective purchasers while also providing us with opportunities for loan origination and servicing revenues, which act as additional drivers of net income for us. During the first nine months of 2018 and in the year ended December 31, 2017, we financed approximately 33% and 38% of the homes we sold to consumers, respectively. We intend to expand financing solutions to manufactured housing community-owner customers, in a manner than includes developing new sites for products in or near urban locations where there is a shortage of sites to place our products.

- ***Continue to Focus on Innovation and Customization for Core Customer Groups.*** Our production strategy is focused on continually developing the resources necessary to efficiently build homes that incorporate unique, varied and innovative customer preferences. We are constantly seeking ways to directly source materials to be used in the manufacturing process, which allows us to ensure we have quality materials that can be customized to meet our customers' needs. Our principal focus is on designing and building highly functional and durable products that appeal to families of all sizes.

- ***Seek Additional Agreements with Owners of Manufactured Home Communities.*** Community housing developments provide us with large, concentrated sales opportunities. These projects vary in size and density but generally include sales of 30 to 300 homes. We believe there are significant growth opportunities to work with our development partners on such projects and view these opportunities as an important driver for both the sale of more homes and for financing bulk purchases of those homes by community owners.

- ***Pursue Selective Acquisitions.*** We seek to grow through selective acquisitions in both existing markets and new markets that exhibit strong and reliable long-term fundamentals. We also regularly evaluate opportunities tangentially related to our affordable housing business in our geographic markets. We have no current agreements or understandings regarding an acquisition.

We have experienced substantial year-over-year growth in the equity holders' capital value of our company, as illustrated from 2009 to 2017 below. We believe our future business growth will be

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facilitated by the fact that we have already established our company as one of the nation's leading providers of manufactured homes.

Equity Holders' Capital—End of Years 2009 - 2017

Our Products

Overview. We are the fourth largest producer of manufactured homes in the United States as ranked by the number of homes manufactured based on information available from the Manufactured Housing Institute and IBTS for the second quarter of 2018. We produce a wide variety of homes that can be used by our customers in a number of ways. We build a variety of sizes and floor plans of residential homes and tiny houses. We work collaboratively with our partners to meet diverse housing needs, such as residences on privately-owned land and in manufactured home communities, recreational and vacation properties, such as hunting cabins, and accommodations for workforces in oilfields and other industries.

Manufacturing and Quality Design. We utilize local market research to design homes that meet the specific requirements of our customers and our homes are designed after extensive field research and consumer feedback. We frequently introduce new floor plans, decor, exterior design, features and accessories to appeal to changing consumer trends and we offer an assortment of customizations to match each customer's individual tastes. Each home typically contains a living room, dining area, kitchen, 1 to 5 bedrooms and 1 to 3½ bathrooms, and each home can be customized to include certain features including, among others, fireplaces, central air conditioning, overhead heat ducts, stipple-textured ceilings, decorative wood grain vinyl floors, wood cabinetry and energy conservation elements.

The manufactured homes we build are constructed in accordance with the construction and safety standards of HUD. Our Texas factories are certified to build homes according to the Texas

Industrialized Housing and Buildings law (known as the Texas Modular Code) and our Georgia factory is certified to build homes according to Georgia state construction codes. In addition to traditional manufactured homes, we offer a diverse assortment of tiny houses, which are recreational structures between 320 and 400 square feet in size that are used as temporary dwellings, can be pulled by a pick-up truck and are generally aesthetically similar to larger homes. Our tiny houses are built in a variety of models and floor plans and typically range from 1 to 3 bedrooms with 1 to 2 bathrooms. Tiny houses do not need to be built to HUD standards.

Manufacturing Process. Our manufactured homes are entirely constructed and equipped at our three factories. Our homes are constructed using high-volume production techniques and employ approximately 150 to 275 employees at each facility. Most of our homes are constructed in one or more sections (or floors) on a steel chassis. Each section is assembled in stages beginning with the construction of the chassis, followed by the addition of other constructed and purchased components and ending with a final quality control inspection. The efficiency of the production process and the benefits of constructing homes in a controlled factory environment enable us to produce homes in less time and at a lower cost per-square-foot than traditional home building. The finished home is then transported directly to a customer at a retail sales center, work site or manufactured home community. During the first nine months of 2018 and the year ended December 31, 2017, we sold 3,045 and 3,274 home sections, including 200 and 366 tiny houses, respectively.

Manufacturing Facilities. We currently operate three manufacturing facilities located in Fort Worth, Texas, Commerce, Texas and Eatonton, Georgia, each of which range in size from approximately 97,000 to 388,000 square feet. The production schedules for our manufacturing facilities are based on wholesale orders received from distributors, which fluctuate from week to week. In general, our facilities are structured to operate on one 8- to 9-hour shift per day, five days per week. We currently manufacture a typical home in approximately three to six production days. During the nine months ended September 30, 2018, we produced, on average, approximately 75 home sections per week, or approximately 62 fully-completed homes, compared to approximately 70 home sections per week, or 58 fully-completed homes depending on product mix, for the year ended December 31, 2017.

Raw Materials and Suppliers. The principal materials used in the production of our manufactured homes include wood, wood products, steel, aluminum, gypsum wallboard, windows, doors, fiberglass insulation,

carpet, vinyl, fasteners, plumbing materials, appliances and electrical items. We currently buy these materials from various third-party manufacturers and distributors. We procure multiple sources of supplies for all key materials in order to mitigate any supply chain risk. We intend to continue seeking greater direct sourcing of materials from original manufacturers. This will allow us to save costs, gain greater control over the quality of the materials we use in our products and increase customization to meet our customers' changing preferences. The inability to obtain any materials used in the production of our homes, whether resulting from material shortages, limitation of supplier facilities or other events affecting production of component parts, may affect our ability to meet or maintain production requirements. We have not previously experienced any material difficulty in obtaining key materials in adequate quantity or quality.

Warranties. We provide the retail home buyer with a one-year limited warranty from the date of purchase covering defects in material or workmanship in home structure, plumbing and electrical systems. Our warranty does not extend to installation and setup of the home, which is generally arranged by the retailer. Appliances, carpeting, roofing and similar items are warranted by their original manufacturer for various lengths of time. At this time, we do not provide any warranties with respect to tiny houses.

Backlog. As of September 30, 2018, we had a backlog of orders of approximately 474 home sections totaling $15.2 million. Our backlog figure is calculated based on purchase orders received from retailers; however, retailers may cancel purchase orders prior to production without penalty. After

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production of a particular home has commenced, the purchase order becomes non-cancelable and the retailer is obligated to take delivery of the home. Accordingly, until production of a particular home has commenced, our order backlog should not necessarily be construed as representing firm orders or as net sales until actually earned. Therefore, management does not view backlog as a key performance indicator and this information is primarily tracked by management for internal review purposes.

Distribution

We currently distribute our manufactured homes primarily across 15 states through a network of 117 independent retail locations, 11 company-owned retail locations and direct sales to owners of manufactured home communities. As is common in the industry, our independent distributors typically sell manufactured homes produced by other manufacturers in addition to our manufactured homes. Additionally, some independent retailers operate multiple sales outlets. During the first nine months of 2018 and the year ended December 31, 2017, no independent retailer accounted for 10% or more of our manufacturing sales.

Below is a list of the states in which we sold most of our manufactured homes and the approximate percentage of those sales to our total product sales:

Location	% of 2018 Total Net Sales as of September 30, 2018	% of 2017 Total Net Sales

Texas	59%	62%
Georgia	12%	8%
Louisiana	9%	4%
Oklahoma	4%	5%
Colorado	3%	8%

In 2017 and 2018, we also sold homes in Alabama, Arkansas, California, Florida, Indiana, Kansas, Kentucky, Michigan, Mississippi, Missouri, North Carolina, New Mexico, Ohio, Pennsylvania, South Carolina, Tennessee, and West Virginia. We continually seek to increase our wholesale shipments by growing sales at our existing independent retailers and by finding new independent retailers to sell our homes. We provide comprehensive sales training to retail sales associates and bring them to our manufacturing facilities for product training and to view new product designs as they are developed. These training seminars facilitate the sale of our homes by increasing the skill and knowledge of the retail sales consultants. Additionally, we display our products at trade shows and support our retailers through the distribution of floor plan literature, brochures, decor selection displays and point of sale promotional material, as well as internet-based marketing assistance. We believe we have the most comprehensive printed catalog of manufactured housing products in the industry.

Our independent retailers generally either pay cash to purchase inventory or finance their inventory needs through our floor plan financing solution. Certain of our independent retailers finance a portion of their inventory through wholesale floor plan financing arrangements with third parties. In such cases, we verify the order with the third party, then manufacture the home and ship it to the retailer. Payment is due from the third-party lender upon shipment of the product to the retailer and, depending on the terms of each arrangement, we may or may not have limited repurchase obligations associated with this inventory. The maximum amount of our contingent obligations under such repurchase agreements was approximately $1,765,000 and $2,394,000 as of December 31, 2017 and September 30, 2018, respectively, without reduction for the resale value of the homes.

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Approximately 69% of our product sales during the nine months ended September 30, 2018 were attributable to our independent retail distributors, 9% to our company-owned retail locations and 22% to direct sales to owners of manufactured housing communities. Approximately 73% of our 2017 product sales were attributable to our independent retail distributors, 6% to our company-owned retail locations and 21% directly to owners of manufactured housing communities.

In addition to our expansive independent retailer channel, we have attractive growth opportunities to expand our company-owned locations. We currently operate 11 company-owned retail locations. Our company-owned locations allow us to improve the customer experience through all steps of the buying process, from manufacturing and design to sales, financing and customer service. This also gives us a direct window into consumer preferences and lending opportunities. We believe that our company-owned stores will, on average, be more productive than our independent retail locations and carry higher gross margins.

Sales and Marketing

Our corporate marketing efforts focus on increasing our brand awareness and communicating our commitment to quality along with the many other competitive advantages our company offers. Our marketing strategy is to offer several lines of manufactured homes that appeal to a wide range of home buyers, continually elevate awareness of our brand and generate demand for our products. We rely on a number of channels in this area, including digital advertising, email marketing, social media and affiliate marketing, as well as through various strategic partnerships. We maintain our website at www.legacyhousingcorp.com. We intend to hire additional sales and marketing personnel and increase our spending on sales, marketing and promotion in connection with the continued development of our company-owned retail locations.

Our sales and marketing strategy focuses on households with annual incomes of less than $60,000 which includes young families, working class families and persons age 50 and older. We also market to other types of customers, including owners of manufactured home communities, buyers interested in tiny houses, recreational buyers and houses for workforces or man-camp housing. Additionally, we continue to be well-positioned to react to any increase in demand for affordable, quickly-delivered manufactured homes as a result of unforeseen harsh weather conditions and similar events. All of our customers are located in the United States. During the nine months ended September 30, 2018 and the year ended December 31, 2017, no single customer accounted for more than 10% of our net sales.

Financing Solutions for Our Customers

We offer three types of financing solutions:

- ***Floor Plan Financing.*** We provide floor plan or wholesale financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us.

- ***Consumer Financing.*** We provide consumer financing for our products sold to end-users through both independent and our company-owned retail locations.

- ***Manufactured Housing Community Financing.*** We provide financing to community owners that buy our products for use in their rental housing communities.

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Overview of Consumer and MHP Financing Options as of September 30, 2018
($ in thousands)

	Principal Amount Outstanding	Number of Loans	Contractual Rate or Monthly Fee	Average Remaining Term
Consumer Financing	$ 97,067	2,781	14% average contractual rate	134 months

MHP Community Financing	$ 59,795	364	Typically prime rate + 4.0% with 8% floor	88 months

We also offer inventory floor plan financing to our independent retailers that takes the form of a consignment arrangement between the independent retailer and us. As of September 30, 2018, we had $28,428,000 of inventory under consignment to our independent retailers.

Three Types of Financing. Offering financing solutions to our dealers and customers generally improves our responsiveness to the needs of prospective purchasers while also providing us with opportunities for loan origination and servicing revenues, which acts as an additional driver of net income for us.

Floor Plan Financing. We provide floor plan or wholesale financing for most of our independent retailers for products we manufacture and for pre-owned products. This wholesale financing is a consignment from us to our independent retailers. The retailers pay their own freight and pay us a monthly fee ranging from 0.6% to 1.4% per month of the wholesale invoice amount of the home. They are also obligated to pay $1,000 toward the invoice amount each year after the consignment with the first $1,000 reduction due one year following consignment. Upon sale, the independent retailer is obligated to pay us the invoice amount, less any prepaid reductions, prior to moving the home away from their retail location. If they provide certain documentation to us, we allow them to move the home to their customer's location and we notify the customer's lending source to pay us the amount due upon funding of the loan. We have proprietary technology that we install in each consigned home that gives us the ability to determine if any consigned home has been moved from the retail location without permission. The independent dealer is free to terminate the consignment agreement by giving us 90-days' advance notice if it is current on all its obligations to us. Our wholesale consignment contracts allow us to defer income recognition until we are paid in full. We recorded consignment sales to our independent and company-owned stores for the first nine months of 2018 and the year ended December 31, 2017 of $41,664,165 and $46,986,227, respectively.

Certain of our wholesale factory-built housing sales to independent retailers are purchased through wholesale floor plan financing arrangements. Under a typical floor plan financing arrangement, an independent financial institution specializing in this line of business provides the retailer with a loan for the purchase price of the home and maintains a security interest in the home as collateral. The financial institution customarily requires us, as the manufacturer of the home, to enter into a separate repurchase agreement with the financial institution under which we are obligated, upon default by the retailer and under certain other circumstances, to repurchase the financed home at declining prices over the term of the repurchase agreement (which is typically 24 months). The price at which we may be obligated to repurchase a home under these agreements is based upon the amount financed, plus certain administrative and shipping expenses. Our obligation under these repurchase agreements ceases upon the purchase of the home by the retail customer. The maximum amount of contingent obligations under our repurchase agreements (without reduction for the resale value of the homes) as of September 30, 2018 was $2,394,000. The risk of loss under these agreements is spread over many retailers and is further reduced by the resale value of the homes. We carry no reserve for this contingent liability.

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Consumer Financing. Sales of factory-built homes are significantly affected by the availability and cost of consumer financing. There are three basic types of consumer financing in the factory-built housing industry:

(i) chattel, or personal property loans, for purchasers of a home without any underlying land involved (generally HUD code homes), (ii) non-conforming mortgages for purchasers of a home and the land on which the home is placed, and (iii) conforming mortgage loans which comply with the requirements of the Federal Housing Administration ("FHA"), Veterans Affairs or GSE loans. At the present time, we currently offer only chattel loans. As our own network of company-owned retail centers becomes a larger share of our production, we will be able to couple our consumer-financing solutions with increased levels of anticipated sales from our own centers.

We provide retail consumer financing to consumers who purchase our full-size manufactured homes and tiny houses. As of September 30, 2018, 76% of these loans were originated through consignment arrangements with our independent retailers. Under these arrangements, once a customer executes a home purchase agreement we advance to the retailer 80% of the retailer's gross margin through these consignment arrangements and the retailer leaves 20% of their gross margins in the consignment portfolio. We transfer the consigned value of the home to the consignment portfolio as our contribution to the consignment arrangement. The retailer is obligated to remarket any repossessions associated with consignment transactions, and obtain 90% of the outstanding balance on the home at the time of repossession. We charge each dealer in the consignment arrangement fees for servicing the loans and receive a preferred return of 10% to 12% per annum for amounts we invest. Upon payback of our investment, fees and preferred returns, we split the remaining balance with the independent retailer according to a negotiated formula. As of September 30, 2018, we owned 2,781 retail consumer loans with an average principal balance of $34,903. Our average remaining term on these loans as of September 30, 2018 was 134 months and the average percentage rate (APR) of interest was 14%. Our average loan-to-value ("LTV") at the time of loan origination, which is based on the gross sales price to the borrower, was 82% for the consumer financing portfolio as of September 30, 2018. We have not financed, and have no current plans to finance, new homes manufactured by our competitors in the ordinary course of our business.

All loan applications go through an underwriting process conducted at our corporate headquarters to evaluate credit risk that takes into account numerous factors including the down payment, FICO score, monthly income, and total housing payment coverage of the borrower. The interest rates on approved loans are determined by a buyer's credit score and down payment amount. We use payment history to monitor the credit quality of the consumer loans on an ongoing basis.

Manufactured Housing Community Financing. We provide financing to owners of manufactured housing communities for our products that they buy in order to rent to their residents. These loans generally have a ten-year term and bear interest at the prime rate plus 4%, with a floor and a ceiling. Down payments, delivery expenses and installation expenses are negotiated on a case-by-case basis. For the nine months ended September 30, 2018 and the year ended December 31, 2017, we owned loans to manufactured home communities with principal balances totaling $59,795,000 and $49,500,000 and that comprised 364 and 365 loans, respectively. Our average remaining term on these loans as of September 30, 2018 and December 31, 2017 was approximately seven years.

We also make loans to community owners for the purpose of acquiring or developing properties and, as part of the arrangement, these community owners contract to buy homes from us. These loans typically range in term from two to five years and carry interest at 8% to 12%. As of September 30, 2018, we originated loans to owners of manufactured home communities with a total principal balance of $1,225,982.

Competition

The manufactured housing industry is highly competitive at both the manufacturing and retail levels, with competition based upon several factors, including price, product features, reputation for service and quality, depth of distribution, promotion, merchandising and the terms of retail and wholesale consumer financing. We compete with other producers of manufactured homes and new producers continue to enter the market. We also compete with companies offering for sale homes repossessed from wholesalers or consumers and we compete with new and existing site-built homes, as well as apartments, townhouses and condominiums.

In addition to our company, there are a number of other national manufacturers competing for a significant share of the manufactured housing market in the United States, including Clayton Homes, Inc., Cavco Industries, Inc. and Skyline Champion Corporation. Certain of these competitors possess greater financial, manufacturing, distribution and marketing resources than we do. For the past 15 years, the industry has experienced a trend towards consolidation and, as a result, the bulk of the market share is controlled by a small number of companies. We are the country's fourth largest producer of manufactured homes. Accordingly, we believe we have a significant opportunity to expand in this industry by effectively growing our market share.

Among lenders to manufactured home buyers, there are significant competitors including national, regional and local banks, independent finance companies, mortgage brokers and mortgage banks such as 21st Mortgage Corporation, an affiliate of Clayton Homes, Inc., Berkshire Hathaway, Inc., Triad Finance Corporation and CU Factory Built Lending, LP. Certain of these competitors are larger than us and have access to substantially more capital and cost efficiencies.

Protection of Proprietary Technology

We rely on a combination of copyright and trade secret laws in the United States and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect our proprietary information, technology and brands. We protect our proprietary information and technology, in part, by requiring certain of our employees to enter into agreements providing for the maintenance of confidentiality and the assignment of rights to inventions made by them while employed by us. We also may enter into non-disclosure and invention assignment agreements with certain of our technical consultants to protect our confidential and proprietary information and technology. We cannot assure you that our confidentiality agreements with our employees and consultants will not be breached, that we will be able to effectively enforce these agreements, that we will have adequate remedies for any breach of these agreements, or that our trade secrets and other proprietary information and technology will not be disclosed or will otherwise be protected.

Our intellectual property includes copyrights issued by the U.S. Copyright Office for many of our floor plans. We are not currently aware of any claims of infringement or other challenges to our intellectual property rights.

Government Regulation

General. Our company operates in a regulated industry, and there are many federal, state and local laws, codes and regulations that impact our business. Governmental authorities have the power to enforce compliance with their regulations, and violations may result in the payment of fines, the entry of injunctions or both. Although we believe that our operations are in substantial compliance with the requirements of all

applicable laws and regulations, we are unable to predict the ultimate cost of compliance with all applicable laws and enforcement policies.

Federal Manufactured Homes Regulations. Our manufactured homes are subject to a number of federal, state and local laws, codes and regulations. Construction of manufactured housing is governed

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by the National Manufactured Housing Construction and Safety Standards Act of 1974, and the regulations issued under such act by HUD. The HUD regulations, known collectively as the Federal Manufactured Home Construction and Safety Standards, cover all aspects of manufactured home construction, including structural integrity, fire safety, wind loads, thermal protection and ventilation. Our Texas manufacturing facilities, and the plans and specifications of the HUD-compliant homes they produce, have been approved by a HUD-certified inspection agency. Further, an independent HUD-certified third-party inspector regularly reviews our manufactured homes for compliance with HUD regulations during construction. Failure to comply with applicable HUD regulations could expose us to a wide variety of sanctions, including mandated closings of our manufacturing facilities. We believe our manufactured homes are in substantial compliance with all present HUD requirements. Manufactured homes are typically built with wood products that contain formaldehyde resins. HUD regulates the allowable concentrations of formaldehyde in certain products used in manufactured homes and requires manufacturers to warn purchasers as to formaldehyde-associated risks. The Environmental Protection Agency ("EPA") and other governmental agencies have in the past evaluated the effects of formaldehyde. We use materials in our manufactured homes that meet HUD standards for formaldehyde emissions and believe we comply with HUD and other applicable government regulations in this regard.

Transportation and Zoning Regulations. The transportation of manufactured homes on highways is subject to regulation by various federal, state and local authorities. Such regulations may prescribe size and road use limitations and impose lower than normal speed limits and various other requirements. Our manufactured homes (including our tiny houses) are also subject to local zoning and housing regulations. In certain cities and counties in areas where our homes are sold, local governmental ordinances and regulations have been enacted which restrict the placement of manufactured homes on privately-owned land or which require the placement of manufactured homes in manufactured home communities. Such ordinances and regulations may adversely affect our ability to sell homes for installation in communities where they are in effect. A number of states have adopted procedures governing the installation of manufactured homes. Utility connections are subject to state and local regulations which must be complied with by the retailer or other person installing the home.

Warranty Regulations. Certain warranties we issue may be subject to the Magnuson-Moss Warranty Federal Trade Commission Improvement Act, which regulates the descriptions of warranties on consumer products. For example, warranties that are subject to the act must be included in a single easy-to-read document that is generally made available prior to purchase. The act also prohibits certain attempts to disclaim or modify implied warranties and the use of deceptive or misleading terms. The description and substance of our warranties are also subject to a variety of state laws and regulations. A number of states require manufactured home producers to post bonds to ensure the satisfaction of consumer warranty claims.

Financial Services Regulations. A variety of laws affect the financing of the homes we manufacture. The Federal Consumer Credit Protection Act and Regulation Z promulgated under that act require written

disclosure of information relating to such financing, including the amount of the annual percentage interest rate and the finance charge. The Federal Fair Credit Reporting Act also requires certain disclosures to potential customers concerning credit information used as a basis to deny credit. The Federal Equal Credit Opportunity Act and Regulation B promulgated under that act prohibit discrimination against any credit applicant based on certain specified grounds. The Real Estate Settlement Procedures Act and Regulation X promulgated under that act require certain disclosures regarding the nature and costs of real estate settlements. The Federal Trade Commission has adopted or proposed various Trade Regulation Rules dealing with unfair credit and collection practices and the preservation of consumers' claims and defenses. Installment sales contracts, direct loans and mortgage loans eligible for inclusion in a Ginnie Mae program are subject to the credit underwriting requirements of the FHA. The American Housing Rescue and Foreclosure Prevention Act provides

assistance for the housing industry, including manufactured homes, including, among other things, increased loan limits for chattel (home-only Title I) loans. Recent FHA guidelines provide Ginnie Mae the ability to securitize manufactured home FHA Title I loans to allow lenders to obtain new capital, which can then be used to fund new loans for our customers. The Secure and Fair Enforcement for Mortgage Licensing Act established requirements for the licensing and registration of all individuals that are Mortgage Loan Originators ("MLOs"). Traditionally, manufactured housing retailers have assisted home buyers with securing financing for the purchase of homes, including negotiating rates and the terms for their loans. Under the act, however, these activities are prohibited unless performed by a registered or licensed MLO. A variety of state laws also regulate the form of financing documents and the allowable deposits, finance charge and fees chargeable pursuant to financing documents. Regulation C of the Home Mortgage Disclosure Act, among other things, requires certain financial institutions, including non-depository institutions, to collect, record, report and disclose information about their mortgage lending activity, which is used to identify potential discriminatory lending patterns and enforce anti-discrimination statutes.

The Dodd-Frank Wall Street Reform and Consumer Protection Act was passed into law and established the Consumer Financial Protection Bureau ("CFPB") regulates consumer financial products and services. Certain CFPB mortgage finance rules apply to consumer credit transactions secured by a dwelling, including real property mortgages and chattel loans secured by manufactured homes. These rules, among other things, define standards for origination of "Qualified Mortgages," establish specific requirements for lenders to prove borrowers' ability to repay, outline conditions under which Qualified Mortgages are subject to safe harbor limitations on liability to borrowers and establish interest rates and other cost parameters for determining which Qualified Mortgages fall under safe harbor protection. While many manufactured homes are financed with agency-conforming mortgages in which the ability to repay is verified, and interest rates and other costs are within the safe harbor limits, a significant amount of loans to finance the purchase of manufactured homes, particularly chattel loans and non-conforming land-home loans, fall outside such safe harbors. Additionally, the CFPB rules, among other things, amended the Truth-in-Lending Act and the Real Estate Settlement Procedures Act by expanding the types of mortgage loans that are subject to the protections of the Home Ownership and Equity Protections Act of 1994 ("HOEPA") and imposing additional restrictions on mortgages that are covered by HOEPA. As a result, certain manufactured home loans are now subject to HOEPA limits on interest rates and fees. Loans with rates or fees in excess of the limits are deemed "High Cost Mortgages" and provide additional protections for borrowers, including with respect to determining the value of the home. Most loans for the purchase of manufactured homes have been written at rates and fees that would not appear to be

considered High Cost Mortgages under these rules and while some lenders may offer loans that are deemed High Cost Mortgages, the rate and fee limits may deter some lenders from offering such loans to borrowers or be reluctant to enter into loans subject to the provisions of HOEPA. Additionally, certain CFPB rules apply to appraisals on principal residences securing higher-priced mortgage loans. Certain loans secured by manufactured homes, primarily chattel loans, could be considered higher-priced mortgage loans. Among other things, the rules require creditors to provide copies of appraisal reports to borrowers prior to loan closing. Compliance with the regulations may constrain lenders' ability to profitably price certain loans or may cause lenders to incur additional costs to implement new processes, procedures, controls and infrastructure and may cause some lenders to curtail underwriting certain loans altogether. Furthermore, some investors may be reluctant to participate in owning such loans because of the uncertainty of potential litigation and other costs. As a result, some prospective buyers of manufactured homes may be unable to secure necessary financing. Failure to comply with these regulations, changes in these or other regulations, or the imposition of additional regulations, could affect our earnings, limit our access to capital and have a material adverse effect on our business and results of operations.

On May 24, 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act ("Dodd-Frank Reform Act") was signed into law. The Dodd-Frank Reform Act revises portions of the

Dodd-Frank Act, reduces the regulatory burden on smaller financial institutions, including eliminating provisions of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("SAFE Act"), and protects consumer access to credit. With the elimination of certain provisions of the SAFE Act, manufactured housing retailers can now assist home buyers with securing financing for the purchase of homes; however, they may not assist in negotiating the financing terms. This will enable buyers to more easily find access to financing and make the overall home buying experience smoother.

On January 25, 2018, HUD announced a top-to-bottom review of its manufactured housing rules as part of a broader effort to identify regulations that may be ineffective, overly burdensome, or excessively costly given the critical need for affordable housing. If certain changes are made, our company may be able to more effectively serve buyers of affordable homes.

In 2017, our lead lender required an extensive review of our retail installment contract and associated procedures, which we use as part of our consumer financing solutions strategy. Based on that review, we improved certain elements of the language used in our contracts, and modified certain aspects of our practices. Although we believe there are no material compliance issues with our forms and procedures, we are subject to the federal and other regulations described above.

Seasonality

Generally, we experience higher sales volume during the months of March through October. Our sales are generally slower during the winter months, and shipments can be delayed in certain geographic market areas that we serve which experience harsh weather conditions.

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Facilities

The following table sets forth certain information with respect to the facilities where our company operates:

Location	Date of Commencement of Operations	Owned / Leased	Square Feet
Manufacturing/Warehouse Facilities			
Fort Worth, TX	2005	Owned	96,880
Commerce, TX	2007	Owned	129,600
Eatonton, GA	2016	Leased	388,000
Retail Locations			
Albany, GA	2018	Leased	1,536
Asheboro, NC	2017	Leased	1,472
Athens, GA	2016	Leased	2,016
Augusta, GA	late 2018*	Leased	3,136
Canton, TX	2018	Leased	2,362
Jennings, LA	2017	Leased	2,432
Minden, LA	2017	Leased	2,369
Mobile, AL	2017	Leased	1,700
Mt. Pleasant, TX	2016	Leased	1,792
Greenville, TX	2016	Owned	1,256
Gainesville, TX	2017	Owned	2,240
Oklahoma City, OK	2016	Owned	2,100
Corporate/Regional Headquarters			
Bedford, TX	2018	Leased	5,398

Norcross, GA	2018	Leased	3,358

*

Projected commencement date

We own the manufacturing facilities and the land on which the facilities are located in Fort Worth, Texas and Commerce, Texas. We believe that these facilities are adequately maintained and suitable for the purposes for which they are used. We currently lease our facility in Eatonton, Georgia from the Putnam Development Authority pursuant to a lease that has been renewed until December 1, 2021. In December 2016, we entered into a payment in lieu of taxes ("PILOT") arrangement commonly offered in Georgia by local community development programs to encourage industry development. The net effect of the PILOT arrangement is to provide us with incentives through the abatement of local, city and county property taxes and to provide financing for improvements of our Georgia plant (the "Project"). As part of the PILOT arrangement, the Putnam County Development Authority provided us with a credit facility for up to $10,000,000 that can be drawn upon to fund Project improvements and capital expenditures as defined in the credit facility. If funds are drawn, we would pay transaction costs and debt service payments. The credit facility requires interest payments of 6.0% per annum on outstanding balances, which are due each December 1 through maturity on December 1, 2021, at which time all unpaid principal and interest are due. The credit facility is collateralized by the assets of the Project. As of September 30, 2018, we had not drawn down on this credit facility.

We currently have 12 retail locations, of which 11 stores are operational and one store is under lease with operations expected to commence by the end of 2018. Each retail location sits on approximately five to seven acres of land. We lease nine of the 12 retail locations we operate in the business, pursuant to leases expiring from 2020 to 2028. Total rent expense was approximately $276,000 and $234,000 for the first nine months of 2018 and the comparable period in 2017.

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Employees

As of November 9, 2018, we had approximately 800 employees. Of our employees, approximately 700 individuals are hourly employees and approximately 100 individuals are salaried employees. Our employees are currently not represented by any collective bargaining unit. We believe that our relationship with our employees is good.

Legal Proceedings

We are party to certain legal proceedings that have arisen in the ordinary course of our business and are incidental to our business. Certain of the claims pending against us allege, among other things, breach of contract, breach of express and implied warranties, construction defects, deceptive trade practices, unfair insurance practices, product liability and personal injury. Although litigation is inherently uncertain, and we believe we are insured against many such instances, based on past experience and the information currently available, management does not believe that the currently pending and threatened litigation or claims will have

a material adverse effect on our company's financial position, liquidity or results of operations. However, future events or circumstances, currently unknown to management, will determine whether the resolution of pending or threatened litigation or claims will ultimately have a material effect on our financial position, liquidity or results of operations in any future reporting periods.

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MANAGEMENT

Executive Officers and Directors

The following table sets forth certain information regarding our executive officers, directors and director nominees as of the date of this prospectus:

Name	Age	Position(s)
Executive Officers and Employee Directors		
Curtis D. Hodgson	64	Co-Chief Executive Officer and Director
Kenneth E. Shipley	59	Co-Chief Executive Officer and Director
Jeffrey V. Burt	57	Chief Financial Officer
Larry G. Badgley	62	Director of Corporate Development
Neal J. Suit	42	General Counsel
Non-Employee Directors		
Mark E. Bennett	64	Director Nominee
Philip T. Blazek	50	Director Nominee
John A. Isakson	48	Director Nominee

Messrs. Bennett, Blazek and Isakson will assume their positions upon the closing of this offering.

The following information provides a brief description of the business experience of each executive officer, current director and director nominee.

Executive Officers and Employee Directors

Curtis D. Hodgson co-founded our company in 2005 and has served as our Co-Chief Executive Officer and a member of our board of directors since January 2018. Prior to that, Mr. Hodgson served as a partner of the company's predecessor, Legacy Housing, Ltd., and controlled its general partner. Over the past 37 years, Mr. Hodgson has owned and operated several manufactured home retail operations and manufactured housing communities in Texas. Mr. Hodgson has significant expertise in the manufactured housing industry. Mr. Hodgson earned a B.S. in Engineering from the University of Michigan and J.D. from The University of Texas.

Mr. Hodgson is the co-founder, Co-Chief Executive Officer and one of our largest stockholders and he was selected to serve on our board of directors due to his decades of experience and deep knowledge of our industry, his leadership and substantial operational and strategic planning expertise. His service as a director and Co-Chief Executive Officer creates a critical link between management and the board.

Kenneth E. Shipley co-founded our company in 2005 with Curtis D. Hodgson. Mr. Shipley has been our Co-Chief Executive Officer and a member of our board of directors since January 2018, when our company converted to a corporation and prior to that, Mr. Shipley, together with Mr. Hodgson, served as a general partner of the company's predecessor, Legacy Housing, Ltd. Mr. Shipley has more than 30 years of experience in the manufactured home industry. Since 1981, he has also owned and operated Bell Mobile Homes and Shipley Bros. in Lubbock, Texas, a manufactured home retailer.

Mr. Shipley is the co-founder and Co-Chief Executive Officer and one of our largest stockholders and he was selected to serve on our board of directors due to his decades of experience and knowledge of our industry, his leadership and substantial sales and distribution experience with dealers and customers in the industry. His service as a director and Co-Chief Executive Officer creates a critical link between management and the board.

Jeffrey V. Burt joined our company in September 2010 and serves as Chief Financial Officer. In this capacity, Mr. Burt oversees all accounting functions with respect to our manufacturing facilities.

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Mr. Burt began his career with our company as Controller from 2010 to 2013, then as Chief Financial Officer since April 2013. Prior to joining our company, from 1993 to 2009, Mr. Burt served as Vice President and Chief Financial Officer of Kohner Properties, Inc., a company that manages multi-family housing for owners across the central part of the United States. Mr. Burt has more than 20 years of experience in the real estate and manufactured housing industry and has expertise in the areas of accounting systems, performance reporting tools and evaluations of key performance indicators versus a company's goals. Mr. Burt earned a B.S. degree from the University of Southern Illinois and M.B.A. from the University of Notre Dame.

Larry G. Badgley joined our company in September 2016 and serves as Director of Corporate Development. Prior to joining our company, Mr. Badgley served as Chief Financial Officer of Cubic Energy, Inc., a publicly-traded independent energy company, engaged in the exploration, development and production of crude oil, natural gas and natural gas liquids in Texas and Louisiana, from 2008 to June 2016. Prior this, from 1998 to 2008, Mr. Badgley provided chief financial officer-related services to various venture capital-backed and early-stage companies. In that capacity, Mr. Badgley was primarily responsible for financial management, strategic planning for growth companies, Sarbanes-Oxley Act compliance and SEC reporting readiness and compliance. In 1998 and 1999, Mr. Badgley served as Chief Operating Officer and Chief Financial Officer of a privately-held national sign manufacturer until its sale. Mr. Badgley earned a B.B.A. degree in Finance from Hardin-Simmons University and is a certified public accountant.

Neal J. Suit joined our company in January 2018 and serves as General Counsel. In this capacity, Mr. Suit oversees the legal affairs of our company, as well as its corporate controls and governance. Prior to joining our company, Mr. Suit worked in the law firm of Carrington, Coleman, Sloman & Blumenthal, LLP in Dallas, Texas from December 2008 to January 2018, where he was a partner, and previously he was a lawyer at the law firms Bell Nunnally & Martin LLP from February 2006 to December 2008 and Baker Botts, LLP from September 2003 to January 2006. Mr. Suit has practiced law for more than 15 years, primarily handling complex litigation matters and serving as outside general counsel to companies. Mr. Suit earned a B.A. degree from Baylor University and J.D. from Harvard Law School.

Non-Employee Directors

Mark E. Bennett has agreed to join our Board of Directors upon the closing of this offering. Mr. Bennett is a partner in the law firm of Bennett, Weston, LaJone & Turner, P.C. in Dallas, Texas, a firm he founded in 1985 and where he currently serves as a partner focused on real estate, business law and litigation. Mr. Bennett previously worked for the tax department of Ernst & Young from 1979-1981, served as Vice President, Tax Counsel, and Secretary for Southmark Corporation, a real estate company that at the time was traded on the New York Stock Exchange, from 1981 to 1984, an Executive Vice President for Pacific Realty, a real estate services firm, from 1984 to 1986, and he held the position of General Counsel for Greenbriar Corporation, a real estate company, from 1995 to 2002. Mr. Bennett earned a B.A. degree in Business and J.D. from the University of Kansas. Mr. Bennett was admitted to practice law in Texas in 1980, and is also a certified public accountant.

Mr. Bennett's substantial knowledge and over 35 years of legal and accounting and tax experience in a wide range of real estate development projects and related regulatory and dispute resolution matters makes him well-qualified as a member of the Board.

Philip T. Blazek has agreed to join our Board of Directors upon the closing of this offering. Mr. Blazek has served as the Chief Financial Officer of Marconi Group, LLC, an international technology holding company focused on intellectual property acquisition and development since April 2016, where he directs financial strategy, business planning and operations. Mr. Blazek previously served as the Chief Executive Officer and President of Strategic Diagnostics, a small -cap publicly

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traded company that served as a holding company for diversified acquisitions, from 2013 to 2015. He also served in 2012 as Managing Director at Korenvaes Management LLC, a family office focusing on deep value debt and equity investments, and he was the founder and President of Blazek Crow Holdings Capital, LP, an active investment fund focused on small -cap public companies and formed in partnership with the Trammell Crow Family Office, from 2008 to 2012. He also co-founded Greenway Capital, LP, a small cap equity investment fund, which he led from 2005-2008. Earlier in his career, Mr. Blazek worked in the investment banking industry for Wasserstein Perella (from 1996 to 2004) and Goldman Sachs & Co. (from 1991 to 1994). Mr. Blazek served on the Board of Directors of Myers Industries, Inc., a publicly-traded plastic manufacturing company, from 2015 to 2016. Mr. Blazek earned a B.A. degree from Harvard University and M.B.A from Harvard Business School. Since 1996, he has been certified as a Chartered Financial Analyst.

Mr. Blazek brings more than 25 years of expertise in corporate financial management, mergers and acquisitions, investment analytics, public capital markets and strategic transformation, as well as experience as a board member in a public company, making his insights invaluable to the Board.

John A. Isakson has agreed to join our Board of Directors upon the closing of this offering. Mr. Isakson has served as the Chief Financial Officer of Preferred Apartment Communities, Inc., a publicly traded operator of multifamily properties throughout the United States ("PAC"), since August 2018, and acted as Executive Vice President and Chief Capital Officer of PAC from 2011 until August 2018. He served as Chief Executive Officer of Main Street Apartment Homes, LLC, an indirect subsidiary of PAC, since PAC's commencement of operations in 2015. Prior to his role at PAC, he was the Chief Executive Officer of Williams Asset Management, an investment and asset management firm for a private equity fund he co-founded, from 2006 to June 2013, and he co-founded Tarpon Development, LLC, serving as Chief Executive Officer from 1999 to 2005. He also served

as Vice President of Finance for Julian LeCraw & Company from 1995 to 1999, where he oversaw the financing and acquisition of multifamily investments. Mr. Isakson earned a B.A. degree in Economics from Tulane University and M.A. in Economics from the University of Georgia.

Mr. Isakson demonstrates a broad depth of knowledge of both the private and institutional side of the housing industry in acquisitions, dispositions, corporate and property-level finance, investor relations and asset management, which are highly relevant to our business.

Board Composition

Our business and affairs are managed under the direction of our board of directors. The number of directors is determined by our board of directors, subject to the terms of our certificate of incorporation and bylaws that will become effective upon the completion of this offering. Upon the completion of this offering, our board of directors will consist of five members.

Director Independence

Upon the completion of this offering, our common stock will be listed on The Nasdaq Global Market. Under Nasdaq rules, independent directors must comprise a majority of a listed company's board of directors within a specified period after completion of this offering. In addition, Nasdaq rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and governance committees must be independent. Under Nasdaq rules, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of

the audit committee, the board of directors, or any other board committee: (i) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (ii) be an affiliated person of the listed company or any of its subsidiaries.

Our board of directors undertook a review of its composition, the composition of its committees and the independence of each director. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that Mark E. Bennett, Philip T. Blazek and John Isakson, representing a majority of our directors, do not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under Nasdaq rules. In making these determinations, our board of directors considered the relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

Board Committees

Upon the closing of this offering, our board of directors will have three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. Under Nasdaq rules, the membership of the audit committee is required to consist entirely of independent directors, subject to applicable phase-in periods. The following is a brief description of our committees.

Audit committee. In accordance with our audit committee charter, after this offering, our audit committee will: oversee our corporate accounting and financial reporting processes and our internal controls over financial reporting; evaluate the independent public accounting firm's qualifications, independence and performance; engage and provide for the compensation of the independent public accounting firm; approve the retention of the independent public accounting firm to perform any proposed permissible non-audit services; review our financial statements; review our critical accounting policies and estimates and internal controls over financial reporting; and discuss with management and the independent registered public accounting firm the results of the annual audit and the reviews of our quarterly financial statements. We believe that our audit committee members meet the requirements for financial literacy under the current requirements of the Sarbanes-Oxley Act, Nasdaq and SEC rules and regulations. In addition, the board of directors has determined that Philip T. Blazek is qualified as an audit committee financial expert within the meaning of SEC regulations. We have made this determination based on information received by our board of directors. The audit committee will be composed of Messrs. Blazek (Chairman), Bennett and Isakson.

Compensation committee. In accordance with our compensation committee charter, after this offering, our compensation committee will review and recommend policies relating to compensation and benefits of our officers and employees, including reviewing and approving corporate goals and objectives relevant to compensation of the Chief Executive Officer and other senior officers, evaluating the performance of these officers in light of those goals and objectives and setting compensation of these officers based on such evaluations. The compensation committee will also administer the issuance of stock options and other awards under our equity-based incentive plans. We believe that the composition of our compensation committee meets the requirements for independence under, and the functioning of our compensation committee complies with, any applicable requirements of the Sarbanes-Oxley Act, Nasdaq and SEC rules and regulations. We intend to comply with future requirements to the extent they become applicable to us. The compensation committee will be composed of Messrs. Isakson (Chairman) and Blazek.

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Nominating and governance committee. In accordance with our nominating and governance committee charter, after this offering, our nominating and governance committee will recommend to the board of directors nominees for election as directors, and meet as necessary to review director candidates and nominees for election as directors; recommend members for each committee of the board; oversee corporate governance standards and compliance with applicable listing and regulatory requirements; develop and recommend to the board governance principles applicable to the company; and oversee the evaluation of the board and its committees. We believe that the composition of our nominating and governance committee meets the requirements for independence under, and the functioning of our compensation committee complies with, any applicable requirements of the Sarbanes-Oxley Act, Nasdaq and SEC rules and regulations. We intend to

comply with future requirements to the extent they become applicable to us. The nominating and governance committee will be composed of Messrs. Bennett (Chairman) and Isakson.

Code of Business Conduct and Ethics

We will adopt a new code of business conduct and ethics that applies to all of our officers, directors and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, which will be posted on our website. Our code of business conduct and ethics is a "code of ethics," as defined in Item 406(b) of Regulation S-K. The information contained on, or accessible from, our website is not part of this prospectus by reference or otherwise. We will make any legally required disclosures regarding amendments to, or waivers of, provisions of our code of business conduct and ethics on our website.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is an executive officer or employee of our company. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Limitations on Director and Officer Liability and Indemnification

Our certificate of incorporation limits the liability of our directors to the maximum extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for:

- any breach of their duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Upon completion of this offering, our certificate of incorporation and our bylaws will provide that we are required to indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. Any repeal of or modification to our certificate of incorporation and our bylaws may not adversely affect any right or protection of a director or officer for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal. Upon completion of this offering, our bylaws will also provide that we shall advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in connection with their services to us, regardless of whether our bylaws permit such indemnification.

Prior to the completion of this offering, we intend to enter into separate indemnification agreements with our directors and executive officers, in addition to the indemnification provided for in our bylaws. These agreements, among other things, provide that we will indemnify our directors and executive officers for certain expenses (including attorneys' fees), judgments, fines, penalties and settlement amounts incurred by a director or executive officer in any action or proceeding arising out of such person's services as one of our directors or executive officers, or any other company or enterprise to which the person provides services at our request. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers.

The limitation of liability and indemnification provisions that will be contained in our certificate of incorporation and our bylaws upon completion of this offering may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. There is no pending litigation or proceeding involving one of our directors or executive officers as to which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth summary compensation information for the following persons: (i) all persons serving as our principal executive officer during the years ended December 31, 2017 and 2016, and (ii) our two other most highly compensated executive officers who received compensation during the years ended December 31, 2017 and 2016 of at least $100,000 and who were executive officers on December 31, 2017 and 2016. We refer to these persons as our "named executive officers" in this prospectus. The following table includes all compensation earned by the named executive officers for the respective period, regardless of whether such amounts were actually paid during the period:

ition	Years	Salary($)	Bonus($)	Stock Awards($)	Option Awards($)	All Other Compensation($)	Total($)
gson,	2017	50,000	—	—	—	3,981,846	
xecutive Officer	2016	50,000	—	—	—	1,514,853	
ipley,	2017	50,000	—	—	—	2,963,000	
xecutive Officer	2016	50,000	—	—	—	1,160,500	

, cial Officer	2017 2016	190,000 180,000	30,000 10,000	— —	— —	— —
ey, orporate Development(1)	2017 2016	145,000 46,650	5,000 —	— —	— —	— —
 unsel(2)	2017 2016	— —	— —	— —	— —	— —

(1) Mr. Badgley joined our company in September 2016.

(2) Mr. Suit joined our company in January 2018.

The "All Other Compensation" column represents all distributions made to Mr. Hodgson and Mr. Shipley in the presented time periods when our company was still a partnership. The distributions of profits to Mr. Hodgson and Mr. Shipley were based upon their allocable share of partnership income. These distributions were primarily used to cover individual tax liability of the partners. The distributions made in 2017 were higher than in 2016 because we were anticipating the transition to a corporation structure that would no longer permit distributions, and thus the 2017 distributions included amounts to cover the anticipated tax liability of the respective partners for the 2017 tax year, amounts which historically would have been amounts distributed during the successive year. There were no other distributions made to Mr. Hodgson or Mr. Shipley during these periods.

Mr. Hodgson and Mr. Shipley's compensation structure, in light of the fact they have traditionally only received a relatively nominal salary of $50,000, is focused on increasing the equity value of our company as their primary compensation is in the value of their ownership interests in the company. Mr. Hodgson, whether individually or through entities or trusts he controls, owned 50% of the partnership interests in the Company as of year-end 2017, which interests were converted to an initial allocation of 10,000,000 shares of common stock of the company upon the conversion to a corporation effective January 1, 2018. Mr. Shipley and his family members, whether individually or through an entity Mr. Shipley controls, owned 50% of the partnership interests of the company as of year-end 2017, which interests were converted into an initial allocation of 10,000,000 shares of our common stock of the company upon the conversion to a corporation. The initial allocation of shares to Mr. Hodgson and Mr. Shipley will be adjusted before the offering via a forward or reverse stock split

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once the offering price is determined so that their share allocation reflects their actual ownership percentage of the common stock in light of the initial offering price. We anticipate Mr. Hodgson and Mr. Shipley will continue to be compensated based on a fixed annual salary of $50,000.

Employment Agreements

Each of Curtis D. Hodgson and Kenneth E. Shipley will enter into an employment, non-disclosure, non-competition and non-solicitation agreement with us to serve as our Co-Chief Executive Officers for a term of three years. Generally, Mr. Hodgson oversees our day-to-day business operations, including strategic planning and manufacturing, and Mr. Shipley oversees our sales and distribution, including our company-owned retail locations. The agreements contain covenants (a) confirming that all intellectual property developed by each executive and relating to our business constitutes our sole and exclusive property, (b) prohibiting each executive from disclosing confidential information regarding our company at any time, (c) restricting each executive from engaging in any activities competitive with our business during his employment with us and for a period of one year thereafter, and (d) preventing each executive from recruiting, soliciting or hiring away employees of our company for a period of one year after his employment with us. The agreements are governed by the laws of the state of Texas.

Outstanding Equity Awards at December 31, 2017

The following table shows outstanding option awards held by the named executive officers as of December 31, 2017.

Name	Vested Shares	Unvested Shares	Total Shares
Curtis D. Hodgson	—	—	—
Kenneth E. Shipley	—	—	—
Jeffrey V. Burt	—	—	—
Larry G. Badgley	—	—	—
Neal J. Suit	—	—	—

2018 Incentive Compensation Plan

Prior to the closing of this offering, the holders of a majority of our outstanding shares of common stock intend to adopt our 2018 Incentive Compensation Plan (the "Plan"), which has been previously approved by our board of directors. The purpose of our Plan is to assist us in attracting, motivating, retaining and rewarding high-quality executives and other employees, officers, directors, consultants and other persons who provide services to us. No awards under the Plan have been made to date. We have set aside an aggregate of [•] shares of common stock (including stock options) as additional compensation that we expect to award to our officers, directors, and key personnel following this offering under the terms of our Plan, and this amount will not exceed 10% of the outstanding shares of the common stock issued and outstanding.

Administration. Our Plan is to be administered by our Compensation Committee, provided, however, that except as otherwise expressly provided in the Plan, the board of directors may exercise any power or authority granted to the committee under our Plan. Subject to the terms of our Plan, the committee is authorized to select eligible persons to receive awards, determine the type, number and other terms and conditions of, and all other matters relating to, awards, prescribe award agreements (which need not be identical for each participant), and the rules and regulations for the administration of the Plan, construe and

interpret the Plan and award agreements, and correct defects, supply omissions or reconcile inconsistencies in them, and make all other decisions and determinations as the committee may deem necessary or advisable for the administration of our Plan.

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Eligibility. The persons eligible to receive awards under our Plan are the officers, directors, employees, consultants and other persons who provide services to us. An employee on leave of absence may be considered as still in the employ of our company for purposes of eligibility for participation in our Plan.

Types of Awards. Our Plan provides for the issuance of stock options, stock appreciation rights, or SARs, restricted stock, deferred stock, dividend equivalents, bonus stock and awards in lieu of cash compensation, other stock-based awards and performance awards. Performance awards may be based on the achievement of specified business or personal criteria or goals, as determined by the committee.

Shares Available for Awards; Annual Per-Person Limitations. The total number of shares of common stock that may be subject to the granting of awards under our Plan at any time during the term of the Plan will be equal to [•] shares. This limit will be increased by the number of shares with respect to which awards previously granted under our Plan that are forfeited, expire or otherwise terminate without issuance of shares, or that are settled for cash or otherwise do not result in the issuance of shares, and the number of shares that are tendered (either actually or by attestation) or withheld upon exercise of an award to pay the exercise price or any tax withholding requirements.

Our Plan imposes individual limitations on the amount of certain awards. Under these limitations, during any 12-month period, the number of options, stock appreciation rights, shares of restricted stock, shares of deferred stock, performance shares and other stock based-awards granted to any one participant under the Plan may not exceed [•] shares, subject to adjustment in certain circumstances. The maximum amount that may be paid out as performance units in any 12-month period is [•] multiplied by the number of full years in the performance period.

The committee is authorized to adjust the limitations described in the two preceding paragraphs. The committee is also authorized to adjust performance conditions and other terms of awards in response to these kinds of events or in response to changes in applicable laws, regulations or accounting principles.

Stock Options and Stock Appreciation Rights. The committee is authorized to grant stock options, including both incentive stock options, or ISOs, which can result in potentially favorable tax treatment to the participant, and non-qualified stock options, and stock appreciation rights entitling the participant to receive the amount by which the fair market value of a share of common stock on the date of exercise exceeds the grant price of the stock appreciation right. The exercise price per share subject to an option and the grant price of a stock appreciation right are determined by the committee, but in the case of an ISO must not be less than the fair market value of a share of common stock on the date of grant. For purposes of our Plan, the term "fair market value" means the fair market value of common stock, awards or other property as determined by the committee or under procedures established by the committee. The maximum term of each option or stock appreciation right, the times at which each option or stock appreciation right will be exercisable, and provisions requiring forfeiture of unexercised options or stock appreciation rights at or following termination of

employment generally are fixed by the committee, except that no option or stock appreciation right may have a term exceeding ten years.

Restricted and Deferred Stock. The committee is authorized to grant restricted stock and deferred stock. Restricted stock is a grant of shares of common stock which may not be sold or disposed of, and which may be forfeited in the event of certain terminations of employment, prior to the end of a restricted period specified by the committee. A participant granted restricted stock generally has all of the rights of a stockholder of our company, unless otherwise determined by the committee. An award of deferred stock confers upon a participant the right to receive shares of common stock at the end of a specified deferral period, subject to possible forfeiture of the award in the event of certain terminations of employment prior to the end of a specified restricted period. Prior to settlement, an

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award of deferred stock carries no voting or dividend rights or other rights associated with share ownership, although dividend equivalents may be granted, as discussed below.

Dividend Equivalents. The committee is authorized to grant dividend equivalents conferring on participants the right to receive, currently or on a deferred basis, cash, shares of common stock, other awards or other property equal in value to dividends paid on a specific number of shares of common stock or other periodic payments. Dividend equivalents may be granted alone or in connection with another award, may be paid currently or on a deferred basis and, if deferred, may be deemed to have been reinvested in additional shares of common stock, awards or otherwise as specified by the committee.

Bonus Stock and Awards in Lieu of Cash Obligations. The committee is authorized to grant shares of common stock as a bonus free of restrictions, or to grant shares of common stock or other awards in lieu of our obligations to pay cash under our Plan or other plans or compensatory arrangements, subject to such terms as the committee may specify.

Other Stock-Based Awards. The committee is authorized to grant awards that are denominated or payable in, valued by reference to, or otherwise based on or related to shares of common stock. The committee has the sole discretion to determine the terms and conditions of such awards.

Performance Awards. The committee is authorized to grant performance awards to participants on terms and conditions established by the committee. Performance awards may be settled by delivery of cash, shares or other property, or any combination thereof, as determined by the committee.

Other Terms of Awards. Awards may be settled in the form of cash, shares of common stock, other awards or other property, in the discretion of the committee. The committee may require or permit participants to defer the settlement of all or part of an award in accordance with such terms and conditions as the committee may establish, including payment or crediting of interest or dividend equivalents on deferred amounts, and the crediting of earnings, gains and losses based on deemed investment of deferred amounts in specified investment vehicles. The committee is authorized to place cash, shares of common stock or other property in trusts or make other arrangements to provide for payment of our obligations under our Plan.

Awards under our Plan are generally granted without a requirement that the participant pay consideration in the form of cash or property for the grant (as distinguished from the exercise), except to the extent required by law. The committee may, however, grant awards in exchange for other awards under our Plan, awards under other company plans or other rights to payment from us, and may grant awards in addition to and in tandem with such other awards, rights or other awards.

Acceleration of Vesting; Change in Control. The committee may, in its discretion, accelerate the exercisability, the lapsing of restrictions or the expiration of deferral or vesting periods of any award, and such accelerated exercisability, lapse, expiration and if so provided in the award agreement or otherwise determined by the committee, vesting will occur automatically in the case of a "change in control" of our company, as defined in our Plan (including the cash settlement of stock appreciation rights which may be exercisable in the event of a change in control). In addition, the committee may provide in an award agreement that the performance goals relating to any performance award will be deemed to have been met upon the occurrence of any "change in control."

Amendment and Termination. The board of directors may amend, alter, suspend, discontinue or terminate our Plan or the committee's authority to grant awards without further stockholder approval, except stockholder approval must be obtained for any amendment or alteration if such approval is required by law or regulation or under the rules of any stock exchange or quotation system on which shares of common stock are then listed or quoted. Thus, stockholder approval may not necessarily be required for every amendment to our Plan which might increase the cost of our Plan or alter the

eligibility of persons to receive awards. Stockholder approval will not be deemed to be required under laws or regulations, such as those relating to ISOs, that condition favorable treatment of participants on such approval, although the board of directors may, in its discretion, seek stockholder approval in any circumstance in which it deems such approval advisable. Our Plan will terminate at the earliest of (a) such time as no shares of common stock remain available for issuance under our Plan, (b) termination of our Plan by the board of directors, or (c) the tenth anniversary of the effective date of the Plan. Awards outstanding upon expiration of our Plan will remain in effect until they have been exercised or terminated, or have expired.

It is intended that any amounts payable under the Plan will either be exempt from Section 409A of the Code or will comply with Section 409A (including Treasury regulations and other published guidance related thereto) so as not to subject an employee to payment of any other additional tax, penalty or interest imposed under Section 409A of the Code.

Director Compensation

Following the closing of this offering, we intend to compensate each non-employee director through annual stock option grants and by paying annual fees for their participation on the board and on respective board committees. Our board members will receive compensation of $10,000 per quarter, as well as an annual award of $10,000 in stock option grants that would vest as of the next annual meeting or in one year. Our board of directors will review director compensation annually and adjust it according to then current market conditions and good business practices.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Policies and Procedures for Transactions with Related Persons

Our board of directors intends to adopt a written related person transaction policy to set forth the policies and procedures for the review and approval or ratification of related person transactions. Related persons include any executive officer, director or a holder of more than 5% of our common stock, including any of their immediate family members and any entity owned or controlled by such persons. Related person transactions refers to any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which (i) we were or are to be a participant, (ii) the amount involved exceeds $120,000, and (iii) a related person had or will have a direct or indirect material interest. Related person transactions include, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness, and employment by us of a related person, in each case subject to certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act.

We expect that the policy will provide that in any related person transaction, our audit committee and board of directors will consider all of the available material facts and circumstances of the transaction, including: the direct and indirect interests of the related persons; in the event the related person is a director (or immediate family member of a director or an entity with which a director is affiliated), the impact that the transaction will have on a director's independence; the risks, costs and benefits of the transaction to us; and whether any alternative transactions or sources for comparable services or products are available. After considering all such facts and circumstances, our audit committee and board of directors will determine whether approval or ratification of the related person transaction is in our best interests. For example, if our audit committee determines that the proposed terms of a related person transaction are reasonable and at least as favorable as could have been obtained from unrelated third parties, it will recommend to our board of directors that such transaction be approved or ratified. In addition, once we become a public company, if a related person transaction will compromise the independence of one of our directors, our audit committee may recommend that our board of directors reject the transaction if it could affect our ability to comply with securities laws and regulations or Nasdaq listing requirements.

Each transaction described in "Certain Relationships and Related Transactions" was entered into prior to the adoption of our audit committee charter and the foregoing policy proposal.

Transactions and Relationships with Directors, Officers and 5% Stockholders

Bell Mobile Homes, a retailer owned by Kenneth E. Shipley, one of our directors and Co-Chief Executive Officer, purchases manufactured homes from our company. Accounts receivable balances due from Bell Mobile Homes were $641,000 and $385,000 as of September 30, 2018 and December 31, 2017, respectively. Accounts payable balances due to Bell Mobile Homes for maintenance and related services were $68,000 and $57,000 as of September 30, 2018 and December 31, 2017. Home sales to Bell Mobile Homes were $2,634,000 and $1,818,000 for the nine months ended September 30, 2018 and the year ended December 31, 2017, respectively.

Shipley Bros., Ltd. ("Shipley Bros."), a retailer owned by one of our significant owners, Kenneth E. Shipley, purchases manufactured homes from us. Accounts receivable balances due from Shipley Bros. were $45,000 and $41,000 as of September 30, 2018 and December 31, 2017, respectively. Manufactured home sales to Shipley Bros. were $1,925,000 and $1,532,000 for the nine months ended September 30, 2018 and the year ended December 31, 2017.

On February 2, 2016, we entered into a $1,500,000 note payable agreement with a stated annual interest rate of 3.75% with Shipley and Sons, Ltd., a related party through the common ownership of Kenneth E. Shipley. The note is due on demand. Interest paid on the note payable to Shipley and Sons

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was $42,000 and for the period ended September 30, 2018 and the year ended December 31, 2017. The balance outstanding on the note payable as of September 30, 2018 and December 31, 2017 was $1,500,000. This note was paid in full on October 18, 2018.

Indemnification Agreements

We intend to enter into an indemnification agreement with each of our directors and executive officers. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law. See "Management—Limitations on Director and Officer Liability and Indemnification."

Corporate Conversion

Effective January 1, 2018, we converted to a Delaware corporation and changed our name to Legacy Housing Corporation. Prior to January 1, 2018, we were a Texas limited partnership controlled by our Co-Chief Executive Officers. Upon the Corporate Conversion, all of our outstanding partnership interests were exchanged on a proportional basis for shares of common stock of Legacy Housing Corporation.

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PRINCIPAL STOCKHOLDERS

The following table and accompanying footnotes set forth certain information with respect to the beneficial ownership of our common stock as of November 8, 2018, referred to in the table below as the "Beneficial Ownership Date," and as adjusted to reflect the sale of shares of our common stock offered by this prospectus, by:

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each person who is known to be the beneficial owner of 5% or more of the outstanding shares of our common stock;

- each of our current directors and director nominees and each of our named executive officers individually; and

- all our current directors, director nominees and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to stock options or warrants held by that person that are currently exercisable or exercisable within 60 days of the Beneficial Ownership Date and shares of restricted stock subject to vesting until the occurrence of certain events, including the closing of this offering, are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. Percentage of beneficial ownership is based on [•] shares of common stock outstanding as of the Beneficial Ownership Date and [•] shares of common stock outstanding immediately after this offering, assuming that the underwriters do not exercise their option to purchase up to [•] additional shares of our common stock in full.

To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to the shares set forth opposite such person's name. Except as otherwise indicated, the address of each of the persons in this table is c/o Legacy Housing Corporation, 1600 Airport Freeway, #100, Bedford, Texas 76022. Each of the persons and entities named in the table below acquired their shares

of common stock pursuant to the Corporate Conversion. See "Corporate Conversion" for additional information.

	Shares of Common Stock Beneficially Owned Immediately Prior to the Completion of this Offering		Shares of Common Stock Beneficially Owned Immediately After this Offering	
Name and Address of Beneficial Owner	Number of Shares	Percentage	Number of Shares	Percentage
Directors and Executive Officers				
Curtis D. Hodgson(1)	10,000,000	50.0%		%
Kenneth E. Shipley(2)	3,400,000	17.0%		%
Jeffrey V. Burt		%		%
Larry G. Badgley		%		%

Neal J. Suit		%	%
Mark Bennett		%	%
Philip T. Blazek		%	%
John Isakson		%	%
5% Stockholders			
William Shipley(2)	3,300,000	16.5%	%
Douglas Shipley(2)	3,300,000	16.5%	%
All directors, director nominees and executive officers as a group (8 persons)(3)	20,000,000	100.0%	%

(1) Includes 1,000,000 shares of common stock owned by Hodgson Ventures, a Texas limited partnership, of which Mr. Hodgson is the general partner, 3,300,000 shares of common stock owned by the Hodgson 2015 Grandchild's Trust, of which Mr. Hodgson shares voting and investment power with respect to such shares, 1,100,000 shares of common stock owned by Dechomai Asset Trust, a charitable trust for which Mr. Hodgson shares voting and investment power, and 100,000 shares owned by Cusach, Inc., an entity controlled by Mr. Hodgson.

(2) Includes 100,000 shares of common stock owned by Shipley Bros., Ltd., and entity controlled by Mr. Shipley. Mr. Shipley's brothers, William Shipley and Douglas Shipley, also each own 3,300,000 shares of our common stock, as to which shares Kenneth Shipley disclaims any beneficial interest.

(3) This initial allocation of shares will be adjusted before the offering to reflect the actual ownership interests of these shareholders in light of the offering price and the number of shares to be issued as part of the offering.

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DESCRIPTION OF CAPITAL STOCK

The following description summarizes important terms of our capital stock. For a complete description, you should refer to our certificate of incorporation and bylaws, forms of which are incorporated by reference to the exhibits to the registration statement of which this prospectus is a part, as well as the relevant portions of the Delaware law. References to our certificate of incorporation and bylaws are to our certificate of incorporation and our bylaws, respectively, each of which will become effective upon completion of this offering. The description of our common stock and preferred stock reflects the completion of the Corporate Conversion that was effective January 1, 2018.

General

Prior to January 1, 2018, we were a Texas limited partnership and the rights and obligations of our partners were governed by the Legacy Housing, Ltd. Limited Partnership Agreement. On January 1, 2018, we effected the Corporate Conversion pursuant to which we converted into a Delaware corporation and changed our name to Legacy Housing Corporation. The rights and obligations set forth in the Legacy Housing, Ltd. Limited Partnership Agreement terminated immediately prior to the consummation of the Corporate Conversion. As of January 1, 2018, we are a federal taxpayer as opposed to a pass-through entity for tax purposes. The following description of our capital stock is a summary and is qualified in its entirety by reference to our certificate of incorporation and our bylaws, the forms of which are filed as exhibits to the registration statement of which this prospectus forms a part.

Upon closing of this offering, our authorized capital stock will consist of 90,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $0.001 per share, all of which shares of preferred stock are undesignated. Our board of directors may establish the rights and preferences of the preferred stock from time to time. As of November 7 2018, there were 20,000,000 shares of common stock issued and outstanding, held of record by eight stockholders, and no shares of preferred stock issued or outstanding.

Prior to the completion of this offering, we will effect a forward or reverse stock split of the initial allocation of 20,000,000 shares, assuming no exercise of the underwriters' option to purchase additional shares. Only the [•] shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act. The remaining [•] shares of common stock outstanding after this offering will be "restricted securities" as such term is defined in Rule 144 under the Securities Act and will be eligible for sale upon expiration of the lock-up agreements 181 days after the date of this prospectus, subject to any volume and other limitations applicable to the holders of such shares.

We have set aside [•] shares of common stock as additional compensation that we will award to our officers, directors, and key personnel under our 2018 Incentive Compensation Plan.

Common Stock

Each holder of our common stock is entitled to one vote for each share on all matters to be voted upon by the stockholders and there are no cumulative rights. Subject to any preferential rights of any outstanding preferred stock, holders of our common stock are entitled to receive ratably the dividends, if any, as may be declared from time to time by the board of directors out of legally available funds. If there is a liquidation, dissolution or winding up of our company, holders of our common stock would be entitled to share in our assets remaining after the payment of liabilities and any preferential rights of any outstanding preferred stock.

Holders of our common stock have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of our common stock will be fully paid and non-assessable. The rights, preferences

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and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which we may designate and issue in the future.

Preferred Stock

Under the terms of our certificate of incorporation, our board of directors is authorized to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible future acquisitions and other corporate purposes, will affect, and may adversely affect, the rights of holders of common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock on the rights of holders of common stock until the board of directors determines the specific rights attached to that preferred stock. The effects of issuing preferred stock could include one or more of the following:

- restricting dividends on the common stock;
- diluting the voting power of the common stock;
- impairing the liquidation rights of the common stock; or
- delaying or preventing changes in control or management of our company.

We have no present plans to issue any shares of preferred stock.

Effect of Certain Provisions of our Charter and Bylaws and the Delaware Anti-Takeover Statute

Certain provisions of Delaware law, our certificate of incorporation and our bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, may have the effect of discouraging coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

No cumulative voting

The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise. Our certificate of incorporation and bylaws prohibit cumulative voting in the election of directors.

Undesignated preferred stock

The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue one or more series of preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

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Calling of special meetings of stockholders and action by written consent

Our charter documents provide that a special meeting of stockholders may be called only by resolution adopted by our board of directors, chairman of the board of directors or chief executive officer or upon the written request of stockholders owning at least 33 1/3% of the outstanding common stock. Stockholder owning less than such required amount may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Our charter documents provide that any action required or permitted to be taken by the stockholders of the company must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing by the stockholders.

Requirements for advance notification of stockholder nominations and proposals

Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. However, our bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Amendment of certificate of incorporation and bylaws

The amendment of certain provisions (including the above provisions) of our certificate of incorporation and bylaws requires approval by holders of at least two-thirds of our outstanding capital stock entitled to vote generally in the election of directors.

Section 203 of the Delaware General Corporation Law

Upon completion of this offering, we will be subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the

time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, our board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances, but not the outstanding voting stock owned by the interested stockholder; or

- At or after the time the stockholder became interested, the business combination was approved by our board of directors and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by

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the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;

- any sale, transfer, lease, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;

- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; and

- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Choice of Forum

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or if no Court of Chancery located within the State of Delaware has jurisdiction, the Federal District Court for the District of Delaware) will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by our directors, officers, or other employees to us or to our stockholders, (iii) any action asserting a claim against us or any director, officer or other employee arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or bylaws or (iv) any action asserting a claim against us or any director, officer or other employee that is governed by the internal affairs doctrine. It is possible that a court could rule that this provision is not applicable or is unenforceable. Any person or entity purchasing or otherwise acquiring shares of our capital stock will be deemed to have notice of and consented to this provision of our certificate of incorporation.

Limitations of Liability and Indemnification

See "Certain Relationships and Related Transactions—Indemnification Agreements."

Exchange Listing

We intend to list our common stock for trading on The Nasdaq Global Market under the symbol "LEGH."

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for our common stock will be Continental Stock Transfer & Trust Company. The transfer agent and registrar's address is 17 Battery Place, 8th Floor, New York, NY 10004.

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SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has not been a public market for shares of our common stock. Future sales of substantial amounts of shares of our common stock, including shares issued upon the exercise of outstanding options, in the public market after our initial public offering, or the possibility of these sales occurring, could cause the prevailing market price for our common stock to fall or impair our ability to raise equity capital in the future.

Before completion of this offering, we will effect a forward or reverse stock split of the initial allocation of $20,000,000 shares to the former partnership interest holders. Following the stock split, our authorized capital stock will consist of 90,000,000 shares of common stock and [•] shares of common stock will be

outstanding. In connection with this offering, we will issue an additional [•] shares of new common stock and, immediately following this offering, we will have [•] total shares of common stock outstanding, in each case, assuming the underwriters do not exercise their option to purchase additional shares (or [•] shares if the underwriters exercise their over-allotment option to purchase additional shares in full). Of those shares, the [•] shares of common stock sold in the offering (or [•] shares if the underwriters exercise their over-allotment option to purchase additional shares in full) will be freely transferable without restriction, unless purchased by persons deemed to be our "affiliates" as that term is defined in Rule 144 under the Securities Act. Any shares purchased by an affiliate may not be resold except pursuant to an effective registration statement or an applicable exemption from registration, including an exemption under Rule 144 promulgated under the Securities Act. The remaining [•] shares of common stock to be outstanding immediately following the completion of this offering are "restricted," which means they were originally sold in offerings that were not registered under the Securities Act. Restricted shares may be sold through registration under the Securities Act or under an available exemption from registration, such as provided through Rule 144, which rules are summarized below. Taking into account the lock-up agreements described below, and assuming the underwriters do not release any stockholders from the lock-up agreements, the restricted shares of our common stock will be available for sale in the public market as follows:

- [•] shares will be eligible for sale immediately upon completion of this offering;

- [•] shares will become eligible for sale, subject to the provisions of Rule 144 or Rule 701, upon the expiration of lock-up agreements not to sell such shares entered into between the underwriter and such stockholders beginning 180 days after the date of this prospectus; and

- [•] additional shares will be eligible for sale from time to time thereafter upon expiration of their respective six-month holding periods.

Rule 144

In general, under Rule 144 of the Securities Act, as in effect on the date of this prospectus, a person (or persons whose shares are aggregated) who has beneficially owned restricted stock for at least six months, will be entitled to sell in any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding ([•] shares immediately after this offering or [•] shares if the underwriters' over-allotment option to purchase additional shares is exercised in full); or

- the average weekly trading volume of our common stock on Nasdaq during the four calendar weeks immediately preceding the date on which the notice of sale is filed with the SEC.

- Subject to the lock-up agreements described above, our affiliates who have beneficially owned shares of our common stock for at least six months, including the holding period of any prior

owner other than one of our affiliates, will be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately [•] shares immediately after this offering; and

- the average weekly trading volume in our common stock on Nasdaq during the four calendar weeks preceding the date of filing of a Notice of Proposed Sale of Securities Pursuant to Rule 144 with respect to the sale.

Sales pursuant to Rule 144 are subject to requirements relating to manner of sale, notice and availability of current public information about us. A person (or persons whose shares are aggregated) who is not deemed to be an affiliate of ours for 90 days preceding a sale, and who has beneficially owned restricted stock for at least one year is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Rule 144 will not be available to any stockholders until we have been subject to the reporting requirements of the Exchange Act for 90 days.

Form S-8 Registration Statement

Following the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register the shares of our common stock that are issuable pursuant to our 2018 Incentive Compensation Plan. Shares covered by this registration statement will be eligible for sale in the public markets, subject to vesting restrictions, any applicable lock-up agreements described below and Rule 144 limitations applicable to affiliates.

Rule 701

Rule 701 under the Securities Act, as in effect on the date of this prospectus, permits resale of shares in reliance upon Rule 144 but without compliance with certain restrictions of Rule 144, including the holding period requirement. Most of our employees, executive officers, directors or consultants who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701, but all holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling their shares. However, substantially all Rule 701 shares are subject to lock-up agreements as described below and under "Underwriting" included in this prospectus and will become eligible for sale upon the expiration of the restrictions set forth in those agreements.

Lock-Up Agreements

All of the executive officers and directors and certain of our stockholders have agreed that, without the prior written consent of B. Riley FBR, Inc., as representative of the several underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exercisable

or exchangeable for our common stock; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock;

whether any transaction described above is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise. This agreement is subject to certain exemptions, as set forth in the section entitled "Underwriting."

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UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement between us and the underwriters named below, for which B. Riley FBR, Inc. is acting as the representative (the "Representative"), we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, the number of shares of our common stock listed next to its name in the following table:

Underwriter	Number of Shares
B. Riley FBR, Inc.	
Oak Ridge Financial	
Total	

Under the terms of the underwriting agreement, the underwriters are committed to purchase all of the shares offered by this prospectus (other than the shares subject to the underwriters' option to purchase additional shares), if the underwriters buy any of such shares. The underwriters' obligation to purchase the shares is subject to satisfaction of certain conditions, including, among others, the continued accuracy of representations and warranties made by us in the underwriting agreement, delivery of legal opinions and the absence of any material changes in our assets, business or prospects after the date of this prospectus.

The underwriters initially propose to offer the common stock directly to the public at the public offering price set forth on the front cover page of this prospectus and to certain dealers at such offering price less a concession not to exceed $[•] per share. After the initial public offering of the shares of our common stock, the offering price and other selling terms may be changed by the underwriters. Sales of shares of our common stock made outside the United States may be made by affiliates of certain of the underwriters.

Over-Allotment Option

We have granted to the underwriters an option to purchase up to [•] additional shares of our common stock at the same price per share as they are paying for the shares shown in the table above. The underwriters may exercise this option in whole or in part at any time within 30 days after the date of the underwriting

agreement. To the extent the underwriters exercise this option, each underwriter will be committed, so long as the conditions of the underwriting agreement are satisfied, to purchase a number of additional shares proportionate to that underwriters' initial commitment as indicated in the table at the beginning of this section plus, in the event that any underwriter defaults in its obligation to purchase shares under the underwriting agreement, certain additional shares.

Discounts and Commissions

The following table shows the per share and total underwriting discounts and commissions we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares of our common stock.

		Total	
	Per Share	No Exercise	Full Exercise
Public Offering Price	$	$	$
Underwriting discounts and commissions to be paid by us:	$	$	$
Total	$	$	$
Proceeds, before expenses, to us	$	$	$

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We estimate that the total expenses of the offering payable by us, excluding underwriting discounts and commissions, will be approximately $[•] million. We have agreed to reimburse the underwriters for certain of their expenses, including fees of counsel in connection with filing with FINRA, in an amount not to exceed $175,000.

Right of First Refusal

In connection with this offering, we granted B. Riley FBR, Inc. a right of first refusal, subject to completion of this offering, for a period of one year from the date of the offering to act as (i) financial advisor in connection with any review of strategic alternatives, including any merger and acquisition advisory work, (ii) a significant bookrunner in connection with any public offering of debt or equity or equity-linked securities, and (iii) initial purchaser and/or placement agent in any private offering of equity or equity-linked securities or other capital markets financing.

Stabilization

In accordance with Regulation M under the Exchange Act, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common stock, including short sales and purchases to cover positions created by short positions, stabilizing transactions, syndicate covering transactions, penalty bids and passive market making.

•

Short positions involve sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriters in excess of the number of shares they are obligated to purchase is not greater than the number of shares that they may purchase by exercising their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any short position by either exercising their option to purchase additional shares or purchasing shares in the open market.

- Stabilizing transactions permit bids to purchase the underlying security as long as the stabilizing bids do not exceed a specific maximum price.

- Syndicate covering transactions involve purchases of our common stock in the open market after the distribution has been completed to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the underwriters' option to purchase additional shares. If the underwriters sell more shares than could be covered by the underwriters' option to purchase additional shares, thereby creating a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the representative to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

- In passive market making, market makers in our common stock who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchase shares of our common stock until the time, if any, at which a stabilizing bid is made.

These activities may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result of

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these activities, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the Nasdaq or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the Representative will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Indemnification

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of such liabilities.

Discretionary Accounts

The underwriters have informed us that they do not expect to make sales to accounts over which they exercise discretionary authority in excess of 5% of the shares of our common stock being offered in this offering.

IPO Pricing

Prior to the completion of this offering, there has been no public market for our common stock. The initial public offering price has been negotiated between us and the Representative. Among the factors considered in these negotiations are: the history of, and prospects for, us and the industry in which we compete; our past and present financial performance; an assessment of our management; the present state of our development; the prospects for our future earnings; the prevailing conditions of the applicable United States securities market at the time of this offering; previous trading prices for our common stock in the private market and market valuations of publicly traded companies that we and the representative believe to be comparable to us.

Lock-Up Agreements

We have agreed that for a period of 180 days after the date of the underwriting agreement, we will not, without the prior written consent of B. Riley FBR, Inc., which may be withheld or delayed in B. Riley FBR, Inc.'s sole discretion:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer, directly or indirectly, any of our common stock or any securities convertible into or exercisable or exchangeable for our common stock, or file any registration statement under the Securities Act with respect to any of the foregoing; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any of our common stock,

whether any such transaction described above is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise. The prior sentence will not apply to (i) the shares to be sold pursuant to the underwriting agreement, (ii) any shares of our common stock issued by us upon the exercise of an option or other security outstanding on the date hereof, (iii) such issuances of options or grants of restricted stock or other equity-based awards under our 2018 Incentive Compensation Plan and the issuance of shares issuable upon exercise of any such equity-based awards, and (iv) the filing by us of registration statements on Form S-8.

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Each of our directors and our executive officers has agreed that for a period ending 180 days after the date of the underwriting agreement, none of them will, without the prior written consent of the Representative which may be withheld or delayed in the Representative's sole discretion:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer, directly or indirectly, any shares of our common stock, or any securities convertible into or exercisable or exchangeable for our common stock owned directly by such director or executive officer or with respect to which such director or executive officer has beneficial ownership; or

- enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of our common stock, whether any such transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise.

Notwithstanding the prior sentence, subject to applicable securities laws and the restrictions contained in our charter, our directors and executive officers may transfer our securities: (i) pursuant to the exercise or conversion of our securities, including, without limitation, options and warrants; (ii) as a bona fide gift or gifts, provided that the donee or donees thereof agree to be bound in writing by the restrictions set forth above; (iii) to any trust for the direct or indirect benefit of such director or executive officer or the immediate family of such director or executive officer, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth above; (iv) any transfer required under any benefit plans or our charter or bylaws; (v) as required by participants in our 2018 Incentive Compensation Plan stock incentive plan in order to reimburse or pay federal income tax and withholding obligations in connection with vesting of restricted stock grants or the exercise of stock options or warrants; or (vi) in or in connection with any merger, consolidation, combination or sale of all or substantially all of our assets or in connection with any tender offer or other offer to purchase at least 50% of our common stock.

Notwithstanding the foregoing, nothing shall prevent our directors or executive officers from, or restrict their ability to, (i) purchase our securities in a public or private transaction, or (ii) exercise or convert any options, warrants or other convertible securities issued to or held by such director or executive officer, including those granted under our 2018 Incentive Compensation Plan.

Other Relationships

B. Riley FBR, Inc. may in the future provide us and our affiliates with investment banking and financial advisory services for which B. Riley FBR, Inc. may in the future receive customary fees. B. Riley FBR, Inc., as the Representative, may release, or authorize us to release, as the case may be, the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.

Electronic Distribution

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters or selling group members, if any, participating in the offering. The Representative may allocate a number of shares to the underwriters and selling group members, if any, for sale to their online brokerage account holders. Any such allocations for online distributions will be made by the representative on the same basis as other allocations.

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Listing

In connection with this offering, we intend to apply to have our common stock listed on The Nasdaq Global Market under the symbol "LEGH." There is no assurance, however, that our common stock will be listed on The Nasdaq Global Market or any other national securities exchange.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Continental Stock Transfer & Trust Company.

Selling Restrictions

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45 106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31 103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33 105 Underwriting Conflicts (NI 33 105), the underwriters are not required to comply with the disclosure requirements of NI 33 105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each, a Relevant Member State, an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any

shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be

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offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or FSMA) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or the SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. Accordingly, no public distribution, offering or advertising, as defined in CISA, its implementing ordinances and notices, and no distribution to any non-qualified investor, as defined in CISA, its implementing ordinances and notices, shall be undertaken in or from Switzerland, and the investor protection afforded to acquirers of interests in collective investment schemes under CISA does not extend to acquirers of shares.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or the ASIC, in relation to the offering.

This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons, the Exempt Investors, who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional

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investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities

recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Section 145 of the Delaware General Corporation Law, as amended, authorizes us to indemnify any director or officer under certain prescribed circumstances and subject to certain limitations against certain costs and expenses, including attorney's fees actually and reasonably incurred in connection with any action, suit or proceeding, whether civil, criminal, administrative or investigative, to which a person is a party by reason of being one of our directors or officers if it is determined that such person acted in accordance with the applicable standard of conduct set forth in such statutory provisions. Our certificate of incorporation contains provisions relating to the indemnification of director and officers and our by-laws extend such indemnities to the full extent permitted by Delaware law. We currently maintain insurance for the benefit of any director or officer, which cover claims for which we could not indemnify such persons.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for the issuer by Olshan Frome Wolosky LLP, New York, New York. The underwriters have been represented in connection with this offering by Winston & Strawn LLP, Dallas, Texas.

EXPERTS

The audited financial statements included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1, which includes exhibits, schedules and amendments, under the Securities Act with respect to the common stock we are offering pursuant to this prospectus. The rules and regulations of the SEC allow us to omit certain information from this prospectus that is included in the registration statement. Statements made in this prospectus concerning the contents of any contract, agreement or other document are summaries of all material

information about the contract, agreement or other document summarized, but are not complete descriptions of all terms of those contracts, agreements or other documents. If we filed any of those contracts, agreements or other documents as an exhibit to the registration statement, you may read the contract, agreement or other document itself for a complete description of its terms. When we complete this offering, we will also be required to file annual, quarterly and special reports, proxy statements and other information with the SEC.

You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. To receive copies of public records not posted to the SEC's web site at prescribed rates, you may complete an online form at http://www.sec.gov, send a fax to (202) 772-9337 or submit a written request to the SEC, Office of FOIA/PA Operations, 100 F Street, N.E., Mail Stop 2736, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on their public reference room.

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INDEX TO FINANCIAL STATEMENTS

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LEGACY HOUSING CORPORATION

Condensed Balance Sheets

(unaudited, dollars in thousands)

	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 449	$ 428
Accounts receivable, net of allowance for doubtful accounts	2,676	3,792
Current portion consumer loans	4,690	4,305
Current portion of notes receivable from mobile home parks ("MHP")	8,029	7,216
Current portion of other notes receivable	4,211	2,339
Inventories	42,888	39,561
Prepaid expenses and other current assets	3,180	1,800
Total current assets	66,123	59,441
Property, plant and equipment, net	15,992	11,826
Consumer loans, net of deferred financing fees and allowance for loan losses	88,784	82,331
Notes receivable from mobile home parks ("MHP")	51,766	42,286
Other notes receivable, net of allowance for loan losses	2,236	2,867
Other assets	1,405	2,205

Inventory non-current	7,350	7,379
Total assets	$ 233,656	$ 208,335
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 3,427	$ 6,280
Accrued liabilities	8,953	4,820
Customer deposits	1,761	2,903
Note payable to related party	1,500	1,500
Escrow liability	5,228	4,508
Current portion of notes payable	213	3,776
Total current liabilities	21,082	23,787
Long-term liabilities:		
Lines of credit	58,010	53,094
Deferred tax liabilities	1,705	—
Note payable, net of current portion	3,813	410
Dealer incentive liability	6,040	6,773
Total liabilities	90,650	84,064
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $.001 par value, 10,000,000 shares authorized: issued -0-	—	—
Common stock, $.001 par value, 90,000,000 shares authorized:	20	—
issued and outstanding 20,000,000	—	—
Partners' Capital	—	124,271
Additional paid-in-capital	124,251	—
Retained earnings	18,735	—

Total equity	143,006	124,271
Total liabilities and equity	$ 233,656	$ 208,335

See accompanying notes to financial statements.

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LEGACY HOUSING COPRORATION

Condensed Statements of Operations

(unaudited, dollars in thousands, except per share amounts)

	Nine months ended September 30,	
	2018	2017
Net revenue:		
Product sales	$ 110,498	$ 73,015
Consumer and MHP loans interest	13,653	11,478
Other	3,088	2,287
Total net revenue	127,239	86,780
Operating expenses:		
Cost of product sales	83,323	56,524
Selling, general administrative expenses	14,768	11,641
Dealer incentive	459	821
Income from operations	28,689	17,794
Other income (expense):		
Non-operating interest income	189	224
Miscellaneous, net	122	354

Interest expense	(2,027)	(1,531)
Total other	(1,716)	(953)
Income before income tax expense	26,973	16,841
Income tax expense	(8,238)	(107)
Net income	$ 18,735	$ 16,734
Weighted average shares outstanding:		
Basic and diluted	20,000,000	
Net income per share:		
Basic and diluted	$ 0.94	
Pro Forma Information:		
Net income		16,734
Pro forma provision for income taxes		(6,001)
Pro forma net income		10,733
Pro forma weighted average shares outstanding:		
Pro forma basic and diluted		20,000,000
Pro forma net income per share:		
Pro forma basic and diluted		$ 0.54

See accompanying notes to financial statements.

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Condensed Statements of Cash Flows

(unaudited, dollars in thousands)

	Nine months ended September 30,	
	2018	2017
Operating activities:		
Net income	$ 18,735	$ 16,734
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	610	461
Provision for loan loss—consumer loans	571	472
Deferred tax liability	1,705	—
Changes in operating assets and liabilities:		
Accounts receivable	1,116	808
Consumer loans originations	(14,381)	(14,662)
Consumer loans principal collections	6,972	5,394
Notes receivable MHP originations	(23,845)	(14,904)
Notes receivable MHP principal collections	13,552	11,746
Inventories	(3,298)	(2,315)
Prepaid expenses and other current assets	(1,380)	(380)
Other assets	800	398
Accounts payable	(2,853)	(441)
Accrued liabilities	4,133	592
Customer deposits	(1,142)	1,646
Dealer incentive liability	(733)	414
Net cash provided by (used in) operating activities	562	5,963
Investing activities:		
Purchases of property, plant and equipment	(4,776)	(922)

Notes receivable	(1,241)	695
Net cash used in investing activities	(6,017)	(227)
Financing activities:		
Partner distributions		(3,964)
Escrow liability	720	796
Principal payments on note payable	(160)	(173)
Proceeds from lines of credit	45,758	35,464
Payments on lines of credit	(40,842)	(38,198)
Net cash provided by (used in) financing activities	5,476	(6,075)
Net (decrease) increase in cash and cash equivalents	21	(339)
Cash and cash equivalents at beginning of period	428	1,009
Cash and cash equivalents at end of period	$ 449	$ 670
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,932	$ 1,474
Cash paid for taxes	$ 3,600	$ 100

See accompanying notes to consolidated financial statements.

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LEGACY HOUSING CORPORATION

Condensed Statement of Changes in Stockholders' Equity

(unaudited, dollars in thousands)

	Common Stock		

	Total Partners' Capital	Shares	Amount	Addditional paid-in capital	Retained earnings	Total
ry 1, 2017	$ 115,591	—	$ —	$ —	$ —	$
rtner distributions	(17,668)					
t income	26,348					
mber 31, 2017	$ 124,271	—	$ —	$ —	$ —	$
ares issued upon incorporation	(124,271)	20,000,000	20	124,251	—	124
t income					18,735	18
ember 30, 2018	$ —	20,000,000	$ 20	$ 124,251	$ 18,735	$ 143

See accompanying notes to financial statements.

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LEGACY HOUSING CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

(dollars in thousands)

1. NATURE OF OPERATIONS

Legacy Housing, Ltd., (the "Partnership") was originally organized in May 2005 as a Texas limited partnership. Effective January 1, 2018, the Partnership converted into a Delaware corporation and changed its name to Legacy Housing Corporation (the "Company"), which is referred to herein as the Corporate Conversion. The Company is headquartered in Bedford, Texas.

The Company (1) manufactures and provides for the transport of mobile homes, (2) provides wholesale financing to dealers and mobile home parks and (3) provides retail financing to consumers. The Company manufactures its mobile homes at plants located in Fort Worth, Texas, Commerce, Texas and Eatonton, Georgia. The Company relies on a network of dealers to market and sell its mobile homes. The Company also sells homes directly to dealers and mobile home parks.

Corporate Conversion

Prior to January 1, 2018, the Company operated as a Texas limited partnership under the name Legacy Housing, Ltd. Effective January 1, 2018, the Company converted into a Delaware corporation pursuant to a statutory conversion and changed its name to Legacy Housing Corporation. In order to consummate the Corporate Conversion, a certificate of conversion was filed with the Secretary of State of the State of Delaware and with the Secretary of State of the State of Texas. Holders of partnership interests in Legacy Housing, Ltd. received an initial allocation, on a proportional basis, of 20,000,000 shares of common stock of Legacy Housing Corporation. This initial allocation will be adjusted prior to the offering via a forward or reverse stock split once the offering price and number of shares included in the offering are determined.

Following the Corporate Conversion, Legacy Housing Corporation continues to hold all property and assets of Legacy Housing, Ltd. and all of the debts and obligations of Legacy Housing, Ltd. The Company is now governed by a certificate of incorporation filed with the Secretary of State of the State of Delaware and bylaws. On the effective date of the Corporate Conversion, the officers of Legacy Housing, Ltd. became the officers of Legacy Housing Corporation. As a result of the Corporate Conversion, the Company is now a federal corporate taxpayer as opposed to a pass-through entity for tax purposes.

The purpose of the Corporate Conversion was to reorganize the Company's corporate structure so that the top-tier entity in our corporate structure, the entity that is offering shares of common stock to the public in this offering, is a corporation rather than a limited partnership and so that our existing owners own shares of our common stock rather than partnership interests in a limited partnership.

Basis of Presentation

The accompanying interim condensed financial statements as of September 30, 2018 and for the nine months ended September 30, 2018 and 2017, and the related interim information contained within the notes to the condensed financial statements, are unaudited. The unaudited interim condensed financial statements have been prepared in accordance with GAAP and on the same basis as the audited financial statements. In the opinion of management, the accompanying unaudited interim condensed financial statements contain all adjustments which are necessary to state fairly the Company's financial position as of September 30, 2018, and the results of its operations and cash flows

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1. NATURE OF OPERATIONS (Continued)

for the nine months ended September 30, 2018 and 2017. Such adjustments are of a normal and recurring nature. The results for the nine months ended September 30, 2018 are not necessarily indicative of the results to

be expected for the full fiscal year 2018, or for any future period. These interim unaudited condensed financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the years ended December 31, 2017 and 2016 included within this Form S-1 registration statement.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all cash and highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash balances in bank accounts that may, at times, exceed federally insured limits. The Company has not incurred any losses from such accounts and management considers the risk of loss to be minimal. As of September 30, 2018 and December 31, 2017 the Company had no bank account that exceeded the FDIC limit.

Accounts Receivable

Included in accounts receivable are receivables from direct sales of mobile homes and sales of parts and supplies to customers, and interest receivables.

Accounts receivables are generally due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines the allowance by considering several factors, including the aging of the past due balance, the customer's payment history, and the Company's previous loss history. The Company establishes an allowance for doubtful accounts for amounts that are deemed to be uncollectible. At September 30, 2018 and December 31, 2017, the allowance for doubtful accounts totaled $368 and $115, respectively.

Consumer Loans Receivable

Consumer loans receivable result from financing transactions entered into with retail buyers of mobile homes sold through dealers. Consumer loans receivable generally consist of the sales price and any additional financing fees, less the buyer's down payment. Interest income is recognized monthly per the terms of the financing agreements. The average contractual interest rate per loan was

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

approximately 13.9% as of September 30, 2018 and December 31, 2017. Consumer loans receivable have maturities that range from 5 to 25 years.

Loan applications go through an underwriting process which considers credit history to evaluate credit risk. Interest rates on approved loans are determined based on buyer's credit score and down payment amount.

The Company uses payment history to monitor the credit quality of the consumer loans on an ongoing basis.

Allowance for Loan Losses—Consumer Loans Receivable

The allowance for loan losses reflects management's estimate of losses inherent in the consumer loans that may be uncollectible based upon review and evaluation of the consumer loan portfolio as of the date of the balance sheet. An allowance for loan losses is determined after giving consideration to, among other things, the loan characteristics, including the financial condition of borrowers, the value and liquidity of collateral, delinquency and historical loss experience.

The allowance for loan losses is comprised of two components: the general reserve and specific reserves.

The Company's calculation of the general reserve considers the historical loss rate for the last three years, adjusted for the estimated loss discovery period and any qualitative factors both internal and external to the Company. Specific reserves are determined based on probable losses on specific classified impaired loans.

The Company's policy is to place a loan on nonaccrual status when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due, which is normally when either principal or interest is past due and remains unpaid for 90 days or more. Management implemented this policy based on an analysis of historical data and performance of loans and the likelihood of recovery once principal or interest payments became delinquent and were aged 90 days or more. Payments received on nonaccrual loans are accounted for on a cash basis, first to interest and then to principal, as long as the remaining book balance of the asset is deemed to be collectible. The accrual of interest resumes when the past due principal or interest payments are brought within 90 days of being current. As of September 30, 2018 and December 31, 2017, total principal outstanding for consumer loans on nonaccrual status was $1,060 and $1,237 respectively.

Impaired loans are those loans where it is probable the Company will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. Impaired loans are generally measured based on the fair value of the collateral. Impaired loans, or portions thereof, are charged off when deemed uncollectible. A loan is generally deemed impaired when it is probable the Company will be unable to collect all amounts due for scheduled principal and interest payments, including loans in the process of repossession. A specific reserve is created for impaired loans based on fair value of underlying collateral value. The Company used various factors to determine the value of the

underlying collateral for impaired loans. These factors were: (1) the length of time the unit was unsold after construction;

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(2) the amount of time the house was occupied; (3) the cooperation level of the borrowers, i.e., loans requiring legal action or extensive field collection efforts; (4) units located on private property as opposed to a manufactured home park; (5) the length of time the borrower has lived in the house without making payments; (6) location, size, and market conditions; and (7) the experience and expertise of the particular dealer assisting in collection efforts.

Collateral for repossessed loans is acquired through foreclosure or similar proceedings and is recorded at the estimated fair value of the home, less the costs to sell. At repossession, the fair value of the collateral is computed based on the historical recovery rates of previously charged-off loans; the loan is charged off and the loss is charged to the allowance for loan losses. At each reporting period, the fair value of the collateral is adjusted to the lower of the amount recorded at repossession or the estimated sales price less estimated costs to sell, based on current information. Repossessed homes totaled $1,075 and $1,856 as of September 30, 2018 nd December 31, 2017, respectively, and are included in other assets in the balance sheets.

Notes Receivable from Mobile Home Parks

The notes receivable from mobile home parks ("MHP Notes" or "Notes") relate to mobile homes sold to mobile home parks and financed through notes receivable. The Notes have varying maturity dates and call for monthly principal and interest payments. The interest rate on the MHP Notes are typically set at 4.0% above prime with a minimum of 8.0%. The collateral underlying the Notes are individual mobile homes which can be repossessed and resold. The MHP Notes are generally personally guaranteed by the borrowers with substantial financial resources.

Allowance for Loan Losses—MHP Notes

MHP Notes are stated at amounts due from customers, net of allowance for loan losses. The Company determines the allowance by considering several factors including the aging of the past due balance, the customer's payment history, and the Company's previous loss history. The Company establishes an allowance reserve composed of specific and general reserve amounts.

Other Notes Receivable

Other notes receivable relate to various notes issued to mobile park owners and dealers, which are not directly tied to sale of mobile homes. The other notes have varying maturity dates and call for monthly principal and interest payments. The other notes are collateralized by mortgages on real estate, units being financed and used as offices, as well as vehicles, and are typically personally guaranteed by the borrowers. The interest rate on the other notes are fixed and range from 6.25% to 12.00%. The Company reserves for estimated losses on the other notes based on current economic conditions that may affect the borrower's ability to pay, the borrower's financial strength, and historical loss experience. The allowance for loan losses on other notes was $0 as of September 30, 2018 and December 31, 2017, respectively.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories consist of raw materials, work-in-process, and finished goods and are stated at the lower of cost or net realizable value. The cost of raw materials is based on the first-in first-out method. Finished goods and work-in-process are based on a standard cost system that approximates actual costs using the specific identification method.

Estimates of the lower of cost and net realizable value of inventory are determined by comparing the actual cost of the product to the estimated selling prices in the ordinary course of business based on current market and economic conditions, less reasonably predictable costs of completion, disposal, and transportation of the inventory. For the nine-months ended September 30, 2018 and 2017, the Company recorded an insignificant amount of inventory write-down.

The Company evaluates inventory based on historical experience to estimate its inventory not expected to be sold in less than a year. The company classifies its inventory not expected to be sold in one year as non-current. As of September 30, 2018 and December 31, 2017 non-current inventory was $7,350 and $7,379, respectively.

Property, Plant, and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of each asset. Estimated useful lives for

significant classes of assets are as follows: buildings and improvements, 30 to 39 years; vehicles, 5 years; machinery and equipment, 7 years; and furniture and fixtures, 7 years. Repair and maintenance charges are expensed as incurred. Expenditures for major renewals or betterments which extend the useful lives of existing property, plant and equipment are capitalized and depreciated.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Assets are grouped at the lowest level in which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. In such cases, if the future undiscounted cash flows of the underlying assets are less than the carrying amount, then the carrying amount of the long-lived asset will be adjusted for impairment to a level commensurate with a discounted cash flow analysis of the underlying asset or its determinable fair value. No impairment for long-lived assets was recorded for the nine-months ended September 30, 2018 and 2017.

Dealer Incentive Liability

Under a dealer agreement with each dealer, a portfolio is created for the houses sold by the dealer with consumer loan arrangements. The dealer is eligible to receive a dealer incentive, which is a portion of total collections on a consumer loan portfolio after the Company's contribution (collection thresholds set per the terms of dealer agreement) is met.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A dealer incentive liability is recorded in the Company's balance sheet based on total outstanding balance of individual dealer loan portfolios at period end, less the remaining portion of the Company's contribution in respective portfolios. As of September 30, 2018 and December 31, 2017, the dealer incentive liability was $6,040 and $6,773, respectively. Dealer incentive expense for the nine-months ended September 30, 2018 and 2017 totaled $459 and $821, respectively, and is included in the Company's statement of operations.

Product Warranties

The Company provides retail home buyers with a one-year warranty from the date of purchase on manufactured inventory. Product warranty costs are accrued when the covered homes are sold to customers. Product warranty expense is recognized based on the terms of the product warranty and the related estimated

costs. Factors used to determine the warranty liability include the number of homes under warranty and the historical costs incurred in servicing the warranties. The accrued warranty liability is reduced as costs are incurred and warranty liability balance is included as part of accrued liabilities in the Company's balance sheet.

Advertising Costs

The Company expenses all advertising and marketing expenses in the period incurred. Advertising costs for the nine-months ended September 30, 2018 and 2017 were $483 and $789, respectively.

Fair Value Measurements

The Company accounts for its investments and derivative instruments in accordance with Financial Accounting Standards Board ("FASB') Accounting Standards Codification ("ASC") 820-10, *Fair Value Measurement,* which among other things provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurement) and the lowest priority to unobservable

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

inputs (Level III measurements). The three levels of fair value hierarchy under ASC 820-10, *Fair Value Measurement*, are as follows:

Level I Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives.

Level II Significant observable inputs other than quoted prices in active markets for which inputs to the valuation methodology include: (1) Quoted prices for similar assets or liabilities in active markets; (2) Quoted prices for identical or similar assets or liabilities in inactive markets; (3) Inputs other than quoted prices that are observable; (4) Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level II input must be observable for substantially the full term of the asset or liability.

Level III Pricing inputs are unobservable for the investment and include situations where there is little, if any,

market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, consumer loans, MHP Notes, other notes, accounts payable, lines of credit, notes payable, and dealer portion of consumer loans.

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate their respective fair values because of the short-term maturities or expected settlement dates of these instruments. This is considered a Level I valuation technique. The MHP Notes, other notes, lines of credit, and notes payable have variable interest rates that reflect market rates and their fair value approximates their carrying value. This is considered a Level II valuation technique. The Company also assessed the fair value of the consumer loans receivable based on the discounted value of the remaining principal and interest cash flows. The Company determined that the fair value of the consumer loan portfolio was approximately $95,368 compared to the book value of $93,474 as of September 30, 2018, and a fair value of approximately $90,900 compared to the book value of $86,636 as of December 31, 2017. This is a Level III valuation technique.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Direct Sales

Revenue from homes sold to independent retailers that are not financed and not under a consignment arrangement are generally recognized upon execution of a sales contract and when the home is shipped, at which time title passes to the independent retailer and collectability is reasonably assured. These types of homes are generally either paid for prior to shipment or floor plan financed by the independent retailer through standard industry arrangements, which can include repurchase agreements.

Commercial Sales

Revenue from homes sold to mobile home parks under commercial loan programs involving funds provided by the Company is recognized when the home is shipped, at which time title passes to the customer and a sales and financing contract is executed and the down payment received, and collectability is reasonably assured.

Consignment Sales

The Company provides floor plan financing for independent dealers, which takes the form of a consignment arrangement. Sales under a consignment agreement are recognized as revenue when the Company enters into a sales contract and receives full payment for cash sales, and title passes; or, upon execution of a sales and financing contract, with a down payment received and upon delivery of the home to the final individual customer, at which time title passes and collectability is reasonably assured. For homes sold to customers through dealers under consignment arrangements and financed by the Company, a percentage of profit is paid to the dealer up front as a commission for sale and also reimburses certain direct expenses incurred by the dealer for each transaction. Such payments are recorded as cost of product sales in the Company's statement of operations.

Retail Store Sales

Revenue from direct retail sales through Company-owned retail locations are generally recognized when the customer has entered into a legally binding sales contract, with full payment received, the home is delivered at the customer's site, title has transferred and collection is reasonably assured. Retail sales financed by the Company are recognized as revenue upon the execution of a sales and financing contract with a down payment received and upon delivery of the home to the final customer, at which time title passes and collectability is reasonably assured. Revenue is recognized net of sales taxes.

For the nine-months ended September 30, 2018 and 2017, total cost of product sales included $8,046 and $10,024 of costs, mainly relating to up front dealer commission and reimbursed dealer expenses for consignment sales and certain other similar costs incurred for retail store and commercial sales.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Shipping, Delivery and Handling Costs

Shipping and handling costs incurred to deliver product to our customers are included as a component of cost of product sales in the statement of operations. Shipping and handling costs for the nine-months ended September 30, 2018 and 2017 were $2,937 and $1,114, respectively.

Income Taxes

The Company is subject to U.S. federal and state income taxes as a corporation. Prior to the corporate conversion, the Partnership was treated as flow-through entities for U.S. federal income tax purposes, and as such, was generally not subject to U.S. federal income tax at the entity level. Rather, the tax liability with respect to its taxable income was passed through to its partners. Accordingly, prior to the corporate conversion, the Partnership only recorded a provision for Texas franchise tax as the Partnership's taxable income was included in the income tax returns of the individual partners.

Income tax expense for the Company is recognized for the tax effects of the transactions reported in the financial statements and consist of taxes currently due, plus deferred taxes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will be either taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

A valuation allowance, if needed, reduces deferred tax assets to the expected amount most likely to be realized. Realization of deferred tax assets is dependent upon the generation of a sufficient level of future taxable income and recoverable taxes paid in prior years. Although realization is not assured, management believes it is more likely than not that the deferred tax assets will be realized. In addition, management does not believe there are any unrecorded deferred tax liabilities that are material to the financial statements.

During 2017, a comprehensive U.S. tax reform package, the Tax Cuts and Jobs Act, or Tax Act, was enacted which, among other things, lowered the corporate income tax rate from 35% to 21%. As a result of the corporate conversion on January 1, 2018, the Company has measured its opening deferred tax assets and liabilities at the newly enacted rate.

The determination of the provision for income taxes requires significant judgment, use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company's financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from taxing authorities. When facts and circumstances change, the Company reassesses these probabilities and records any changes through the provision for income taxes. The Company recognizes interest and penalties relating to uncertain tax provisions as a component of tax expense. For the periods presented, management has determined there are no uncertain tax positions.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable, consumer loans, and MHP Notes. Management believes that its credit policies are adequate to minimize potential credit risk related to accounts receivable. The consumer loans are secured by the mobile homes that were financed through the loans. The MHP Notes are secured by mobile homes, other assets, and are personally guaranteed. The MHP Notes personal guarantor may cover multiple parks and each park is treated as a customer. As of September 30, 2018 there was one customers that represented 11% of MHP Notes and as of December 31, 2017, two customers represented approximately 21% of MHP Notes, respectively.

Recent Accounting Pronouncements

The Company has elected to use longer phase-in periods for the adoption of new or revised financial accounting standards under the JOBS Act as an emerging growth company.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The standard requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements intended to provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of the new revenue standard. The Company will adopt the requirements of the new standard in the fiscal year beginning January 1, 2019 using the modified retrospective transition method. The Company has engaged a third-party firm to assist with the evaluation of the impact of the adoption of ASU 2014-09 and is uncertain of the impact on the financial statements at this point in time.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and an asset representing its right to use the underlying asset for the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous requirements. The Company plans to use longer phase-in period for adoption and accordingly this ASU is effective for the Company's fiscal year beginning January 1, 2020. Modified retrospective application and early adoption is permitted. The Company is continuing to evaluate the impact of the adoption of this ASU. The Company is anticipating a material change to the balance sheet due to recording the Right of Use Asset, however we do not expect there to be a material change to our Statement of Operations.

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LEGACY HOUSING CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

(dollars in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2016, the FASB issued an accounting standards update ASU 2016-13 *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale debt securities, credit losses should be measured in a manner similar to current GAAP, however Topic 326 will require that credit losses be presented as an allowance rather than as a write-down and affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The Company plans to use longer phase-in period for adoption and accordingly this ASU is effective for the Company's fiscal year beginning January 1, 2021. The Company is continuing to evaluate the impact of the adoption of this ASU and is uncertain of the impact on the financial statements and disclosures at this point in time.

In March 2017, the FASB issued ASU 2017-08, Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities ("ASU 2017-08"), which requires the premium on callable debt securities to be amortized to the earliest call date as opposed to the contractual life of the security. ASU 2017-08 will be effective beginning with the first quarter of the Company's fiscal year 2020. The Company is continuing to evaluate the impact of the adoption of this ASU and is uncertain of the impact on the financial statements and disclosures at this point in time.

From time to time, new accounting pronouncements are issued by the FASB and other regulatory bodies that are adopted by the Company as of the specified effective dates. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's Financial Statements upon adoption.

3. CONSUMER LOANS RECEIVABLE

Consumer loans receivable, net of allowance for loan losses and deferred financing fees, consisted of the following:

	As of September 30, 2018	As of December 31, 2017
Consumer loan receivable	$ 97,067	$ 90,276
Deferred financing fees, net	(2,930)	(2,835)
Allowance for loan losses	(663)	(805)
Consumer loans receivable, net	$ 93,474	$ 86,636

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LEGACY HOUSING CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

(dollars in thousands)

3. CONSUMER LOANS RECEIVABLE (Continued)

The following table presents a detail of the activity in the allowance for loan losses:

	Nine Months Ended September 30,		Year Ended December 31,
	2018	2017	2017
Allowance for loan losses, beginning of period	$ 805	$ 578	$ 578
Provision for loan losses	571	472	961
Charge offs	(713)	(386)	(734)
Allowance for loan losses	$ 663	$ 664	$ 805

The impaired and general reserve for allowance for loan losses:

	Nine Months Ended September 30, 2018	Year Ended December 31, 2017
Total consumer loans	$ 97,067	$ 90,276

Total allowance for loan losses	663	805
Impaired loans individually evaluated for impairment	1,060	1,237
Specific reserve against impaired loans	343	447
Other loans collectively evaluated for allowance	96,007	89,039
General allowance for loan losses	320	358

As of September 30, 2018, the total principal outstanding for consumer loans on nonaccrual status was $1,060. A detailed aging of consumer loans receivable that are past due as of September 30, 2018 were as follows:

	September 30, 2018	%
Total consumer loans receivable	$ 97,067	100.0
Past due consumer loans:		
31 - 60 days past due	$ 1,556	1.6
61 - 90 days past due	59	0.1
91 - 120 days past due	86	0.1
Greater than 120 days past due	1,002	1.0
Total past due	$ 2,703	2.8

4. NOTES RECEIVABLE FROM MOBILE HOME PARKS ("MHP Notes")

There were no past due MHP Notes as of September 30, 2018 and December 31, 2017 and no charge offs were recorded for MHP Notes during the nine-months ended September 30, 2018 and year ended December 31, 2017. There is no allowance for loan loss against the MHP Notes as of September 30, 2018 and December 31, 2017.

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(dollars in thousands)

5. OTHER NOTES RECEIVABLE

The balance outstanding on the other notes receivable were as follows:

	Nine Months Ended September 30, 2018	Year Ended December 31, 2017
Outstanding principal balance	$ 6,507	$ 5,270
Allowance for loan losses	(60)	(64)
Total	$ 6,447	$ 5,206

6. INVENTORIES

Inventories consisted of the following:

	Nine Months Ended September 30, 2018	Year Ended December 31, 2017
Raw materials	$ 14,295	$ 11,956
Work in progress	535	703
Finished goods at retail locations	6,980	6,385
Finished goods consigned to dealers	28,428	27,896
Total	$ 50,238	$ 46,940

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	Nine Months Ended September 30, 2018	Year Ended December 31, 2017
Land	$ 7,219	$ 3,004
Buildings and improvements	9,075	9,008
Vehicles	1,492	1,269
Machinery and equipment	3,053	2,788
Furniture and fixtures	138	135

(dollars in thousands)

Total	20,977	16,204
Less accumulated depreciation	(4,985)	(4,378)
Total property, plant and equipment	$ 15,992	$ 11,826

Depreciation expense was $610 with $226 included as a component of cost of product sales for the nine-months ended September 30, 2018 and $461 with $180 included as a component of cost of product sales for the nine-months ended September 30, 2017.

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8. OTHER ASSETS

Other assets includes prepaid rent in the amount of $107 and $349 at September 30, 2018 and December 31, 2017, respectively, and repossessed loans of $1,075 and $1,856 at September 30, 2018 and December 31, 2017, respectively.

9. ACCRUED LIABILITIES

Accrued liabilities consisted of the following at September 30, 2018 and December 31, 2017:

	Nine Months Ended September 30, 2018	Year Ended December 31, 2017
Warranty liability	$ 3,152	$ 2,602
Litigation reserve	405	315
Derivative liabilities	34	34
Credit card liabilities	340	290
Federal and state taxes payable	4,644	1,144
Other accrued liabilities	378	435

(dollars in thousands)

Total	$ 8,953	$ 4,820

10. DEBT

Lines of Credit

Revolver 1

The Company has a revolving line of credit ("Revolver 1") with Capital One, N.A. with a maximum credit limit of $35,000 as of December 31, 2016. On May 12, 2017, Revolver 1 was amended to extend the maturity date to May 11, 2020 and increase the maximum borrowing availability to $45,000. For the six months ended September 30, 2018 and December 31, 2017, Revolver 1 accrued interest at one month LIBOR plus 2.40% and one month LIBOR plus 2.40%, respectively. The interest rates in effect as of September 30, 2018 and December 31, 2017 were 4.50% and 3.78%, respectively. Amounts available under Revolver 1 are subject to a formula based on eligible consumer loans and MHP Notes and are secured by all accounts receivable and a percentage of the consumer loans receivable and MHP Notes. The amount of available credit under Revolver 1 was $3,990 and $6,906 at September 30, 2018 and December 31, 2017, respectively. The Company was in compliance with all required covenants as of December 31, 2017 except as it relates to issuance of the audited financial statements, for which the Company received a waiver in relation to this non-compliance. For the nine-months ended September 30, 2018 and 2017, interest expense was $1,332 and $954, respectively. The outstanding balance as of September 30, 2018 and December 31, 2017 was $41,010 and $38,094, respectively. We were in compliance with all financial covenants as of September 30, 2018, including that we maintain a tangible net worth of at least $30,000,000 and that we maintain a ratio of debt to EBITDA of 4-to-1, or less.

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10. DEBT (Continued)

Revolver 2

In April 2016, the Company entered into an agreement with Veritex Community Bank to secure an additional revolving line of credit of $15,000 ("Revolver 2"). Revolver 2 accrues interest at one month LIBOR plus 2.50% and all unpaid principal and interest is due at maturity on April 4, 2019. Revolver 2 is secured by all finished goods inventory excluding repossessed consumer loans related inventory. Amounts available under Revolver 2 are subject to a formula based on eligible inventory. The interest rates in effect as of September 30, 2018 and 2017 was 4.60% and 3.87%, respectively. On May 12, 2017, we entered into an agreement to increase the maximum borrowing availability under Revolver 2 to $20,000. On October 15, 2018, Revolver 2 was

(dollars in thousands)

amended to extend the maturity date from April 4, 2019 to April 4, 2021. The amount of available credit under Revolver 2 was $3,000 at September 30, 2018 and $0 at December 31, 2017. For the nine months ending September 30, 2018 and September 30, 2017, interest expense was $505 and 379, respectively. The outstanding balance as of September 30, 2018 was $17,000 and $15,000 as of December 31, 2017. We were in compliance with all financial covenants as of September 30, 2018, including that we maintain a tangible net worth of at least $80,000.

Notes Payable

On April 7, 2011, the Company signed a promissory note for $4,830 with Woodhaven Bank. The amount due under the promissory note accrues interest at an annual rate of 3.85% through February 2, 2017 and then at the prime interest rate plus 0.60% through maturity on April 7, 2018. On April 7, 2018, the promissory note with Woodhaven Bank was renewed with varying amounts of principal and interest payments due through the maturity date, April 7, 2033. The promissory note calls for monthly principal and interest payments of $30 with a final payment due at maturity. The interest rates in effect as of September 30, 2018 and December 31, 2017 were 4.25% and 4.35%, respectively. The note is secured by certain real property of the Company. Interest paid on the note payable was $122 and $125 for the nine-months ended September 30, 2018 and 2017, respectively. The balance outstanding on the note payable at September 30, 2018 and December 31, 2017 was $3,602 and $3,734, respectively.

On May 24, 2016, the Company signed a promissory note for $515 with Eagle One, LLC collateralized by the purchase of real property located in Oklahoma City, Oklahoma. The amount due under the promissory note accrues interest at an annual rate of 6.00%. The promissory note calls for monthly principal and interest payments of $6 until June 1, 2026. Interest paid on the note payable was $22 and $22 for the nine-months ended September 30, 2018 and 2017, respectively. The balance outstanding on the note payable at September 30, 2018 and December 31, 2017 was $424 and $453, respectively.

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10. DEBT (Continued)

Future minimum principal payments on notes payable at September 30, 2018 were as follows:

2019	$	213
2020		230

2021	235
2022	245
2023	258
Thereafter	2,845
	$ 4,026

On February 2, 2016, the Company entered into a $1,500 note payable agreement with stated annual interest rates of 3.75% with a related party through common ownership. The note is due on demand. Interest paid on the note payable was $42 for the nine-months ended September 30, 2018 and 2017, respectively. The balance outstanding on the note payable at September 30, 2018 and December 31, 2017 was $1,500, respectively. On October 18, 2018, this note payable was paid in full.

PILOT Agreement

In December 2016, the Company entered into a Payment in Lieu of Taxes ("PILOT") agreement commonly offered in Georgia by local community development programs to encourage industry development. The net effect of the PILOT agreement is to provide the Company with incentives through the abatement of local, city and county property taxes and to provide financing for improvements to the Company's Georgia plant (the "Project"). In connection with the PILOT agreement, the Putman County Development Authority provides a credit facility for up to $10,000 which can be drawn upon to fund Project improvements and capital expenditures as defined in the agreement. If funds are drawn, the Company would pay transactions costs and debt service payments. The PILOT agreement requires interest payments of 6.00% per annum on outstanding balances, which are due each December 1st through maturity on December 1, 2021, at which time all unpaid principal and interest are due. The PILOT agreement is collateralized by the assets of the Project. As of September 30, 2018, the Company had not drawn on this credit facility.

11. INCOME TAXES

In connection with the closing of the Corporate Conversion on January 1, 2018, the Company became a corporation subject to federal income tax and, as such, the Company's future income taxes will be dependent upon its future taxable income. The change in tax status requires the recognition of a deferred tax asset or liability for the initial temporary differences at the time of the change in status. The resulting net deferred tax liability of approximately $2,068 million was recorded as income tax expense at the date of the completion of the Corporate Conversion.

For the nine-months ended September 30, 2018, the Company recorded tax expense of $8,238 resulting in an effective tax rate of 30.54%. The Company's effective tax rate, before the net impact of discrete items relating to net deferred tax expense associated with the corporate reorganization, was approximately 22.86% for the nine-months ended September 30, 2018 and differs from the statutory

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(dollars in thousands)

11. INCOME TAXES (Continued)

rate of 21% due to state income taxes and other permanent differences between book and tax accounting.

12. COMMITMENTS AND CONTINGENCIES

The Company is contingently liable under terms of repurchase agreements with financial institutions providing inventory financing for independent retailers of its products. These arrangements, which are customary in the industry, provide for the repurchase of products sold to retailers in the event of default by the retailer. The Company's obligation under these repurchase agreements ceases upon the purchase of the home by the retail customer. The Company applies ASC 460, *Guarantees* and ASC 450-20, *Loss Contingencies*, to account for its liability for repurchase commitments. The maximum amount for which the Company was liable under such agreements approximated $2,394 and $1,765 at September 30, 2018 and December 31, 2017, respectively, without reduction for the resale value of the homes. As of September 30, 2018, the Company had repurchases of $135. The Company considers its obligations on current contracts to be minimal and accordingly have not recorded any reserve for repurchase commitment as of September 30, 2018 and 2017.

Leases. The Company leases facilities under operating leases that typically have 10-year terms. These leases usually offer the Company a right of first refusal that affords the Company the option to purchase the leased premises under certain terms in the event the landlord attempts to sell the leased premises to a third party. Rent expense was $276 and $234 for the nine-months ended September 30, 2018 and 2017, respectively. The Company also subleases properties to third parties, ranging from 3-year to 11-year terms with various renewal options. Rental income from the subleased property was approximately $260 and $192 for the nine-months ended September 30, 2018 and 2017, respectively.

Future minimum lease commitments under all non-cancelable operating leases having a remaining term in excess of one year at September 30, 2018, are as follows:

2019	$	566
2020		513
2021		450
2022		374
2023		318
Thereafter		972
Total	$	3,193

Legal Matters

The Company is party to certain legal proceedings that arise in the ordinary course and are incidental to its business. Certain of the claims pending against the Company in these proceedings allege, among other things, breach of contract and warranty, product liability and personal injury. Although litigation is inherently uncertain, based on past experience and the information currently available, management does not believe that the currently pending and threatened litigation or claims

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12. COMMITMENTS AND CONTINGENCIES (Continued)

will have a material adverse effect on the Company's financial position, liquidity or results of operations. However, future events or circumstances currently unknown to management will determine whether the resolution of pending or threatened litigation or claims will ultimately have a material effect on the Company's financial position, liquidity or results of operations in any future reporting periods. The Company has set aside an amount of $405 and $425 as of September 30, 2018 and December 31, 2017, respectively, for potential claims pending against the Company, which are included in accrued liabilities.

13. EARNINGS PER SHARE

Basic earnings per common share is computed based on the weighted-average number of common shares outstanding during the reporting period. The Company has no common stock equivalents. As a result, there is no difference between diluted net income per share and basic net income per share amounts.

14. RELATED PARTY TRANSACTIONS

Bell Mobile Homes, a retailer owned by one of the Company's significant owners, purchases manufactured homes from the Company. Accounts receivable balances due from Bell Mobile Homes were $641 and $385 as of September 30, 2018 and December 31, 2017, respectively. Accounts payable balances due to Bell Mobile Homes for maintenance and related services were $68 and $57 as of September 30, 2018 and December 31, 2017, respectively. Home sales to Bell Mobile Homes were $2,634 and $1,818 for the nine-months ended September 30, 2018 and 2017, respectively.

Shipley Bros., Ltd. ("Shipley Bros."), a retailer owned by one of the Company's significant owners, purchases manufactured homes from the Company. Accounts receivable balances due from Shipley Bros. were

$45 and $41 as of September 30, 2018 and December 31, 2017, respectively. Manufactured home sales to Shipley Bros. were $1,925 and $1,532 for the nine-months ended September 30, 2018 and 2017, respectively.

On February 2, 2016, the Company entered into a $1,500 note payable agreement with stated annual interest rates of 3.75% with a related party through common ownership. The note is due on demand. Interest paid on the note payable to Shipley and Sons was $42 for the nine-months ended September 30, 2018 and 2017, respectively. The balance outstanding on the note payable as of September 30, 2018 and December 31, 2017 was $1,500, respectively. On October 18, 2018, this note payable was paid in full.

15. SUBSEQUENT EVENTS

The Company has evaluated events or transactions occurring after September 30, 2018 the balance sheet date, through November 7, 2018, the date the financial statements were issued, and identified no events or transactions not previously disclosed in these notes to the financial statements.

On October 15, 2018, Revolver 2 was amended to extend the maturity date from April 4, 2019 to April 4, 2021.

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15. SUBSEQUENT EVENTS (Continued)

On October 18, 2018, the Company repaid $1,500 of the note payable to the related party. There was no accrued interest due on the affiliate note payable. This paid the note payable to an affiliate in full.

16. UNAUDITED PRO FORMA NET INCOME PER SHARE AND TAX PROVISION

The Company computed a pro forma income tax provision for the nine-months ended September 30, 2017, as if the Partnership was subject to income taxes since January 1, 2017, using an effective tax rate of 35.86%. The Company's pro forma basic net income per common share amount for the nine-months ended September 30, 2017 has been computed based on the weighted-average number of shares of common stock outstanding as if the common shares issued at the Corporate Conversion were outstanding for that entire period. Prior to the completion of the offering, the Company will effect a forward or reverse stock split of the initial allocation of 20,000,000 shares to the former partnership interests.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Legacy Housing, Ltd.

Opinion on the financial statements

We have audited the accompanying balance sheets of Legacy Housing, Ltd. (the "Company") as of December 31, 2017 and 2016, the related statements of operations, changes in partners' capital, and cash flows for each of the two years in the period ended December 31, 2017, 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, 2017 and 2016, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Restatement of 2016 financial statements

As discussed in Note 2, the 2016 financial statements have been restated to correct certain errors.

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 Public Company Accounting Oversight Board (United States) ("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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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 supporting 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.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2018.

Dallas, Texas
September 19, 2018

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LEGACY HOUSING, LTD.

BALANCE SHEET (in thousands)

	December 31, 2017	2016 (Restated)
Assets		
Current assets:		
Cash and cash equivalents	$ 428	$ 1,009
Accounts receivable, net of allowance for doubtful accounts	3,792	1,478
Current portion consumer loans	4,305	3,655
Current portion of notes receivable from mobile home parks ("MHP")	7,216	6,369
Current portion of other notes receivable	2,339	2,166
Inventories	39,561	29,332
Prepaid expenses and other current assets	1,800	1,941
Total current assets	59,441	45,950
Property, plant and equipment, net	11,826	11,206
Consumer loans, net of deferred financing fees and allowance for loan losses	82,331	73,094
Notes receivable from mobile home parks ("MHP")	42,286	37,389
Other notes receivable, net of allowance for loan losses	2,867	2,056
Other assets	2,205	2,639
Inventories, non-current	7,379	7,648
Total assets	$ 208,335	$ 179,982

Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable	6,280	4,383
Accrued liabilities	4,820	4,053
Customer deposits	2,903	1,027
Note payable to related party	1,500	1,500
Escrow liability	4,508	3,158
Current portion of notes payable	3,776	231
Total current liabilities	23,787	14,352
Long-term liabilities:		
Lines of credit	53,094	39,561
Note payable, net of current portion	410	4,186
Dealer incentive liability	6,773	6,292
Total liabilities	84,064	64,391
Commitments and contingencies (Note 12)		
Partners' capital	124,271	115,591
Total liabilities and partners' capital	$ 208,335	$ 179,982

The accompanying notes are an integral part of these financial statements

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LEGACY HOUSING, LTD.

Statement of Operations

(dollars in thousands)

	December 31,	
	2017	2016 (Restated)
Net Revenue:		
Product sales	$ 109,750	$ 93,394
Consumer and MHP loans interest	15,647	13,739
Other	3,339	3,412
Total net revenue	128,736	110,545
Operating expenses:		
Cost of product sales	82,498	77,329
Selling, general administrative expenses	17,105	13,580
Dealer incentive	1,038	1,211
Income from operations	28,095	18,425
Other income (expense):		
Non-operating interest income	272	214
Miscellaneous, net	149	102
Interest expense	(2,044)	(1,244)
Total other	(1,623)	(928)
Income before state income tax expense	26,472	17,497
State income tax expense	(124)	(158)
Net income	$ 26,348	$ 17,339
Unaudited Pro Forma Information:		
Net income	$ 26,348	$ 17,339
Pro forma provision for income taxes	(9,448)	(6,218)
Pro forma net income	$ 16,900	$ 11,121

Pro forma weighted average shares outstanding:		
Pro forma basic and diluted	20,000,000	20,000,000
Pro forma net income per share:		
Pro forma basic and diluted	$ 0.84	$ 0.56

See accompanying notes to financial statements.

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LEGACY HOUSING, LTD.

STATEMENT OF CHANGES IN PARTNERS' CAPITAL (in thousands)

	Partners' Capital	Distributions	Contributions	Total Partners' Capital
Balances, January 1, 2016 (Restated)	$ 112,435	$ (23,070)	$ 15,792	$ 105,157
Partner distributions	—	(6,905)	—	(6,905)
Net income (Restated)	17,339	—	—	17,339
Balances, December 31, 2016 (Restated)	$ 129,774	$ (29,975)	$ 15,792	$ 115,591
Partner distributions	—	(17,668)	—	(17,668)
Net income	26,348	—	—	26,348
Balances, December 31, 2017	$ 156,122	$ (47,643)	$ 15,792	$ 124,271

The accompanying notes are an integral part of these financial statements

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LEGACY HOUSING, LTD.

STATEMENT OF CASH FLOWS (in thousands)

	December 31,	
	2017	2016 (Restated)
Operating activities:		
Net income	$ 26,348	$ 17,339
Adjustments to reconcile net income to net cash provided by and (used in) operating activities:		
Depreciation and amortization expense	652	576
Provision for loan loss—consumer loans	961	772
Changes in operating assets and liabilities:		
Accounts receivable	(2,314)	(284)
Consumer loans originations	(17,980)	(24,064)
Consumer loans principal collections	7,132	7,436
Notes receivable MHP originations	(19,715)	(14,072)
Notes receivable MHP principal collections	13,971	11,234
Inventories	(9,960)	(3,543)
Prepaid expenses and other current assets	142	1,004
Other assets	435	380
Accounts payable	1,896	905
Accrued liabilities	767	904
Customer deposits	1,876	(1,385)
Dealer incentive liability	480	895
Net cash provided by (used in) operating activities	4,691	(1,903)
Investing activities:		
Purchases of property, plant and equipment	(1,428)	(2,167)

Issuance of notes receivable	(828)	(1,305)
Net cash used in investing activities	(2,256)	(3,472)
Financing activities:		
Partner distributions	(17,668)	(6,905)
Proceeds from note payable	—	2,015
Escrow liability	1,350	1,169
Principal payments on note payable	(231)	(221)
Proceeds from lines of credit	59,599	52,767
Payments on lines of credit	(46,066)	(42,741)
Net cash provided by (used in) financing activities	(3,016)	6,084
Net (decrease) increase in cash and cash equivalents	(581)	709
Cash and cash equivalents at beginning of period	1,009	300
Cash and cash equivalents at end of period	$ 428	$ 1,009
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,914	$ 1,200
Cash paid for state taxes	$ 150	$ 145
Supplemental disclosure of non-cash transactions:		
Sale of an asset in exchange for note receivable	$ 156	$ —

The accompanying notes are an integral part of these financial statements

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

1. NATURE OF OPERATIONS

Legacy Housing, Ltd. (the "Company") is a Texas limited partnership formed in May 2005 and headquartered in Bedford, Texas. The Company (1) manufactures and provides for the transport of mobile homes, (2) provides wholesale financing to dealers and mobile home parks and (3) provides retail financing to consumers. The Company manufactures its mobile homes at plants located in Fort Worth, Texas, Commerce, Texas and Eatonton, Georgia. The Company relies on a network of dealers to market and sell its mobile homes. The Company also sells homes directly to dealers and mobile home parks. GPLH, LC, ("GPLH") serves as a general partner of the Company and holds a 1% general partner interest.

2. RESTATEMENT OF 2016 FINANCIAL STATEMENTS

Subsequent to the issuance of the Company's financial statements as of and for the year ended December 31, 2016, which statements have been restated, management identified certain errors consisting of:

- The Company corrected its methodology for allowance for loan losses to properly apply guidance under Accounting Standards Codification ("ASC") 310 *Receivables—Nonrefundable Fees and Other* and ASC 450 *Contingencies—Loss Contingencies,* by individually assessing impaired loans and collectively evaluating all remaining loans based upon historical loss experience. The correction in methodology resulted in a decrease in allowance for loan losses of $5,839, which includes a cumulative change from previous years of $4,588 adjusted against partners' capital and a decrease in provision for loan losses in the amount of $1,010 in statement of operations. In association with the change in allowance for loan loss, the dealer incentive liability recorded in the Company's balance sheet was also impacted resulting in an increase of $951 in dealer incentive liability, which included a cumulative change from previous years of $918 adjusted against partners' capital and an increase in dealer incentive expense in of $33 in statement of operations.

- The Company has corrected its accounting for certain fee income charged to dealers for consignment sales that are financed by the Company. The Company has corrected its accounting to appropriately defer such fee income over the life of the loan as deferred financing income, resulting in an increase in deferred financing fees, recorded as an offset to consumer loans, of $1,179, with the cumulative change from previous years of $654 adjusted against partners' capital and a reduction of $525 in income from operations.

- The Company previously did not properly allocate actual labor and overhead costs to homes manufactured. The Company corrected this immaterial error, which resulted in a decrease to inventory and increase in cost of product sales in the amount of $216.

- The Company corrected certain immaterial errors including recording a payroll and vacation accrual, correcting state income taxes payable and valuing repossessed homes and inventory write-downs, resulting in a cumulative change from previous years of $155 adjusted against partners' capital, a

decrease of $49 recorded as a decrease in operating, other and state income tax expenses in statement of operations and corresponding immaterial increases or decreases in respective asset and liability accounts in the balance sheet.

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LEGACY HOUSING, LTD.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

2. RESTATEMENT OF 2016 FINANCIAL STATEMENTS (Continued)

- The Company made certain reclassifications of amounts previously presented to conform to the current period. Such reclassifications on the balance sheet mainly included a combined presentation for two line of credits which had been separately presented and the appropriate classification of a $27,000 line of credit as non-current due to subsequent extension of this line of credit, classification of $7,600 of inventory to non-current inventory, classification of $2,500 of repossessed homes from inventory to other assets, classification of $1,500 from current notes receivable from manufactured housing communities ("MHP Notes") to other notes receivable, classification of $2,000 from MHP Notes to other notes receivable, classification of $1,000 from accrued liabilities to customer deposits, and correctly presenting partners' capital as a single line by eliminating a $1,000 amount which had been incorrectly presented as a non-controlling interest. Such reclassifications on the statement of operations mainly included changes in presentation of net revenues to separately present dealer incentive expense of $1,100 and interest expense of $1,000 which had been previously recorded as cost of revenue, reclassification and net presentation of sale of repossessed assets which resulted in a decrease in net revenues of $3,100, with a corresponding decrease in cost of revenue and an immaterial net increase in selling, general and administrative expense, reclassification of certain cost from cost of revenue to selling, general and administrative expense of $1,700. There were other immaterial reclassifications made between various line items in statement of operations to conform to current year presentation.

- The Company corrected the statement of cash flows for certain items primarily to properly classify net change in escrow liability of $1,169 as cash received from financing activity and net change in other loans of $1,305 as cash used for investing activity, both of these were included as operating activity in the previously issued financial statements. There were other reclassifications made between various line items in statement of cash flow as a result of reclassifications and error corrections discussed earlier.

As a result of these changes in accounting or error correction, the Company has restated the accompanying 2016 financial statements.

LEGACY HOUSING, LTD.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

2. RESTATEMENT OF 2016 FINANCIAL STATEMENTS (Continued)

The following is a summary of the impact of the restatement and reclassifications on the Company's balance sheet:

	December 31, 2016			
	As Previously Reported	Correction of Errors	Reclassifications	As Restated
Accounts receivable, net of allowance for doubtful accounts	$ 1,286	$ —	$ 192	$ 1,478
Current portion consumer loans	3,591	—	64	3,655
Current portion of notes receivable from mobile home parks	7,957	—	(1,588)	6,369
Current portion of other notes receivable, net of allowance for loan losses	675	—	1,491	2,166
Inventories	37,480	(435)	(7,713)	29,332
Repossessed portfolio loans	2,468	52	(2,520)	—
Prepaid expenses and other current assets	2,092	—	(151)	1,941
Total current assets	56,977	(802)	(10,225)	45,950
Consumer loans	68,499	4,660	(65)	73,094
Notes receivable from mobile home parks	39,325	—	(1,936)	37,389
Other notes receivable, net	—	—	2,056	2,056
Other assets	360	—	2,279	2,639
Inventories, non-current	—	—	7,648	7,648
Total assets	176,365	3,858	(241)	179,982
Accrued liabilities	5,044	37	(1,028)	4,053
Customer deposits	—	—	1,027	1,027

Line of credit Revolver 1	27,561	—	(27,561)	—
Current portion of notes payable	247	—	(16)	231
Total current liabilities	41,894	37	(27,579)	14,352
Line of credit Revolver 2	12,000	—	27,561	39,561
Note payable, net of current portion	4,170	—	16	4,186
Dealer incentive liability	5,340	951	1	6,292
Total liabilities	63,404	988	(1)	64,391
Legacy Housing Ltd.	111,901	(419)	4,109	115,591
Non-controlling interest	1,060	—	(1,060)	—
Total capital	112,961	2,870	(240)	115,591
Total liabilities and partners' capital	$176,365	3,858	(241)	$179,982

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LEGACY HOUSING, LTD.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

2. RESTATEMENT OF 2016 FINANCIAL STATEMENTS (Continued)

The following is a summary of the impact of the restatement and reclassifications on the Company's statement of operations:

	December 31, 2016			
	As Previously Reported	Correction of Errors	Reclassifications	As Restated
Total net revenue	$ 113,728	$ 123	$ (3,306)	$ 110,545
Cost of revenues	84,170	837	$ (85,007)	—
Cost of product sale	—		$ 77,329	77,329
Selling, general administrative expenses	11,030	127	$ 2,423	13,580

Provision for loan losses	909	(592)	$ (317)	—
Dealer incentive	—	33	$ 1,178	1,211
Income from operations	17,619	(282)	1,088	18,425
Interest expense	(173)	—	$ (1,071)	(1,244)
Non-operating interest income	215	—	$ (1)	214
Other income, net	52	—	$ (52)	—
Miscellaneous, net		—	$ 102	102
Gain on early settlement of dealer portfolio positions	66	—	$ (66)	—
Total other income	160	—	(1,088)	(928)
Income before state income tax expense	17,779	(282)	$ (0)	17,497
State income tax expense	(209)	51	$ —	(158)
Net income	$ 17,570	$ (231)	$ (0)	$ 17,339

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LEGACY HOUSING, LTD.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

2. RESTATEMENT OF 2016 FINANCIAL STATEMENTS (Continued)

The following is a summary of the impact of the restatement and reclassifications on the Company's statement of cash flows:

	December 31, 2016			
	As Previously Reported	Correction of Errors	Reclassifications	As Restated
Net income	$ 17,570	$ (231)	$ —	$ 17,339
Depreciation and amortization expense	593	—	(17)	576
Gain on derivative related activity	(26)	—	26	—

Provision for loan loss—consumer loans	926	—	(154)	772
Proceeds from repossessed unit sales	205	—	(205)	
Provisions for slow moving inventory	(90)	—	90	—
Accounts receivable	2,808	—	(3,092)	(284)
Portfolio loans receivable	(16,504)	—	16,504	—
Consumer loan originations	—	—	(24,064)	(24,064)
Consumer loans principal collections	—	—	7,436	7,436
Notes receivable from mobile home parks	(2,838)	1,305	1,533	—
Notes receivable MHP originations	—	—	(14,072)	(14,072)
Notes receivable MHP principal collections	—	—	11,234	11,234
Advances to dealers	58	—	(58)	—
Inventories	(3,297)	—	(246)	(3,543)
Repossessed portfolio loans related inventory	205	—	(205)	—
Promissory notes receivable	(1,564)	—	1,564	—
Prepaid expenses and other current assets	333	—	671	1,004
Other assets	—	—	380	380
Accounts payable	(2,141)	—	3,046	905
Accrued liabilities	(420)	—	1,324	904
Customer deposits	—	—	(1,385)	(1,385)
Escrow liability	1,169	(1,169)	—	—
Dealer incentive liabilities	—	—	895	895
Net cash provided by (used in) operating activities	(2,010)	—	107	(1,903)
Purchases of property, plant and equipment	(2,184)	—	17	(2,167)
Notes receivable	—	(1,305)	—	(1,305)
Net cash used in investing activities	(2,184)	—	(1,288)	(3,472)
Proceeds from line of credit Revolver 1	40,767	—	(40,767)	—

Payments on line of credit Revolver 1	(42,741)	—	42,741	—
Proceeds from line of credit Revolver 2	12,000	—	(12,000)	—
Proceeds from lines of credit	—	—	52,767	52,767
Payments on lines of credit	—	—	(42,741)	(42,741)
Proceeds from note payable	515	—	1,500	2,015
Escrow liability	—	1,169	—	1,169
Principal payments on note payable to Captive	1,500	—	(1,500)	—
Net cash provided by (used in) financing activities	4,915	—	1,169	6,084
Net increase in cash and cash equivalents	722	—	(13)	709
Cash and cash equivalents at beginning of period	287	—	13	300
Cash and cash equivalents at end of period	$ 1,009	$ —	$ —	$ 1,009

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LEGACY HOUSING, LTD.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all cash and highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash balances in bank accounts that may, at times, exceed federally insured limits. The Company has not incurred any losses from such accounts and management considers the risk of loss to be minimal. As of December 31, 2016, the Company had two bank accounts that exceeded the FDIC limit by an aggregate amount of $224.

Accounts Receivable

Included in accounts receivable are receivables from direct sales of mobile homes and sales of parts and supplies to customers, and interest receivables.

Accounts receivables are generally due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines the allowance by considering several factors, including the aging of the past due balance, the customer's payment history, and the Company's previous loss history. The Company establishes an allowance for doubtful accounts for amounts that are deemed to be uncollectible. At December 31, 2017 and 2016, the allowance for doubtful accounts totaled $115 and $105, respectively.

Consumer Loans Receivable

Consumer loans receivable result from financing transactions entered into with retail buyers of mobile homes sold through dealers. Consumer loans receivable generally consist of the sales price and any additional financing fees, less the buyer's down payment. Interest income is recognized monthly per the terms of the financing agreements. The average contractual interest rate per loan was approximately 13.9% as of December 31, 2017 and 2016. Consumer loans receivable have maturities that range from 5 to 25 years.

Loan applications go through an underwriting process which considers credit history to evaluate credit risk. Interest rates on approved loans are determined based on buyer's credit score and down payment amount.

The Company uses payment history to monitor the credit quality of the consumer loans on an ongoing basis.

Allowance for Loan Losses—Consumer Loans Receivable

The allowance for loan losses reflects management's estimate of losses inherent in the consumer loans that may be uncollectible based upon review and evaluation of the consumer loan portfolio as of the date of the balance sheet. An allowance for loan losses is determined after giving consideration to, among other things, the loan characteristics, including the financial condition of borrowers, the value and liquidity of collateral, delinquency and historical loss experience.

The allowance for loan losses is comprised of two components: the general reserve and specific reserves. The Company's calculation of the general reserve considers the historical loss rate for the last three years, adjusted for the estimated loss discovery period and any qualitative factors both internal

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and external to the Company. Specific reserves are determined based on probable losses on specific classified impaired loans.

The Company's policy is to place a loan on nonaccrual status when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due, which is normally when either principal or interest is past due and remains unpaid for 90 days or more. Management implemented this policy based on an analysis of historical data, current performance of loans and the likelihood of recovery once principal or interest payments became delinquent and were aged 90 days or more. Payments received on nonaccrual loans are accounted for on a cash basis, first to interest and then to principal, as long as the remaining book balance of the asset is deemed to be collectible. The accrual of interest resumes when the past due principal or interest payments are brought within 90 days of being current. As of December 31, 2017 and 2016, total principal outstanding for consumer loans on nonaccrual status was $1,237 and $910 respectively.

Impaired loans are those loans where it is probable the Company will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. Impaired loans are generally measured based on the fair value of the collateral. Impaired loans, or portions thereof, are charged off when deemed uncollectible. A loan is generally deemed impaired when it is probable the Company will be unable to collect all amounts due for scheduled principal and interest payments, including loans in the process of repossession. A specific reserve is created for impaired loans based on fair value of underlying collateral value. The Company used various factors to determine the value of the underlying collateral for impaired loans. These factors were: (1) the length of time the unit was unsold after construction; (2) the amount of time the house was occupied; (3) the cooperation level of the borrowers, i.e., loans requiring legal action or extensive field collection efforts; (4) units located on private property as opposed to a manufactured home park; (5) the length of time the borrower has lived in the house without making payments; (6) location, size, and market conditions; and (7) the experience and expertise of the particular dealer assisting in collection efforts.

Collateral for repossessed loans is acquired through foreclosure or similar proceedings and is recorded at the estimated fair value of the home, less the costs to sell. At repossession, the fair value of the collateral is computed based on the historical recovery rates of previously charged-off loans; the loan is charged off and the loss is charged to the allowance for loan losses. At each reporting period, the fair value of the collateral is adjusted to the lower of the amount recorded at repossession or the estimated sales price less estimated costs to sell, based on current information. Repossessed homes totaled $1,856 and $2,279 as of December 31, 2017 and 2016, respectively, and are included in other assets in the balance sheets.

Notes Receivable from Mobile Home Parks

The notes receivable from mobile home parks ("MHP Notes" or "Notes") relate to mobile homes sold to mobile home parks and financed through notes receivable. The Notes have varying maturity dates and call for monthly principal and interest payments. The interest rate on the MHP Notes are typically set at 4.0% above prime with a minimum of 8.0%. The collateral underlying the Notes are individual mobile homes which can be repossessed and resold. The MHP Notes are generally personally guaranteed by the borrowers with substantial financial resources.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses—MHP Notes

MHP Notes are stated at amounts due from customers, net of allowance for loan losses. The Company determines the allowance by considering several factors including the aging of the past due balance, the customer's payment history, and the Company's previous loss history. The Company establishes an allowance reserve composed of specific and general reserve amounts.

Other Notes Receivable

Other notes receivable relate to various notes issued to mobile park owners and dealers, which are not directly tied to sale of mobile homes. The other notes have varying maturity dates and call for monthly principal and interest payments. The other notes are collateralized by mortgages on real estate, units being financed and used as offices, as well as vehicles, and are typically personally guaranteed by the borrowers. The interest rate on the other notes are fixed and range from 6.25% to 12.00%. The Company reserves for estimated losses on the other notes based on current economic conditions that may affect the borrower's ability to pay, the borrower's financial strength, and historical loss experience. The allowance for loan losses on other notes was $0 and $50 as of December 31, 2017 and 2016, respectively.

Inventories

Inventories consist of raw materials, work-in-process, and finished goods and are stated at the lower of cost or net realizable value. The cost of raw materials is based on the first-in first-out method. Finished goods and work-in-process are based on a standard cost system that approximates actual costs using the specific identification method.

Estimates of the lower of cost and net realizable value of inventory are determined by comparing the actual cost of the product to the estimated selling prices in the ordinary course of business based on current market and economic conditions, less reasonably predictable costs of completion, disposal, and transportation of the inventory. For the periods ending, December 31, 2017 and 2016, the Company recorded an insignificant amount of inventory write-down.

The Company evaluates inventory based on historical experience to estimate its inventory not expected to be sold in less than a year. The company classifies its inventory not expected to be sold in one year as non-current. As of December 31, 2017 and 2016 non-current inventory was $7,379 and $7,648, respectively.

Property, Plant, and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of each asset. Estimated useful lives for significant classes of assets are as follows: buildings and improvements, 30 to 39 years; vehicles, 5 years; machinery and equipment, 7 years; and furniture and fixtures, 7 years. Repair and maintenance charges are expensed as incurred. Expenditures for major renewals or betterments which extend the useful lives of existing property, plant and equipment are capitalized and depreciated.

LEGACY HOUSING, LTD.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Assets are grouped at the lowest level in which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. In such cases, if the future undiscounted cash flows of the underlying assets are less than the carrying amount, then the carrying amount of the long-lived asset will be adjusted for impairment to a level commensurate with a discounted cash flow analysis of the underlying asset or its determinable fair value. No impairment for long-lived assets was recorded for the years ended December 31, 2017 or 2016.

Dealer Incentive Liability

Under a dealer agreement with qualifying dealers, a portfolio is created for houses sold by the dealer with consumer loan arrangements financed by the Company. The dealer is eligible to a receive dealer incentive, which is a portion of total collections on a consumer loan portfolio after the Company's contribution (collection thresholds set per the terms of dealer agreement) is met.

A dealer incentive liability is recorded in the Company's balance sheet based on total outstanding balance of individual dealer loan portfolios at period end, less the remaining portion of the Company's contribution in respective portfolios. As of December 31, 2017 and 2016, the dealer incentive liability was $6,773 and $6,292, respectively. Dealer incentive expense for the years ended December 31, 2017 and 2016 totaled $1,038 and $1,211, respectively, and is included in the Company's statement of operations.

Product Warranties

The Company provides retail home buyers with a one-year warranty from the date of purchase on manufactured inventory. Product warranty costs are accrued when the covered homes are sold to customers. Product warranty expense is recognized based on the terms of the product warranty and the related estimated costs. Factors used to determine the warranty liability include the number of homes under warranty and the historical costs incurred in servicing the warranties. The accrued warranty liability is reduced as costs are incurred and warranty liability balance is included as part of accrued liabilities in the Company's balance sheet.

A tabular presentation of the activity within the warranty liability account for the years ended December 31, 2017 and 2016 is presented below:

	2017	2016
Warranty liability, beginning of period	$ 2,126	$ 1,760

Product warranty accrued	2,923	2,780
Warranty costs incurred	(2,447)	(2,414)
Warranty liability, end of period	$ 2,602	$ 2,126

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LEGACY HOUSING, LTD.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment Reporting

The Company considered the guidance in Financial Accounting Standards Board ("FASB') Accounting Standards Codification ("ASC") ASC 280-10-50 in determining that it has a single reportable segment. All of the Company's activities are interrelated, and each activity is dependent and assessed based on how each of the activities of the Company supports the others. For example, the sale of mobile homes is done through wholesale and retail operations that include providing transportation and consignment arrangements with dealers. The Company also provides financing options to the customers to facilitate such sale of homes. In addition, the sale of homes is directly related to financing provided by the Company. Accordingly, all significant operating and strategic decisions by the chief operating decision-maker are based upon analyses of the Company as one segment or unit.

Advertising Costs

The Company expenses all advertising and marketing expenses in the period incurred. Advertising costs for the years ended December 31, 2017 and 2016 were $982 and $721, respectively.

Fair Value Measurements

The Company accounts for its investments and derivative instruments in accordance with ASC 820-10, *Fair Value Measurement,* which among other things provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurement) and the lowest priority to unobservable inputs (Level III measurements). The three levels of fair value hierarchy under ASC 820-10, *Fair Value Measurement*, are as follows:

Level I Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives.

Level II Significant observable inputs other than quoted prices in active markets for which inputs to the valuation methodology include: (1) Quoted prices for similar assets or liabilities in active markets; (2) Quoted prices for identical or similar assets or liabilities in inactive markets; (3) Inputs other than quoted prices that are observable; (4) Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level II input must be observable for substantially the full term of the asset or liability.

Level III Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company uses derivatives to manage risks related to interest rate movements. The Company does not enter into derivative contracts for speculative purposes. Interest rate swap contracts are recognized as assets or liabilities on the balance sheets and are measured at fair value. The fair value was calculated and provided by the lender, a Level II valuation technique. Management reviewed the fair values for the instruments as provided by the lender and determined the related liability to be an accurate estimate of future losses to the Company. The fair values of the interest rate swap were valued at $34 and $14 as of December 31, 2017 and 2016, respectively.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, consumer loans, MHP Notes, other notes, accounts payable, lines of credit, notes payable, and dealer portion of consumer loans.

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate their respective fair values because of the short-term maturities or expected settlement dates of these instruments. This is considered a Level I valuation technique. The MHP Notes, other notes, lines of credit, and notes payable have variable interest rates that reflect market rates and their fair value approximates their carrying value. This is considered a Level II valuation technique. The Company also assessed the fair value of

the consumer loans receivable based on the discounted value of the remaining principal and interest cash flows. The Company determined that the fair value of the consumer loan portfolio was approximately $90,900 compared to the book value of $86,636 as of December 31, 2017, as well as a fair value of approximately $80,220 compared to the book value of $76,749 as of December 31, 2016. This is a Level III valuation technique.

Revenue Recognition

Direct Sales

Revenue from homes sold to independent retailers that are not financed and not under a consignment arrangement are generally recognized upon execution of a sales contract and when the home is shipped, at which time title passes to the independent retailer and collectability is reasonably assured. These types of homes are generally either paid for prior to shipment or floor plan financed by the independent retailer through standard industry arrangements, which can include repurchase agreements.

Commercial Sales

Revenue from homes sold to mobile home parks under commercial loan programs involving funds provided by the Company is recognized when the home is shipped, at which time title passes to the customer and a sales and financing contract is executed and the down payment received, and collectability is reasonably assured.

Consignment Sales

The Company provides floor plan financing for independent dealers, which takes the form of a consignment arrangement. Sales under a consignment agreement are recognized as revenue when the

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Company enters into a sales contract and receives full payment for cash sales, and title passes; or, upon execution of a sales and financing contract, with a down payment received and upon delivery of the home to the final individual customer, at which time title passes and collectability is reasonably assured. For homes sold to customers through dealers under consignment arrangements and financed by the Company, a percentage of profit is paid to the dealer up front as a commission for sale and also reimburses certain direct expenses incurred by the dealer for each transaction. Such payments are recorded as cost of product sales in the Company's statement of operations.

Retail Store Sales

Revenue from direct retail sales through Company-owned retail locations are generally recognized when the customer has entered into a legally binding sales contract, and full payment received, the home is delivered at the customer's site, title has transferred and collection is reasonably assured. Retail sales financed by the Company are recognized as revenue upon the execution of a sales and financing contract with a down payment received and upon delivery of the home to the final customer, at which time title passes and collectability is reasonably assured. Revenue is recognized net of sales taxes.

For 2017 and 2016, total cost of product sales included $15,900 and $17,653 of costs, mainly relating to up front dealer commission and reimbursed dealer expenses for consignment sales and certain other similar costs incurred for retail store and commercial sales.

Reserve for Repurchase Commitments

In accordance with customary business practice in the manufactured housing industry, the Company has entered into certain repurchase agreements with certain financial institutions and other credit sources who provide floor plan financing to industry retailers, which provided that the Company will be obligated, under certain circumstances, to repurchase homes sold to retailers in the event of a default by a retailer in its obligation to such credit sources. The Company's obligation under these repurchase agreements ceases upon the purchase of the home by the retail customer. The Company applies ASC 460, *Guarantees* and ASC 450-20, *Loss Contingencies*, to account for its liability for repurchase commitments. Company considers its current obligations on current contracts to be minimal and accordingly have not recorded any reserve for repurchase commitments as of December 31, 2017 and 2016.

Other Income, Net

Other income primarily consists of interest related to commercial loan receivable balances, interest income earned on cash balances, and reduced by interest expenses.

Interest Income

Interest on consumer loans, MHP Notes and other notes is recognized using the effective-interest method on the daily balances of the principal amounts outstanding and recorded as part of total revenue. Fees associated with the origination of loans and certain direct loan origination costs are

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

netted and the net amount is deferred and recognized over the life of the loan as an adjustment of yield.

Shipping and Handling Costs

Shipping and handling costs incurred to deliver product to our customers are included as a component of cost of product sales in the statement of operations. Shipping and handling costs for the years ended December 31, 2017 and 2016 were $117 and $156, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes

As of December 31, 2017, the Company was a Texas limited Company and was not a taxpaying entity for federal income tax purposes. As a result, no federal income tax expense has been recorded. The Company's annual taxable income or loss is allocated to individual partners for reporting on their own individual federal tax returns. The Company is subject to certain state and local taxes.

The Company applies ASC 740-10, *Income Taxes*, in establishing standards for accounting for uncertain tax positions. The Company evaluates uncertain tax positions with the presumption of audit detection and applies a "more likely than not" standard to evaluate the recognition of tax benefits or provisions. ASC 740-10, *Income Taxes*, applies a two-step process to determine the amount of tax benefits or provisions to record in the financial statements. The Company first determines whether any amount may be recognized and then determines how much of a tax benefit or provision should be recognized. As of December 31, 2017 and 2016, the Company had no uncertain tax positions. When necessary, the Company would include interest and penalties assessed by taxing authorities in "Interest expense" on its statement of operations. The Company did not record any interests or penalties related to income tax for the years ended December 31, 2017 and 2016. With few exceptions, the Company was not subject to State income tax examinations by tax authorities for the years before 2014.

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable, consumer loans, and MHP Notes. Management believes that its credit policies are adequate to minimize potential credit risk related to accounts receivable. The consumer loans are secured by the mobile homes that were financed through the loans. The MHP Notes are secured by mobile homes, other assets, and are personally guaranteed. The MHP Notes personal guarantor may cover multiple parks and each park is treated as a customer. As of December 31, 2017 and 2016, two customers represented approximately 21% and 25% of MHP Notes, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

The Company has elected to use longer phase-in periods for the adoption of new or revised financial accounting standards under the JOBS Act as an emerging growth company.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The standard requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements intended to provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of the new revenue standard. The Company will adopt the requirements of the new standard in the fiscal year beginning January 1, 2019 using the modified retrospective transition method. The Company is continuing to evaluate the impact of the adoption of ASU 2014-09 and is uncertain of the impact on the financial statements at this point in time.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and an asset representing its right to use the underlying asset for the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous requirements. The Company plans to use longer phase-in period for adoption and accordingly this ASU is effective for the Company's fiscal year beginning January 1, 2020. Modified retrospective application and early adoption is permitted. The Company is currently assessing the impact the adoption of this standard will have on its operations and its financial statements.

In June 2016, the FASB issued an accounting standards update ASU 2016-13 *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale debt securities, credit losses should be measured in a manner similar to current GAAP, however Topic 326 will require that credit losses be presented as an allowance rather than as a write-down and affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company plans to use longer phase-in period for adoption and accordingly this ASU is effective for the Company's fiscal year beginning January 1, 2021. The Company is continuing to evaluate the impact of the adoption of this ASU and is uncertain of the impact on the financial statements at this point in time.

4. CONSUMER LOANS RECEIVABLE

Consumer loans receivable, net of allowance for loan losses and deferred financing fees, consisted of the following at December 31, 2017 and 2016:

	2017	2016
Consumer loans receivable	$ 90,276	$ 79,995
Deferred financing fees, net	(2,835)	(2,668)
Allowance for loan losses	(805)	(578)
Consumer loans receivable, net	$ 86,636	$ 76,749

The allowance for loan losses activity consisted of the following at December 31, 2017 and 2016:

	2017	2016
Allowance for loan losses, beginning of period	$ 578	$ 675
Provision for loan loss	961	772
Charge offs	(734)	(869)
Allowance for loan losses, end of period	$ 805	$ 578

The impaired and general reserve for allowance for loan losses at December 31, 2017 and 2016:

	2017	2016
Total consumer loans	$ 90,276	$ 79,995
Total allowance for loan losses	805	578
Impaired loans individually evaluated for impairment	1,237	910
Specific reserve against impaired loans	447	269
Other loans collectively evaluated for allowance	89,039	79,085
General allowance for loan losses	358	309

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LEGACY HOUSING, LTD.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

4. CONSUMER LOANS RECEIVABLE (Continued)

As of December 31, 2017 and 2016, the total principal outstanding for consumer loans on nonaccrual status was $1,237 and $910 respectively. A detailed aging of consumer loans receivable that are past due as of December 31, 2017 were as follows:

	2017	%
Total consumer loans receivable	$ 90,276	100.0
Past due consumer loans:		
31 - 60 days past due	$ 234	0.3
61 - 90 days past due	133	0.1
91 - 120 days past due	135	0.1
Greater than 120 days past due	1,102	1.2
Total past due	$ 1,604	1.7

5. NOTES RECEIVABLE FROM MOBILE HOME PARKS ("MHP Notes")

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

There were no past due MHP Notes as of December 31, 2017 and 2016 and also no charge offs recorded for MHP Notes during the year ended December 31, 2017 and 2016. There is no allowance for loan loss against the MHP Notes as of December 31, 2017 or 2016.

6. Other Notes Receivable

The balance outstanding on the other notes receivable were as follows as of December 31, 2017 and 2016:

	2017	2016
Outstanding principal balance	$ 5,270	$ 4,336
Allowance for loan losses	(64)	(114)
Total	$ 5,206	$ 4,222

7. INVENTORIES

Inventories consisted of the following at December 31, 2017 and 2016:

	2017	2016
Raw materials	$ 11,956	$ 9,510
Work in progress	703	360
Finished goods at retail locations	6,385	3,856
Finished goods consigned to dealers	27,896	23,254
Total	46,940	36,980

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8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at December 31, 2017 and 2016:

	2017	2016

Land	$ 3,004	$ 3,020
Buildings and improvements	9,008	8,366
Vehicles	1,269	1,036
Machinery and equipment	2,788	2,435
Furniture and fixtures	135	134
Total	16,204	14,991
Less accumulated depreciation	(4,378)	(3,785)
	$ 11,826	$ 11,206

Depreciation expense was $652 with $222 included as a component of cost of product sales for the year ended December 31, 2017 and $576 with $190 included as a component of cost of product sales for the year ended December 31, 2016.

9. OTHER ASSETS

Other assets includes prepaid rent in the amount of $349 and $360 at December 31, 2017 and 2016, respectively, and repossessed loans of $1,856 and $2,279 at December 31, 2017 and 2016, respectively.

10. ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31, 2017 and 2016:

	2017	2016
Warranty liability	$ 2,602	$ 2,126
Litigation reserve	315	425
Derivative liabilities	34	14
Credit card liabilities	290	216
Tax liabilities	1,144	970
Other accrued liabilities	435	302
	$ 4,820	$ 4,053

11. DEBT

Lines of Credit

Revolver 1

The Company has a revolving line of credit ("Revolver 1") with Capital One, N.A. with a maximum credit limit of $35,000 as of December 31, 2016. On May 12, 2017, Revolver 1 was amended to extend the maturity date to May 11, 2020 and increase the maximum borrowing availability to $45,000. For the years ended December 31, 2017 and 2016, Revolver 1 accrued interest at one month

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11. DEBT (Continued)

LIBOR plus 2.40% and one month LIBOR plus 2.00%, respectively. The interest rates in effect as of December 31, 2017 and 2016 were 3.78% and 2.77%, respectively. Amounts available under Revolver 1 are subject to a formula based on eligible consumer loans and MHP Notes and are secured by all accounts receivable and a percentage of the consumer loans receivable and MHP Notes. The amount of available credit under Revolver 1 was $6,906 and $7,439 at December 31, 2017 and 2016, respectively. The Company was in compliance with all required covenants as of December 31, 2017 except as it relates to issuance of the audited financial statements, for which the Company received a waiver in relation to this non-compliance. For the years ended December 31, 2017 and 2016, interest expense was $1,223 and $794, respectively. The outstanding balance as of December 31, 2017 and 2016 was $38,094 and $27,561. The Company was in compliance with the other financial covenants that it maintain a tangible net worth of at least $30,000 and that it maintain a ratio of debt to EBITDA of 4 to 1 or less.

Revolver 2

In April 2016, the Company entered into an agreement with Veritex Community Bank to secure an additional revolving line of credit of $15,000 ("Revolver 2"). Revolver 2 accrues interest at one month LIBOR plus 2.50% and all unpaid principal and interest is due at maturity on April 4, 2019. Revolver 2 is secured by all finished goods inventory excluding repossessed homes. Amounts available under Revolver 2 are subject to a formula based on eligible inventory. The interest rates in effect as of December 31, 2017 and 2016 were 3.87% and 3.24%, respectively. On May 12, 2017, the Company entered into an agreement to increase the line of credit to $20,000. The amount of available credit under Revolver 2 was $5,000 and $3,000 at December 31, 2017 and 2016, respectively. The Company was in compliance with all required covenants as of December 31, 2017 except as it relates to issuance of the audited financial statements, for which the Company received a waiver in relation to this non-compliance. For the years ended December 31, 2017 and 2016, interest expense was $527 and $204, respectively. The outstanding balance as of December 31, 2017 and 2016 was $15,000 and $12,000. The Company was in compliance with the other financial covenants that it maintain a tangible net worth of at least $80,000.

Notes Payable

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

On April 7, 2011, the Company signed a promissory note for $4,830 with Woodhaven Bank. The amount due under the promissory note accrues interest at an annual rate of 3.85% through February 2, 2017 and then at the prime interest rate plus 0.60% through maturity on April 7, 2018. The loan was subsequently renewed (See Note 16). The promissory note calls for monthly principal and interest payments of $30 with a final payment due at maturity of $3,677. The interest rates in effect as of December 31, 2017 and 2016 were 4.35% and 3.90%, respectively. The note is secured by certain real property of the Company. The balance outstanding on the note payable at December 31, 2017 and 2016 was $3,734 and $3,924, respectively.

On May 24, 2016, the Company signed a promissory note for $515 with Eagle One, LLC collateralized by the purchase of real property located in Oklahoma City, Oklahoma. The amount due under the promissory note accrues interest at an annual rate of 6.00%. The promissory note calls for

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11. DEBT (Continued)

monthly principal and interest payments of $6 until June 1, 2026. The balance outstanding on the note payable at December 31, 2017 and 2016 was $453 and $493, respectively.

Future minimum principal payments on notes payable at December 31, 2017 were as follows:

2018	$	3,776
2019		45
2020		48
2021		51
2022		54
Thereafter		213
	$	4,187

Note Payable to an Affiliate

On February 2, 2016, the Company entered into a $1,500 note payable agreement with stated annual interest rates of 3.75% with a related party through common ownership. The note is due on demand. Interest

paid on the note payable was $56 and $49 for the period ended December 31, 2017 and 2016, respectively. The balance outstanding on the note payable at December 31, 2017 and 2016 was $1,500, respectively.

PILOT Agreement

In December 2016, the Company entered into a Payment in Lieu of Taxes ("PILOT") agreement commonly offered in Georgia by local community development programs to encourage industry development. The net effect of the PILOT agreement is to provide the Company with incentives through the abatement of local, city and county property taxes and to provide financing for improvements to the Company's Georgia plant (the "Project"). In connection with the PILOT agreement, the Putman County Development Authority provides a credit facility for up to $10,000 which can be drawn upon to fund Project improvements and capital expenditures as defined in the agreement. If funds are drawn, the Company would pay transactions costs and debt service payments. The PILOT agreement requires interest payments of 6.00% per annum on outstanding balances, which are due each December 1st through maturity on December 1, 2021, at which time all unpaid principal and interest are due. The PILOT agreement is collateralized by the assets of the Project. As of December 31, 2017, the Company had not drawn on this credit facility.

12. COMMITMENTS AND CONTINGENCIES

The Company is contingently liable under terms of repurchase agreements with financial institutions providing inventory financing for independent retailers of its products. These arrangements, which are customary in the industry, provide for the repurchase of products sold to retailers in the event of default by the retailer. The Company's obligation under these repurchase agreements ceases upon the purchase of the home by the retail customer. The Company applies ASC 460, *Guarantees* and ASC 450-20, *Loss Contingencies*, to account for its liability for repurchase commitments. The maximum amount for which the Company was liable under such agreements approximated $1,765 and $2,390 at

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12. COMMITMENTS AND CONTINGENCIES (Continued)

December 31, 2017 and 2016, respectively, without reduction for the resale value of the homes. The Company considers its obligations on current contracts to be minimal and accordingly have not recorded any reserve for repurchase commitment as of December 31, 2017 or 2016.

Leases. The Company leases facilities under operating leases that typically have 10-year terms. These leases usually offer the Company a right of first refusal that affords the Company the option to purchase the leased premises under certain terms in the event the landlord attempts to sell the leased premises to a third party. Rent expense was $340 and $229 for the years ended December 31, 2017 and 2016, respectively. The

Company also subleases properties to third parties, ranging from 3-year to 11-year terms with various renewal options. Rental income from the subleased property was approximately $369 and $312 for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease commitments under all non-cancelable operating leases having a remaining term in excess of one year at December 31, 2017, are as follows:

2018	$	443
2019		474
2020		419
2021		346
2022		292
Thereafter		682
Total	$	2,656

Legal Matters

The Company is party to certain legal proceedings that arise in the ordinary course and are incidental to its business. Certain of the claims pending against the Company in these proceedings allege, among other things, breach of contract and warranty, product liability and personal injury. Although litigation is inherently uncertain, based on past experience and the information currently available, management does not believe that the currently pending and threatened litigation or claims will have a material adverse effect on the Company's financial position, liquidity or results of operations. However, future events or circumstances currently unknown to management will determine whether the resolution of pending or threatened litigation or claims will ultimately have a material effect on the Company's financial position, liquidity or results of operations in any future reporting periods. The Company has set aside an amount of $315 and $425 for the years ended December 31, 2017 and 2016, respectively, for potential claims pending against the Company, which are included in accrued liabilities.

13. DERIVATIVES

On February 2, 2012, the Company entered into a master interest rate swap agreement. The Company elected not to designate the interest rate swap agreements as cash flow hedges and, therefore, gains or losses on the agreements as well as the other offsetting gains or losses on the hedged items attributable to the hedged risk are recognized in current earnings. ASC 815-10, *Derivatives and Hedging*, requires derivative instruments to be measured at fair value and recorded in

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13. DERIVATIVES (Continued)

the statements of financial position as either assets or liabilities. The fair values of the interest rate swap agreements are included in accrued liabilities and were $34 and $14 at December 31, 2017 and 2016, respectively. Included in the statements of operations for the years ended December 31, 2017 and 2016 were gains of $46 and $24, respectively, which are the result of the changes in the fair values of the interest rate swap agreements.

The Company entered into interest rate swap agreements with Capital One Bank on June 12, 2017 to fix the variable rate portion for $8,000 of the line of credit. This interest rate swap agreement is the only one outstanding at December 31, 2017 and has a maturity of May 11, 2020.

14. PARTNERS' CAPITAL

Capital accounts have been established for each partner and are maintained according to the Company agreement. Each partner's capital account is increased for the fair value of the partner's contributions, the partner's share of profits, and the amount of any Company liabilities assumed by the partner. Each partner's capital account is decreased for the fair value of any property distributed, the partner's share of losses, and the amount of any Company liabilities assumed by the partner.

All net profits and losses are allocated to each partner pro rata in accordance with each partner's respective Company interest during the period over which such profits and losses were accrued. Any Company losses which cannot be allocated to the remaining partners without creating a negative capital account shall be allocated to the remaining partners in proportion to their capital accounts until all partners have a capital account of zero. Net losses allocated when all partners have a capital account of zero shall be allocated proportionately among the partners according to their respective Company interests. The general partner may make cash or in-kind property distributions to the partners on a pro rata or non pro rata basis in its sole, absolute, unlimited, and non-reviewable discretion. Prior to the distribution of in-kind property distributions, the difference between the established fair market value and the book value of the property to be distributed shall be adjusted by a credit or charge, as is appropriate, to the partner's interest. Upon distribution, the adjusted value shall be charged to the capital accounts of the partner or partners receiving the distribution.

15. RELATED PARTY TRANSACTIONS

Bell Mobile Homes, a retailer owned by one of the Company's significant owners, purchases manufactured homes from the Company. Accounts receivable balances due from Bell Mobile Homes were $385 and $41 as of December 31, 2017 and 2016, respectively. Accounts payable balances due to Bell Mobile Homes for maintenance and related services were $57 and $54 as of December 31, 2017 and 2016, respectively. Home sales to Bell Mobile Homes were $2,529 and $2,321 for the years ended December 31, 2017 and 2016, respectively.

Shipley Bros., Ltd. ("Shipley Bros."), a retailer owned by one of the Company's significant owners, purchases manufactured homes from the Company. Accounts receivable balances due from Shipley Bros. were

$41 and $68 as of December 31, 2017 and 2016, respectively. Manufactured home sales to Shipley Bros. were $1,960 and $2,020 for the years ended December 31, 2017 and 2016, respectively.

On February 2, 2016, the Company entered into a $1,500 note payable agreement with stated annual interest rates of 3.75% with a related party through common ownership. The note is due on

LEGACY HOUSING, LTD.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2017 AND 2016 (dollars in thousands)

15. RELATED PARTY TRANSACTIONS (Continued)

demand. Interest paid on the note payable to an affiliate was $56 and $49 for the years ended December 31, 2017 and 2016, respectively. The balance outstanding on the note payable as of December 31, 2017 and 2016 was $1,500, respectively.

16. SUBSEQUENT EVENTS

The Company has evaluated events or transactions occurring after December 31, 2017 the balance sheet date, through September 19, 2018, the date the financial statements were issued, and identified the following events or transactions not previously disclosed in these notes to the financial statements.

Effective January 1, 2018, the structure of the Company was converted to a Delaware C-corporation. After conversion, the previous Company interests resulted in an initial allocation of 20,000,000 shares in exchange for the partners' capital with an allocation of 200,000 share to general partner for its 1% ownership in the Company.

On April 7, 2018, the promissory note with Woodhaven Bank was renewed with varying amounts of principal and interest payments due through the maturity date, April 7, 2033.

17. UNAUDITED PRO FORMA NET INCOME PER SHARE AND TAX PROVISION

The Company computed a pro forma income tax provision for the years ended December 31, 2017 and 2016, as if the Company was subject to income taxes since January 1, 2016, using an effective tax rate of 35.86%. The Company's pro forma basic net income per common share amount for the years ended December 31, 2017 and 2016 has been computed based on the weighted-average number of shares of common stock outstanding as if the common shares issued at the Corporate Conversion were outstanding for that entire period.

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[•] Shares

Legacy Housing Corporation

Common Stock

PROSPECTUS

B. Riley FBR **Oak Ridge Financial**

, 2018

Until [•], 2018 (25 days after the date of this prospectus), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. Other Expenses of Issuance and Distribution

The following table sets forth all expenses and costs expected to be paid by us, other than estimated underwriting discounts and commissions, in connection with this offering. All amounts shown are estimates except for the SEC registration fee, the Financial Industry Regulatory Authority (FINRA) filing fee and The Nasdaq Global Market listing fee:

	Amount to be Paid
SEC registration fee	$ 8,362.80
FINRA filing fee	$ 10,850
Nasdaq listing fee	$ 100,000
Blue Sky fees and expenses	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous	*
Total	$ *

*

To be provided by amendment.

Each of the amounts set forth above, other than the registration fee and the FINRA filing fee, is an estimate.

ITEM 14. Indemnification of Directors and Officers

Effective January 1, 2018, we converted from a Texas limited partnership into a Delaware corporation and changed our name to Legacy Housing Corporation. In connection with this conversion, we adopted a certificate of incorporation and bylaws and are now governed by the Delaware General Corporation Law, or the DGCL. Section 145(a) of the DGCL provides that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding,

whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no cause to believe his or her conduct was unlawful.

Section 145(b) of the DGCL provides that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if he or she acted under similar standards, except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court in which such action or suit was

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brought shall determine that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to be indemnified for such expenses which the court shall deem proper.

Section 145 of the DGCL further provides that: (i) to the extent that a former or present director or officer of a corporation has been successful in the defense of any action, suit or proceeding referred to in subsections (a) and (b) or in the defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith; (ii) indemnification provided for by Section 145 shall not be deemed exclusive of any other rights to which the indemnified party may be entitled; and (iii) the corporation may purchase and maintain insurance on behalf of any present or former director, officer, employee or agent of the corporation or any person who at the request of the corporation was serving in such capacity for another entity against any liability asserted against such person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liabilities under Section 145.

In addition, the proposed form of Underwriting Agreement (to be filed by amendment) is expected to provide for indemnification of our directors and officers by the underwriters against certain liabilities.

Article VI of our certificate of incorporation authorizes us to provide for the indemnification of officers, directors and third parties acting on our behalf to the fullest extent permissible under Delaware law.

We intend to enter into indemnification agreements with our directors, executive officers and others, in addition to indemnification provided for in our bylaws, and intend to enter into indemnification agreements with any new directors and executive officers in the future.

We have purchased and intend to maintain insurance on behalf of any person who is or was a director or officer against any loss arising from any claim asserted against him or her and incurred by him or her in any such capacity, subject to certain exclusions.

See also the undertakings set forth in response to Item 17 herein.

ITEM 15. Recent Sales of Unregistered Securities

Effective January 1, 2018, we converted from a Texas limited partnership into a Delaware corporation. In connection with the conversion, all of our outstanding partnership interests were converted on a proportional basis into 20,000,000 shares of common stock. The issuance of shares of common stock to our partners in the conversion was exempt from registration under the Securities Act by virtue of the exemption contained in Section 4(a)(2) of the Securities Act on the basis that the transactions did not involve a public offering. No underwriters were involved in the issuance.

ITEM 16. Exhibits and Financial Statement Schedules

Exhibit Number	Description
1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of Legacy Housing Corporation.
3.2	Amended and Restated Bylaws of Legacy Housing Corporation.
4.1	Specimen Common Stock Certificate.
5.1*	Opinion of Olshan Frome Wolosky LLP, as to the legality of the common stock.

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Exhibit Number	Description
10.1†	2018 Incentive Compensation Plan.
10.2	Promissory Note, dated December 14, 2011, from Legacy Housing, Ltd. to Capital One, N.A.
10.3	Amended and Restated Promissory Note, dated December 12, 2013, from Legacy Housing, Ltd. to Capital One, N.A.
10.4	Second Amended and Restated Promissory Note, dated March 31, 2014, from Legacy Housing, Ltd. to Capital One, N.A.
10.5	Third Amended and Restated Promissory Note, dated May 12, 2017, from Legacy Housing, Ltd. to Capital One, N.A.

10.6 Fourth Amendment to Loan and Security Agreement, dated July 2015, between Legacy Housing, Ltd. and Capital One, N.A.

10.7 Amended and Restated Promissory Note, dated April 4, 2016, from Legacy Housing, Ltd. to Veritex Community Bank.

10.8 Promissory Note, dated April 7, 2011, from Legacy Housing, Ltd. to Woodhaven Bank Fossil Creek, a Branch of Woodhaven National Bank.

10.9 Promissory Note, dated May 24, 2016, from Legacy Housing, Ltd. to Eagle One, LLC.

10.10 Promissory Note, dated February 16, 2016, from Legacy Housing, Ltd. to DT Casualty Insurance Company Ltd.

10.11 Lease Agreement, dated as of December 1, 2016, between Putnam Development Authority and Legacy Housing, Ltd., together with related Option Agreement.

10.12 Bond Purchase Loan Agreement, dated as of December 1, 2016, between Putnam Development Authority and Legacy Housing, Ltd.

10.13 Form of Indemnification Agreement.

10.14 Form of Non-Disclosure, Non-Competition and Non-Solicitation Agreement between Legacy Housing Corporation and its employees.

14.1 Code of Ethics and Business Conduct.

14.2 Code of Ethics for the CEO and Senior Financial Officers.

16.1 Letter from Montgomery & Coscia Greilich LLP, dated September 10, 2018, to the SEC.

21.1 List of subsidiaries.

23.1* Consent of Olshan Frome Wolosky LLP (included in the opinion filed as Exhibit 5.1).

23.2 Consent of Grant Thornton LLP, independent registered public accountants.

23.3 Consent of Mark E. Bennett.

23.4* Consent of Philip T. Blazek.

23.5 Consent of John Isakson.

24.1 Power of Attorney (set forth on signature page of the registration statement).

†

Compensatory plan or agreement.

*

To be filed by amendment.

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(b)

Financial Statement Schedules

All financial statement schedules are omitted because the information called for is not required or is shown either in the financial statements or in the notes thereto.

ITEM 17. Undertakings

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification by the Registrant for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 14 or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(l) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Bedford, State of Texas, on the 8th day of November 2018.

LEGACY HOUSING CORPORATION

By: /s/ CURTIS D. HODGSON

Name: Curtis D. Hodgson

Title: *Co-Chief Executive Officer*

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Curtis D. Hodgson, Kenneth E. Shipley and Neal J. Suit, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and to sign any registration statement for the same offering covered by the Registration Statement that is to be effective upon filing pursuant to Rule 462 promulgated under the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ CURTIS D. HODGSON Curtis D. Hodgson	Co-Chief Executive Officer and Director (*principal executive officer*)	November 8, 2018

/s/ KENNETH E. SHIPLEY

Kenneth E. Shipley	Co-Chief Executive Officer and Director (*principal executive officer*)	November 8, 2018

/s/ JEFFREY V. BURT

Jeffrey V. Burt	Chief Financial Officer (*principal financial and accounting officer*)	November 8, 2018

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EXHIBIT 10.6

FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this *"Amendment')* Dated as of JULY , 2015, is between CAPITA L ONE, N.A. a national association (together with its successors and assigns, *"Lender"),* and LEGACY HOUSING, LTD, a Texas limited partnership *("Debtor").*

RECITALS

WHEREAS, Debtor and Lender entered into that certain LOAN AN D SECURITY AGREEMENT dated as of DECEMBER 14, 2011(as amended, renewed and restated from time to time, the *"Agreement');*

WHEREAS, the parties desire to amend the Agreement pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

l. Definitions. Capitalized terms used in this Amendment, to the extent not otherwise defined herein, shall have the same meanings as in the Agreement, as amended hereby.

2. Addition of Definition. Section 1 of the Agreement is hereby amended by adding the following definition in the correct alphabetical order therein:

-*Bank Product'* means all bank, banking, treasury, financial, and other !similar or related products and services provided by Lender and/or its Affiliates, including, without limitation, (i) commercial cards, merchant card services, credit or stored value cards, and corporate purchasing ca{ds; (ii) cash management

or related services, including, without limitation, the automated clearinghouse transfers of funds and any other ACH services, remote deposit capture services, account reconciliation srv1ces, lockbox services. depository and checking services, deposit accounts, securities accounts, controlled disbursement services, and wire transfer services; (iii) bankers' acceptances, drafts, letters of credit (and U1e issuance, amendment, renewal, or extension thereof), documentary services, foreign currency exchange services; and (iv) hedge agreements.

3. Amendment to Definition. The definition of *"Indebtedness''* in Section I of the Agreement is hereby amended in its entirety to read as follows:

"Indebtedness" means (i) all indebtedness, obligations and l labilities of Debtor to Lender of any kind or character, now existing or hereafter arising, including without limitation all indebtedness, obligations and liabilities of Debtor to Lender now existing or hereafter arising under (1) the Note, this Agreement, the other Loan Documents, any Bank Product, or any other draft acceptance, guaranty, endorsement, letter of credit, assignment, purchase, overdraft, discount, indemnity agreement, (2) any agreement (including related confirmations and schedules) between Debtor and 1Leodcr or any Affiliate of Lender now existing or hereafter entered into which is, or relates to, a rate swap basis swap, forward rate transaction, cap transaction, floor transaction, collar transaction or any other similar transactions (including any option with respect to any of these transactions) or any combination thereof or (3) otherwise, (ii) all accrued but unpaid interest on any of the indebtedness described in (i) above, (iii) all obligations of Obligors to Lender under the Loan Documents, (iv) all costs and expenses incurred by Lender in connection with the collection and administration of all or any part of the indebtedness and obligations described in (i), (ii) and (iii) above or the protection or preservation of, or realization upon, the collateral securing all or any part of such indebtedness and obligations, including without l imitation all reasonable attorneys' fees, and (v) a ll renewals, extensions, modifications and rearrangements of the indebtedness and obligations described in (i), (ii),*(iii)* and (iv) above.

4. Amendment to Indemnity Section. Section 14 of the Agreement is hereby amended in its entirety to read as follows:

14. Indemnity. Debtor hereby indemnifies and agrees to hold harmless Lender, and its officers, directors, employees, agents and representatives (each an *"ln indemnified Person"* from and against any and all liabilities, obligations claims, losses, damages, penalties, actions judgments, suits, costs, expenses or disbursements of any kind or nature (collectively, the *"Claims")* which may be imposed on, incurred by, or asserted against, any Indemnified Person arising in connection with the Loan Documents, the Indebtedness (including, for the avoidance of doubt, any Bank Product) or the Collateral (including without limitation, the enforcement of the Loan Documents and the defense of any Indemnified Person's actions and/or inactions in connection with the Loan Documents). WITHOUT LIM ITATION, THE FOREGOING INDEMNITIES SHALL APPLY TO EACH INDEMNIFIED PERSON WITH RESPECT TO ANY CLAIMS WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH AND/OR ANY OTHER INDEMNIFIED PERSON, EXCEPT TO THE LIMITED EXTENT THE CLAIMS AGAINST AN INDEMNIFIED PERSON ARE PROXIMATELY CAUSED BY SUCH INDEMNIFIED PERSON'S (GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. If Debtor or any third party ever alleges such gross negligence or willful misconduct by any Indemnified Person, the indemnification provided for in this Section shall nonetheless be paid upon demand, subject to later adjustment or reimbursement, until such time as (a) a court of competent jurisdiction enters a final judgment as to the extent and effect of the alleged gross negligence or willful

misconduct, or (b) Lender has expressly agreed in writing with Debtor that such Claim is proximately caused by such Indemnified Person's gross negligence or willful misconduct. The indemnification provided for in this Section shall survive the termination of this Agreement and shall extend and continue to benefit each individual or entity that is or has at any time been an indemnified Person hereunder.

5. Collateral. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Indebtedness (including, for the avoidance of doubt, the Bank Products), Debtor hereby re-pledges to and re-grants Lender a security interest in all of Debtor's right, title and interest in the Collateral, whether now owned by Debtor or hereafter acquired and whether now existing or hereafter coming into existence.

6. Conditions Precedent. The obligations of Lender under this Amendment shall be subject to the condition precedent that Debtor shall have delivered to Lender this Amendment and such other documents and instruments incidental and appropriate to the transaction provided for herein as Lender or its counsel may reasonably request.

7. Payment t of Fees and Expenses. Debtor agrees to pay all reasonable at1orneys' fees of Lender in connection with the drafti.ng and execution of this Amendment.

8. Ratifications. Except as expressly modified and superseded by this Amendment, the Loan Documents are ratified and confirmed and continue in full force and effect. The terms, conditions and provisions of the Loan Documents (as the same may have been amended, modified or restated from time to time) are incorporated herein by reference, the same as if stated verbatim herein. The Loan Documents, as modified by this Amendment, continue to be legal, valid, binding and enforceable in accordance with their respective terms. Without limiting the generality of the foregoing, each Obligor hereby ratifies and confirms that all liens heretofore granted to Lender were intended to, do and continue to secure the full payment and performance of the Indebtedness. Each Obligor agrees to perform such acts and duly authorize, execute, acknowledge, deliver, file an record such additional assignments, security agreements, modifications or agreements to any of the foregoing, a d such other agreements, documents and instruments as Lender may reasonably request in order to perfect and preserve liens and preserve and protect the rights of Lender.

9. Representations, Warranties and Confirmations. Each Obligor hereby represents and warrants to Lender that (a) this Amendment and the other Loan Documents have been duly executed and delivered by any Obligor party thereto, are valid and binding upon such Obligor and are enforceable such Obligor in accordance with their terms, except as limited by any applicable bankruptcy laws, (b) no action of, or filing with,

any govemme11tal authority is required to authorize, or is otherwise required in connection with, the execution, delivery and performance by any Obligor of this Amendment or any other Loan Document, and (c) the execution, delivery and performance by such Obligor of this Amendment and any other Loan Documents do not require the consent of any other person and do not and will not constitute a violation of any laws, agreements or understandings to which such Obligor is a party or by which such Obligor is bound.

10. Multiple Counterparts. This Amendment may be executed in a number of identical separate counterparts, each of which for all purposes is to be deemed an original, but all of which shall constitute, collectively, one agreement. Signature pages to this Amendment may be detached from multiple separate counterparts and attached to the same document and a telecopy or other facsimile or any such executed signature page shall be valid as an original.

11. Reference to Agree men t. Each of the Loan Documents, including the Agreement and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof containing a reference to the Agreement shall mean and refer to the Agreement as amended hereby.

12. Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

13. Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

14. Release. As a material inducement to Lender to enter into this Amendment., each Obligor hereby fully, finally, and absolutely and forever releases and discharges Lender and its present and former directors, shareholders officers, employees, agents, representatives, successors and assigns, and their separate and respective heirs, personal representatives, successors and assigns, from any and all actions, causes of action, claims, debts, damages, demands, liabilities, obligations, and suits, of whatever kind or nature, in Law or equity of such Obligor, whether now known or unknown to such Obligor, and whether contingent or matured (a) in connection with any and all obligations owed or owing to the Lender under or in respect of the Agreement, the Loan Documents, or the actions or omissions of Lender in respect of the Agreement and the Loan Documents: an (b) arising from events occurring prior to the date of this Amendment.

NOTICE OF FINAL AGREEMENT

THE AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS AMENDED BY THIS AMENDMENT, REPRESENT THE FINAL ACREEMENT BETWEEN AND AMONG THE PARTIES AND MAY NOT BE CONTRAD CTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUSUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN AND AMONG THE PARTIES.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of the date first above written.

LENDER:

CAPITAL ONE, N.A.

By: /s/ Authorized Signatory
Name: _____
Title: _____

ADDRESS:

600 N. Pearl Street, Suite
Dallas, TX 75201

DEBTOR:

LEGACY HOUSING, LTD

By: GPLH, LC

ADDRESS:

4801 Mark IV Parkway
Fort Worth, TX 76106

Its: General Partner

By: /s/ Curtis Hodgson
Name: CURTIS HODGSON
Title: Manager

CONFIRMATION OF GUARANTY

To induce Lender to execute the foregoing Amendment Guarantor (a) agrees and consents to the execution and delivery of the Amendment and the terms thereof; (b) ratifies and confirms that all guaranties and assurances granted, conveyed or otherwise provided to Lender under the Loan Documents, including, but not limited to that certain GUARANTY AGREEMENT dated as of DECEMBER 14,2011 (as the same may have been amended, modified or restated from ti.me to time, the *"Guaranty")*, are not released, diminish impaired, reduced, or otherwise adversely affected by the Amendment; (c) confirms and agrees that the Guaranty continues to guarantee and assure the payment and performance of the Indebtedness in accordance with its terms; (d) agrees to perform such acts and duly authorize, execute, acknowledge and deliver such additional guarantees,, assurances and other documents, instruments and agreements as Lender may reasonably deem necessary or appropriate in order to create, perfect, preserve and protect those guaranties and assurances; and (e) waives notice of acceptance of this consent and confirmation, which consent and confirmation binds Guarantor and Guarantor 's successors and assigns and inures to Lender and its successors and assigns. The terms, conditions and provisions of e Guaranty (as the same may have been amended, modified or restated from time to time) arc incorporated herein by reference, as if stated verbatim herein.

EXECUTED as of the date first written above.

GUARANTOR:

/s/ Curtis Hodgson
CURTIS HODGSON

/s/ Kenneth Shipley
KENNETH SHIPLEY

ADDRESS:

480 1 Mark IV Parkway
Fort Worth, TX 76106

480 1 Mark IV Parkway
Fort Worth,TX 76106

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EXHIBIT 10.7

AMENDED AND RESTATED PROMISSORY NOTE

U.S. $20,000,000.00 As of April 4, 2016

FOR VALUE RECEIVED, LEGACY HOUSING, LTD., a Texas limited partnership, having an address at 4801 Mark IV Parkway, Fort Worth, Texas 76106 ("Maker"), hereby promises to pay to the order of VERITEX COMMUNITY BANK ("Payee"), at its address at 8214 Westchester Drive, Suite 400, Dallas, Texas 75225, or such other address as it may designate, the principal sum of Twenty Million and No/100 Dollars ($20,000,000.00) or, if less, the aggregate principal amount of all Loans made by Payee to Maker under the Loan Agreement (hereinafter defined), and interest from the date hereof on the balance of principal from time to time outstanding, in United States currency, at the rates and at the times hereinafter described.

This Amended and Restated Promissory Note (this "Note") is issued by Maker pursuant to that certain Loan Agreement dated as of April 4, 2016 (the "Loan Agreement"), entered into between Payee and Maker, as amended by the First Amendment to Loan Agreement dated as of the date hereof. This Note evidences the Loan (as defined in the Loan Agreement). Payment of this Note is governed by the Loan Agreement, the terms of which are incorporated herein by express reference as if fully set forth herein. Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

1. **Interest**. Subject to Section 5(a), the principal amount hereof outstanding from time to time shall bear interest until paid in full at the Applicable Rate. Interest at the Applicable Rate (or Default Rate) shall be calculated for the actual number of days elapsed on the basis of a 365-day year, including the first date of the applicable period to, but not including, the date of repayment.

2. **Maximum Lawful Rate**. It is the intent of Maker and Payee to conform to and contract in strict compliance with applicable usury law from time to time in effect. In no way, nor in any event or contingency (including but not limited to prepayment, default, demand for payment, or acceleration of the maturity of any obligation), shall the rate of interest taken, reserved, contracted for, charged or received under this Note and the other Loan Documents exceed the highest lawful interest rate permitted under applicable law. If Payee shall ever receive anything of value which is characterized as interest under applicable law and which would apart from this provision be in excess of the highest lawful interest rate permitted under applicable law, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the Loan in the inverse order of its maturity and not to the payment of interest, or refunded to Maker or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term (including any renewal or extension) of the Loan so that the amount of interest on account of such obligation does not exceed the maximum permitted by applicable law. As used in this Section, the term "applicable law" shall mean the laws of the State of Texas or the federal laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

3. **Monthly Payments**. Maker shall pay interest in arrears on the fourth (4th) day of every calendar month in the amount of all interest accrued and unpaid.

4. **Maturity Date**. The indebtedness evidenced hereby shall mature on the Maturity Date, or as accelerated under the terms of the Loan Agreement. On the Maturity Date, the entire outstanding principal balance hereof, together with accrued and unpaid interest and all other sums evidenced by this Note, shall, if not sooner paid, become due and payable.

5. **General Provisions**.

(a) At any time an Event of Default exists, the principal balance hereof shall bear interest at the Default Rate. In addition, for any installment (exclusive of the payment due upon the Maturity Date) which is not paid by the tenth (10th) day following the due date thereof, a late charge equal to five percent (5%) of the amount of such installment shall be due and payable to the holder of this Note on demand to cover the extra expense involved in handling delinquent payments.

(b) Maker agrees that the obligation evidenced by this Note is an exempt transaction under the Truth-in-Lending Act, 15 U.S.C. § 1601, et seq.

(c) This Note and all provisions hereof shall be binding upon Maker and all persons claiming under or through Maker, and shall inure to the benefit of Payee, together with its successors and assigns, including each owner and holder from time to time of this Note.

(d) Time is of the essence as to all dates set forth herein.

(e) To the fullest extent permitted by applicable law, Maker agrees that its liability shall not be in any manner affected by any indulgence, extension of time, renewal, waiver, or modification granted or consented to by Payee; and Maker consents to any indulgences and all extensions of time, renewals, waivers, or modifications that may be granted by Payee with respect to the payment or other provisions of this Note, and to any substitution, exchange or release of the collateral, or any part thereof, with or without substitution, and agrees to the addition or release of any makers, endorsers, guarantors, or sureties, all whether primarily or secondarily liable, without notice to Maker and without affecting its liability hereunder.

(f) To the fullest extent permitted by applicable Law, Maker hereby waives and renounces for itself, its successors and assigns, all rights to the benefits of any statute of limitations and any moratorium, reinstatement, marshalling, forbearance, valuation, stay, extension, redemption, appraisement, or exemption and homestead laws now provided, or which may hereafter be provided, by the laws of the United States and of any state thereof against the enforcement and collection of the obligations evidenced by this Note.

(g) If this Note is placed in the hands of attorneys for collection or is collected through any legal proceedings, Maker promises and agrees to pay, in addition to the principal, interest and other sums due and payable hereon, all reasonable, out-of-pocket costs of collecting or attempting to collect this Note, including all reasonable attorneys' fees and disbursements.

(h) To the fullest extent permitted by applicable law, all parties now or hereafter liable with respect to this Note, whether Maker, principal, surety, guarantor, endorsee or otherwise hereby severally waive presentment for payment, demand, notice of nonpayment or dishonor, protest and notice of protest. No failure to accelerate the indebtedness evidenced hereby, acceptance of a past due installment following the expiration of any cure period provided by this Note, any Loan Document or applicable law, or indulgences granted from time to time shall be construed (i) as a novation of this Note or as a reinstatement of the indebtedness evidenced hereby or as a waiver of such right of acceleration or of the right of Payee thereafter to insist upon strict compliance with the terms of this Note, or (ii) to prevent the exercise of such right of acceleration or any other right granted hereunder or by the laws of the State. Maker hereby expressly waives the benefit of any statute or rule of law or equity now provided, or

which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing.

(i) THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

(j) This Note is an amendment and restatement of that certain Promissory Note dated as of April 4, 2016, made by Maker for the benefit of Payee (the "Original Note"), and is not a novation, extinguishment, termination, or discharge of the Original Note.

[Signature page follows.]

Maker has delivered this Note as of the day and year first set forth above.

MAKER:

LEGACY HOUSING, LTD., a Texas limited partnership

By: GPLH, L C, its general partner

By: /s/ Curtis Hodgson
Name: Curtis Hodgson
Title: Manager

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EXHIBIT 10.8

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$4,830,000.00	04-07-2011	04-07-2018	600600299			AMD	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any Item above containing "*****" has been omitted due to text length limitations.

Borrower: Legacy Housing, LTD
15400 KNOLL TRAIL, STE 101
DALLAS, TX 75248

Lender: Woodhaven Bank Fossil Creek,
A Branch of Woodhaven National Bank
6301 N Beach SI.
Fort Worth, TX 76137
(817) 489-6500

Principal Amount: $4,830,000.00 Date of Note: April 7, 2011

PROMISE TO PAY. Legacy Housing, LTD ("Borrower") promises to pay to Woodhaven Bank Fossil Creek, ("Lender"), or order, In lawful money of the United States of America, the principal amount of Four Million Eight Hundred Thirty Thousand & o /100 Dollars ($4,830,000.00) or so much as *may* be outstanding, together with Interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance or maturity, whichever occurs first.

PAYMENT. Borrower will pay this loan in full immediately upon Lender's demand, If no demand is made, Borrower will pay this loan In accordance with the following payment schedule, which calculates Interest on the unpaid principal balances as described In the "INTEREST CALCULATION METHOD" paragraph using the Interest rates described in this paragraph: 9 monthly consecutive Interest payments, beginning May 7, 2011, with Interest calculated on the unpaid principal balances using an Interest rate of 5.000% per annum based on a year of 360 days; 74 monthly consecutive principal and interest payments of $32,069.34 each, beginning February 7, 2012, with Interest calculated on the unpaid principal balances using an Interest rate of 5.000% per annum based on a year of 360 days; and one principal and Interest payment of $3,835,852.95 on April 7, 2018, with Interest calculated on the unpaid principal balances using an Interest rate of 5.000% per annum based on a year of 360 days. This estimated final payment is based on the assumption that all payments will be made exactly as scheduled; the actual final payment will be for all principal and accrued Interest not yet paid, together with any other unpaid amounts under this Note. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid Interest; then to principal; then to *any* late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Notwithstanding any other provision of this Note, Lender will not charge Interest on *any* undisbursed loan proceeds. No scheduled payment, whether of principal or Interest or both, will be due unless sufficient loan funds have been disbursed by the scheduled payment dale to justify the payment.

MAXIMUM INTEREST RATE. Under no circumstances will the interest rale on this Note exceed (except lfor any higher default rale shown below) the lesser of 18.000% per annum or the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note Is computed on a 365/360 basis; that Is, by applying the ratio of the Interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance Is outstanding unless such calculation would result In a usurious rate, In which case interest shall be calculated on a per diem basis of a year of 365 or 366 days, as the case may be. All Interest payable under this Note Is computed using this method. This calculation method results in a higher effective Interest rate than the numeric Interest rates stated in this Note.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the dale of the loan and will not be subject 10 refund upon early payment (whether voluntary or as a result of default), except as otherwise required by lav1. Except for the foregolng1 Borrower may pay without penalty all or a portion of the amount owed earlier than It Is due. Prepayment In full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid Interest and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, and in no event will Borrower ever be required to pay any unearned Interest. Early payments \Viii not, unless agreed to by Lender In

writing, relieve Borrower of Borrower's obligation lo continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", 'Without recourse", or similar language. If Borrower sends such a payment, Lender may accept it \Without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, Including any check or other payment instrument that Indicates that the payment constitutes "payment in full" of the amount owed or that ls tendered with other conditions or /imitations or as full satisfaction of a disputed amount must be mailed or delivered to: Woodhaven Bank Fossil Creek,; A Branch of Woodhaven National Bank; 6301 N Beach St.; Fort Worth, TX 76137.

LATE CHARGE. If a payment is 15 days or more late. Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment.

POST MATURITY RATE. The Post Maturity Rate on this Note is the lesser of (A) the maximum rate allowed by law or (B) 18.000% per annum based on a year of 360 days. Borrower will pay interest on all sums due after final maturity, whether by acceleration or othe1Wlse, al that rate.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note: Payment Default. Borrower falls to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained In this Note or In any of the related documents or to comply with or to perform any item, obligalion, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents Is false or misleading in any material respect, either now or at the time made or furn'1shed or becomes false or misleading at any lime thereafter.

Death or Insolvency. The dissolution or termination of Borrower's existence as a going business or the death of any partner, the Insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or Insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there Is a good faith dispute by Borrower as to the validity or reasonableness of the claim v1hlch Is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, In an amount determined by Lender, in Its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the Indebtedness evidenced by this Note.

Events Affecting General Partner of Borrower. Any of the preceding events occurs with respect to any general partner of Borrower or any general partner dies or becomes Incompetent.

Change in Ownership. The resignation or expulsion of any general partner with an ownership interest of twenty-five percent (25%) or more in Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is Impaired.

Insecurity. Lender In good faith believes itself Insecure.

Cure Provisions. If any default, other than a default in payment is curable, II may be cured if Borrower, after Lender sends written notice lo Borrower demanding cure of such default: (1) cures the default within thirty (30) days; or (2) If the cure requires more than thirty (30) days, **immediately Initiates steps which Lender deems In Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.**

LENDER'S RIGHTS. Upon default, Lender may declare the entire indebtedness, Including the unpaid principal balance under this Note, all accrued **unpaid Interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender** pertaining to this Joan, immediately due, without notice, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire an attorney to help collect this Note If Borrower does not pay, and Borrower will pay Lender's **reasonable attorneys' fees. Borrower also will pay Lender all other amounts Lender actually incurs as court costs, lawful fees for filing, recording, releasing to any public office any Instrument securing this Note; the reasonable cost actually expended for repossessing, storing, preparing for sale, and selling any security and fees for noting a lei on or transferring a certificate of little to any motor vehicle offered as security for this Note, or premiums or identifiable charges received In connection with the sale of authorized insurance.**

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either **Lender or Borrower against the other.**

GOVERNING LAW. This Note will be *governed* by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to tis conflicts of law provisions. This Note has been accepted by Lender in the State of Texas.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether **checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, lo the extent permitted by applicable law, lo charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts lo allow Lender to protect Lender's charge and setoff rights provided In this** paragraph.

COLLATERAL. Borrower acknowledges this Note Is secured by the follov1lng collateral described in the security instruments listed herein:

(A) a Deed of Trust dated April 7, 2011, to a trustee In favor of Lender on real property described as "Real Properly located al 4801 Mark IV Pkwy (Tract One), 301 Bishop SI (Traci Two), and 103 N. Neal St (Traci Three), Fort Worth (Traci One), and Commerce (Tract's Two and Three), TX" and located In Tarrant (Tract One), and Hunt (Tract's Two and Three) County, Slate of Texas.

(B) a Deed of Trust dated April 7, 2011, lo a trustee in favor of Lender on real property described as "Real Property located at 103 N. Neal St (Tract One), 301 Bishop St (Tract Two), and 4801 Mark IV Pkwy

(Tract Three), Commerce (Traci's One and Two), and Fort Worth (Tract Three), TX" and located In Hunt (Tracts One and Two), and Tarrant (Tract Three) County, State of Texas.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower Is not entitled to further loan advances. Advances under this Note may be requested only in writing by Borrower or by an authorized person. All communlcations, instructions, or directions by telephone or otherwise to Lender are lo be directed to Lender's office shown above. Borrower agrees to be liable for all sums either. (A) Advanced In accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

NEGATIVE INFORMATION DISCLOSURE. WE MAY REPORT INFORMATION ABOUT YOUR ACCOUNT TO CREDIT BUREAUS. LATE PAYMENTS, MISSED PAYMENTS, OR OTHER DEFAULTS ON YOUR ACCOUNT MAY BE REFLECTED IN YOUR CREDIT REPORT..

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure lo the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender If Lender **reports any Inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's v1ritten notice describing the specific** inaccuracy (les) should be sent to Lender at the following address: Woodhaven National Bank P 0 Box 24248 Fort Worth, TX 76124-1248.

GENERAL PROVISIONS. This Note Is payable on demand. The Inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. NOTICE: Under no circumstances (and notwithstanding any other provisions of this Note) shall **the Interest charged, collected, or contracted for on this Note exceed the maximum rate permitted by law. The term "maximum rale permitted by law" as used in this Note means the greater of (a) the maximum rale of interest permitted under federal or other law applicable to the indebtedness** evidenced by this Note, or (b) the higher, as of the date of this Note, of the "Weekly Celling" or the "Quarterly Celling" as referred to In Sections 303.002, 303.003 and 303.006 of the Texas Finance Code. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. **Borrower does not agree or Intend to pay, and Lender does not agree or Intend lo contract for, charge, collect, lake, reserve or receive (collectively referred to herein as "charge or collect"), any amount In the nature of interest or In the nature of a fee for this loan, which would In any way or event (Including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum Lender would be permitted lo** charge or collect by federal law or the law of the Stale of Texas (as applicable). Any such excess Interest or unauthorized fee shalt, Instead of anything slated to the contrary, be applied first lo reduce the principal balance of this loan, and when the principal has been paid in full, be refunded to **Borrower. The right to accelerate maturity of sums due under this Note does not include the right to accelerate any Interest \Which has not otherwise accrued on the dale of such acceleration 1 and Lender does not intend to charge or collect any unearned interest In the event of acceleration. AU sums paid or agreed to be paid to Lender for the use, forbearance or detention of sums due hereunder shall, lo the extent permitted by applicable law, be** amortized, prorated, allocated and spread throughout the full term of the loan evidenced by this Note until payment In full so that the rate or amount of **Interest on account of the loan evidenced hereby does not exceed the applicable usury celling. Lender may delay or forgo enforcing any of Hs rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, notice of dishonor, notice of intent to accelerate the maturely of this Note, and notice of acceleration of** the maturely of this Note. Upon any change in the terms of this Note, and unless otherwise expressly staled in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party, partner, or guarantor or

collateral or impair, fail to realize upon or perfect Lender's security Interest In the collateral without the consent of or notice lo anyone. All such parties also agree that Lender may modify this loan without the consent of or notice lo anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

LEGACY HOUSING, LTD

GPLH, L C, General Partner of Legacy Housing, LTD	GPLH, L C, General Partner of Legacy Housing, LTD
By: /s/ Curtis D. Hodgson	By: /s/ Kenneth E. Shipley
Curtis D. Hodgson, Manager GPLH, LC	Kenneth E. Shipley, Manager GPLH, L C

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EXHIBIT 10.9

PROMISSORY NOTE

$515,000.00 Date: May 24, 2016

6200 S Shields Blvd., Oklahoma City, OK 73129
6220 Shields Blvd., Oklahoma City, OK 73129
6220 $ Shields Blvd., Oklahoma City, OK 73129
6209 S Stiles. Oklahoma City, OK 73129
[Property Address]

For value received, the undersigned {jointly and severally, If more than one, promise to pay to the order of Eagle One, LLC, the Principal sum of Five Hundred Fifteen Thousand Dollars and No Cents ($515,000.00), with Interest from date at rate of 6.00 % per centum per annum on the unpaid balance until maturity, and at the same rate per annum alter maturity, until paid. Such Indebtedness shall be payable in 120 installments of Five Thousand Seven Hundred Seventeen Dollars and Fifty Six Cents ($5,717.56), commencing on the 1st day of July, 2016 and on the (1st) day of each month thereafter until the principal and interest are fully paid except that the remainder of principal and interest, if not sooner paid, shalt be due and payable on the 1st day of June, 2026.

Default in the payment of any installment when due, either in whole or in part, at the option of the holder hereof, shall cause the whole principal sum and interest thereon to become due and payable at once, without notice. If, and as often as, this Note is placed in the hands of ah attorney for collection or to defend or enforce any of the Holders' rights hereunder, the undersigned agree to pay all costs and expenses in enforcing this note to the extent not prohibited by applicable aw, In addition to other sums due hereunder. The makers and endorsers of this note severally waive demand, protest and notice of demand, protest and nonpayment.

If any payment is not received by the Note Holder by the end of 10 calendar days after the date it is due, a late charge will be due in the amount of 2% of the overdue payment of principal and interest.

The makers of this note may prepay the principal amount outstanding in whole or in part at any time without penalty.

This note I is secured by a Mortgage *of* even date herewith covering certain real estate and property therein described and located in the County of Oklahoma, in the State of Oklahoma. If all or any part *di* the right, title, or interest in this Note, or the property secured by the Mortgage is sold or transferred without Note Holder's prior written consent, Note Holder may, at Note Holder's option, require immediate payment In full of all sums secured by this Security Instrument.

LEGACY HOUSING LTD.

/s/ Curtis Hodgson
Curtis Hodgson

Manager GPLH, LC, the General Partner of Legacy Housing Ltd.

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EXHIBIT 10.10

PROMISSORY NOTE

$1,500,000.00 February 16, 2016

FOR VALUE RECEIVED, the undersigned promises to pay to the order of DT Casualty Insurance Company Ltd., a Hawaii captive insurance corporation, (the "Payee"), at 4801 Mark IV Parkway, Ft. Worth, Tarrant County, Texas 76106, the principal sum of ONE MILLION FIVE HUNDRED FIFTY THOUSAND and N0/100 DOLLARS ($1,500,000.00), with interest on the principal balance from time to time remaining unpaid until this note shall have been paid in full at the rate hereinafter provided.

Payment Terms. The principal and accrued interest shall be payable on demand by the holder of this note. Demand shall be made in writing and delivered to maker at 4801 Mark IV Parkway, Fort Worth, Texas 76106.

The principal and/or interest of this note may be prepaid from time to time and at any time. All prepayments shall be applied first to accrued and unpaid interest and then to principal.

Interest Rate. The unpaid principal balance of this note from time to time outstanding shall bear simple interest, until the maturity of this note (whether by acceleration or otherwise), at the simple interest rate of three percent (3.75%) per annum (the "Applicable Rate").

Default Interest. All past due principal and, if permitted by applicable law, all past due interest, shall bear interest at seventeen and nine-tenths percent (17.9%) per annum. During the existence of any default hereunder or under any instrument securing or evidencing the loan evidenced hereby, the entire unpaid balance of principal shall bear interest at seventeen and nine-tenths percent (17.9%) per annum. Interest on past due installments and default interest provided for in this paragraph shall be calculated at a daily rate equal to 1/365ths (1/366ths during leap years) of the applicable annual percentage rate.

Default. The occurrence of any of the following events shall be considered a default hereunder:

a. a default in the timely payment of principal or interest within five (5) days of demand;

b. a default in the performance of any covenant or provision of any security agreement or other instrument securing the payment hereof or in the performance of any covenant or provision of any loan agreement or other instrument governing or pertaining to the indebtedness represented hereby or the occurrence of a default or an event of default under any such instrument;

c. the death, bankruptcy or termination from the employment of Maker or the termination, liquidation or dissolution, as the case may be, of any party liable for the payment of this note whether as maker, endorser, guarantor, surety or otherwise;

d. the bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any of the property of any party liable for the payment of this note whether as maker, endorser, guarantor, surety or otherwise; or

e. a default in the payment of any other indebtedness due the holder hereof or a default in the performance of any other obligation to the holder hereof by the undersigned or any other party liable for the payment thereof, whether as endorser, guarantor, surety or otherwise.

At the option of the holder of this note, upon the occurrence of any default, the entire principal balance and all accrued unpaid interest shall at once become due and payable, without presentment, demand, protest, notice or grace.

The failure to exercise the foregoing option upon the happening of one or more of the foregoing defaults shall not constitute a waiver of the right to exercise the same at any subsequent time in respect

of the same default or any other default. The acceptance by a holder of this note of any payment hereunder which is less than the payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise the foregoing option at that time or at any subsequent time or nullify any prior exercise of such option.

Attorney‘s Fees. If this note is not paid when due, whether at maturity or by acceleration, or if it is collected through a bankruptcy, probate, or other court, whether before or after maturity, the undersigned agrees to pay all costs of collection incurred by the holder hereof, including but not limited to reasonable attorney’s fees.

Waiver of Notice and Consent. The undersigned and all other parties now or hereafter liable for the payment hereof, whether as endorser, guarantor, surety, or otherwise, severally waive demand, presentment, notice of dishonor, notice of intention to accelerate the maturity hereof, notice of acceleration of the maturity hereof, diligence in collecting, grace, notice and protest, and consent to all extensions which from time to time may be granted by the holder hereof and to all partial payments hereof, whether before or after maturity.

Legal Interest Limitations. All agreements between the maker hereof and the holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of the maturity hereof, or otherwise, shall the amount paid, or agreed to be paid to the holder hereof for the use, forbearance, or detention of the money to be loaned hereunder or otherwise or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing, or pertaining to the indebtedness evidenced hereby, exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof or of such other documents, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, the ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance the holder hereof shall ever receive as interest or otherwise an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal indebtedness of the undersigned to the holder hereof, and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the undersigned. All sums paid or agreed to be paid by the undersigned for the use, forbearance or detention of the indebtedness of the undersigned to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full term of such indebtedness until payment in full in such manner that there will be no violation of the applicable laws pertaining to the maximum rate or amount of interest which may be contracted for, charged or received with respect to such indebtedness. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between the undersigned and the holder hereof.

Applicable Law. This note shall be governed by the construed in accordance with the laws of the State of Texas and applicable laws of the United States of America.

MAKER :

LEGACY HOUSING, LTD., a Texas limited partnership

By: GPLH, LC, its general partner

/s/ Kenny Shipley
Kenny Shipley, Member

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Exhibit 10.11

PUTNAM DEVELOPMENT AUTHORITY

(a public body corporate and politic, as Landlord),

and

LEGACY HOUSING, LTD

(a Texas limited partnership, as Tenant)

LEASE AGREEMENT

Dated as of December 1, 2016

THE RIGHTS AND INTEREST OF THE PUTNAM DEVELOPMENT AUTHORITY IN THE PROJECT LEASED HEREUNDER, THIS LEASE AGREEMENT AND CERTAIN REVENUES AND RECEIPTS DERIVED HEREUNDER, EXCEPT FOR CERTAIN UNASSIGNED RIGHTS, AS DEFINED HEREIN, HAVE BEEN ASSIGNED AND PLEDGED AS SECURITY FOR THE $10,000,000 MAXIMUM PRINCIPAL AMOUNT PUTNAM DEVELOPMENT AUTHORITY TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BOND (LEGACY HOUSING, LTD PROJECT), SERIES 2016, AS PROVIDED IN A DEED TO SECURE DEBT, ASSIGNMENT OF RENTS AND LEASES AND SECURITY AGREEMENT, OF EVEN DATE HEREWITH, BETWEEN THE PUTNAM DEVELOPMENT AUTHORITY AND LEGACY HOUSING, LTD AND SUCCESSOR HOLDERS OF SUCH BOND.

TABLE OF CONTENTS

(This Table of Contents is not a part of this Lease Agreement and is only for convenience of reference.)

LEASE AGREEMENT

This **LEASE AGREEMENT** (this "**Lease**"), dated as of December 1, 2016, is by and between the **PUTNAM DEVELOPMENT AUTHORITY** (the "**Issuer**"), a development authority and public body corporate and politic created and existing under the laws of the State of Georgia (the "**State**") and **LEGACY HOUSING, LTD** (the "**Company**"), a Texas limited partnership.

W I T N E S S E T H:

WHEREAS, the Issuer is a development authority and public body corporate and politic duly created by local amendment to the Georgia Constitution, 1968 Ga. L. p. 1860, continued by 1985 Ga. L. p. 3955 (collectively, the "**Act**"), the area of operation of which is Putnam County (the "**County**"); and

WHEREAS, the Act provides that the Issuer is created for the public purpose, among other purposes, of encouraging and promoting the expansion of industry, agriculture, trade, commerce and recreation within the County, and is authorized by the Act to issue its revenue bonds to finance land, buildings and related personal property to be located in the County; the Issuer's revenue bonds are to be issued and validated under and in accordance with the applicable provisions of the Revenue Bond Law of the State of Georgia (O.C.G.A. § 36-82-60, *et seq*.); and

WHEREAS, the Act further authorizes and empowers the Issuer: (i) to lease any such projects; (ii) to pledge, mortgage, convey, assign, hypothecate or otherwise encumber such projects and the revenues therefrom as security for the Issuer's revenue bonds; (iii) to receive and administer grants; and (iv) to do any and all acts and things necessary or convenient to accomplish the purpose and powers of the Issuer; and

WHEREAS, the Company desires for the Issuer to issue its revenue bond in a maximum principal amount of $10,000,000 (hereinafter called the "**Maximum Principal Amount**") to acquire land, one or more buildings and related improvements, building fixtures, building equipment, production equipment and other personal property (collectively, the "**Project**") in the County and within the City of Eatonton (the "**City**"); the Project is to be owned by the Issuer and leased to the Company for use by the Company as a manufacturing facility; and

WHEREAS, pursuant to the resolution (the "**Bond Resolution**") adopted by the Issuer, authorizing the issuance and sale of the Bond to the Company, as both the "**Purchaser**" and the initial "**Bondholder**," the execution of this Lease and the other Issuer Documents (identified in the Bond Resolution) relating to the Bond, the Issuer is pledging to the payment of the Bond the Pledged Security (as defined in the Bond Resolution).

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows, provided that, in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not constitute a general obligation of the Issuer but shall be payable

solely out of the Pledged Security for the Bond, and the Bond shall not constitute a general obligation of the Issuer nor constitute an indebtedness or general obligation of the State or any other agency or political subdivision of the State, within the meaning of any constitutional or statutory provision whatsoever:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1. **Definitions**. Certain capitalized words and terms used in this Lease are defined in the text hereof or in the Bond Resolution (defined below). In addition to the words and terms defined elsewhere herein and in the Bond Resolution, the following words and terms are defined terms under this Lease:

"Additional Rent" means the amounts payable by the Company, described in Section 5.3(b) of this Lease.

"Additions or Alterations" means modifications, upgrades, alterations, additions, enlargements, or expansions to property comprising the Project.

"Affiliate" means a Person which is controlled by the Company or its corporate successor, which controls the Company or its successor, or which is under common control with the Company or its successor (direct or indirect ownership of more than fifty percent (50%) of the voting power constituting "control" of a Person for such purpose).

"Authorized Company Representative" means any officer or official of the Company or its general partner who executes this Lease on behalf of the Company, who is hereby appointed by the Company to serve in such capacity, and any other person or persons at the time, or from time to time, designated to act in such capacity on behalf of the Company by written certificate furnished to the Issuer, the Holder and the Custodian, containing the specimen signature of such person and executed on behalf of the Company by an authorized representative of the Company. Such certificate may appoint an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Company Representative, and more than one person may be designated as an Authorized Company Representative. Each such appointment shall be effective until revoked in writing.

"Authorized Issuer Representative" means any officer or official of the Issuer who executes this Lease and any other person at the time designated to act on behalf of the Issuer by written certificate furnished to the Company, the Holder and the Custodian, containing the specimen signature of such person and signed on behalf of the Issuer by the Chairman or other officer of the Issuer; more than one person may be designated as an Authorized Issuer Representative.

"Basic Rent" means the rent payable by the Company to the Issuer, described under the subheading "Basic Rent" in Section 5.3(a) of this Lease.

"Bond Documents" means the documents, the forms of which are attached to the Bond Resolution as Exhibits B through F thereto.

"Bond Purchase Loan Agreement" means the Bond Purchase Loan Agreement, dated as of the Document Date, between the Issuer and the Company (in its capacities as the tenant hereunder and as the Purchaser), in substantially the form attached as Exhibit C to the Bond Resolution, as it may hereafter be amended in accordance with the Bond Resolution.

"Bond Resolution" means the resolution, adopted by the Issuer, as it may hereafter be amended in accordance with the terms thereof, providing the terms and provisions under which the Bond will be issued and pursuant to which the Pledged Security is assigned and pledged as security for the payment of the principal of, premium, if any, and interest on the Bond; the term "Bond Resolution" shall include any resolution supplemental or amendatory thereto.

"Business Day" means a day which is not a Saturday, Sunday, a legal holiday, or any other day on which banking institutions are authorized to be closed in the State.

"City" means the City of Eatonton.

"Company" means Legacy Housing, LTD, a Texas limited partnership, and any successor tenant under this Lease.

"Company Documents" means those of the Bond Documents to which the Company is to be a party signatory.

"Corporate Successor" and **"corporate successor"** mean any corporation or limited liability company into which the Company may merge, any corporation or limited liability company resulting from a consolidation to which the Company is a party or any corporation or limited liability company to which the Company transfers its interest under this Lease, and also includes any Corporate Successor (as above defined, but substituting "corporate successor" for "Company") of a Corporate Successor.

"Costs of the Project" means those aggregate costs and expenses paid or incurred in connection with the acquisition, construction, equipping and installation of the Project and permitted by the Act and Section 4.3 hereof to be paid or reimbursed from proceeds of the Bond.

"County" means Putnam County, Georgia.

"Custodian" means the Company, or any other Person that is serving from time to time as Custodian of the Funds.

"Debt Service" and **"debt service"** mean, as to the Bond, the principal of, interest on and redemption amount, if any, payable on the Bond.

"Debt Service Payment Date" means, as to the Bond, any Principal Payment Date or Interest Payment Date and any date on which the Bond is to be redeemed, in whole or in part, and includes any special Debt Service Payment Date established as provided in the Bond Resolution.

"Default Interest Rate" means, as to the Bond, as to delinquent payments of Basic Rent under this Lease and the Debt Service on the Bond, the Stated Interest Rate, and as to delinquent payments of Additional Rent under this Lease, means the lesser of the Prime Rate plus 300 basis points or the maximum rate allowed by law.

"Document Date" means the date of this Lease.

"Economic Development Agreement" means the Economic Development Agreement, dated as of the Document Date, between the Issuer and the Company, and acknowledged by the County, the City, the Board of Tax Assessors of Putnam County and the Tax Commissioner of Putnam County, in substantially the form attached to the Bond Resolution as Exhibit F.

"Environmental Laws" means all federal, state, and local laws, rules, regulations, ordinances, programs, permits, guidance, orders, and consent decrees relating to health, safety, and environmental matters, including, but not limited to, all current Environmental Laws as of the date hereof, or as those Environmental Laws may be amended, revised or superseded, of any governmental authority having jurisdiction over the Project addressing pollution or the protection of human health or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. § 1251, *et seq.*; the Clean Air Act, 42 U.S.C. § 7401, *et seq.*; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 through 2629; the Oil Pollution Act, 33 U.S.C. § 2701, *et seq.*; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001, *et seq.*; the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j; and all similar laws (including implementing regulations) of any governmental authority having jurisdiction over the Project, regardless of whether or not any such liability or violation relates to any period prior to the acquisition of the Project by the Issuer or its acquisition theretofore by the Company.

"Event of Default" means, when used with respect to this Lease, the events specified in Section 10.1 of this Lease, and when used with reference to any other instrument any "Event of Default," "event of default," "Default," or "default" (as such term is defined in such other instrument).

"Governing Body" means, as to the Issuer, the members of the Issuer acting as its board of directors.

"Government Obligations" means any direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America) or obligations the payment of the principal of and interest on which when due are fully and unconditionally guaranteed by the United States of America.

"Holder" and **"Bondholder"** mean the Person in whose name the Bond is registered on the registration books of the Issuer and, as stated in Section 4.2 of this Lease, initially means the Purchaser.

"Interest Payment Date" means the first December 1 following the issue date of the Bond and on each December 1 thereafter, with the final interest payment being due on the Maturity Date, unless the Bond is earlier retired in full by redemption.

"Issuer Documents" means those of the Bond Documents to which the Issuer is to be a party signatory.

"Leased Equipment" means any building fixtures, building equipment and other personal property that the Company elects to include in the Project.

"Leased Improvements" means all of the buildings and related improvements located and to be located on the Leased Land and all Additions or Alterations, replacements and substitutions for any portion thereof.

"Leased Land" means the land described in Exhibit A attached hereto.

"Leasehold Mortgage" means any leasehold mortgage or leasehold deed to secure debt pursuant to which the Company pledges its interest in this Lease to a Lender.

"Leasehold Mortgagee" means a holder of a Leasehold Mortgage.

"Lease Term" means the term of this Lease as specified in Section 5.1 hereof.

"Lender" means any financial institution which has advanced credit to the Company with respect to the Project.

"Loan Documents" means the loan documents with respect to the Company's Leasehold Mortgage or a Superior Security Document.

"Net Proceeds" means, when used with respect to any proceeds of casualty insurance received with respect to any damage or destruction of the Project, proceeds of sale or any eminent domain award (or proceeds of sale in lieu of a taking by eminent domain) or with respect to any other recovery on a contractual claim or claim for damage to or for taking of the Project, or any part thereof, the gross proceeds from such insurance, eminent domain award, sale or recovery with respect to which that term is used remaining after payment of all costs and expenses (including attorneys' fees and reimbursable expenses) incurred in the collection of such gross proceeds.

"Non-Renewal Notice" means a written notice given by the Company to the Issuer and the Holder that the Company elects not to exercise an option granted in Section 5.1 hereof to renew this Lease for the next consecutive renewal term, which notice shall constitute an irrevocable agreement on the part of the Company either: (a) to cause the Bond to be redeemed at the end of the then-current term of this Lease and to make a Termination Payment in the amount needed for such purpose; or (b) if the Company owns the Bond, to surrender the Bond for cancellation at the end of the then-current term of this Lease.

"Option Agreement" means the Option Agreement, dated as of the Document Date, from the Issuer to the Company, in substantially the form attached as Exhibit E to the Bond Resolution, as it may hereafter be amended in accordance with the Bond Resolution.

"Permitted Encumbrances" means, as of any particular time, (i) liens for *ad valorem* taxes and special assessments not then delinquent or permitted to exist as provided in Section 6.3 hereof, (ii) this Lease, (iii) any future sublease between the Company and a sublessee with respect to the Project, (iv) the Security Document, (v) utility, access or other easements and rights of way, restrictions, reservations, reversions and exceptions in the nature of easements that the Company certifies will not materially interfere with or impair the operations being conducted at the Project leased hereunder, (vi) unfiled and inchoate mechanics' and materialmen's liens for construction work in progress, (vii) architects', contractors', subcontractors', mechanics', materialmen's, suppliers', laborers' and vendors' liens or other similar liens not then payable or permitted to exist hereunder, (viii) such minor defects, irregularities, encumbrances, easements, rights-of-way, and clouds on title as the Company, by an Authorized Company Representative, certifies do not, in the aggregate, materially impair the portions of the Project affected thereby for the purpose for which it was acquired or is held by the Issuer, (ix) existing encumbrances of record, (x) exceptions described in any policy of title insurance that may be procured by the Company for itself or for a Lender, (xi) any Leasehold Mortgage and (xii) any Superior Encumbrances.

"Person" means a natural person, business organization, public body, or other legal entity.

"Project" means the Leased Land, the Leased Improvements and the Leased Equipment, as the same shall exist from time to time.

"Security Document" means the instrument entitled "Deed to Secure Debt, Assignment of Rents and Leases and Security Agreement," dated as of the Document Date, between the Issuer and the Purchaser, its successors and assigns, in substantially the form attached as Exhibit D to the Bond Resolution, securing the Bond.

"State" means the State of Georgia.

"Superior Encumbrances" means all encumbrances and title exceptions on the Project in existence at the time of the recording (or the delivery if such document is not recorded) of the Security Document relating to the Project and any encumbrances created by any Superior Security Document.

"Superior Security Document" means any deed to secure debt or similar instrument or instruments in which the Company or the Issuer (at the request of the Company), or both, pledges the Project or its interest in this Lease to a Lender; the Issuer may be a grantor or debtor thereunder, but the Issuer's obligations thereunder shall be non-recourse, except that recourse may be had against the Issuer's interest in the collateral pledged under such instrument.

"Termination Payment" means a payment equal to the then-Principal Balance of the Bond plus accrued interest on the Bond, which is to be made by the Company to the Holder of the Bond to redeem the Bond at the end of the then-current Initial Term or Renewal Term, as

applicable, of this Lease, if the Company has given a Non-Renewal Notice to the Issuer and the Holder as provided in Section 5.1 hereof.

"Unassigned Rights" means all of the rights of the Issuer (i) to receive reimbursements and payments pursuant to Sections 5.3(b)(i) and 10.4 hereof, (ii) to receive notices under or pursuant to any provision of this Lease or the Bond Resolution, (iii) certain consensual and enforcement rights pursuant to Sections 5.6, 6.3, 6.4, 8.2, 8.6 and 10.2 hereof and (iv) to be indemnified as provided in Sections 6.6 and 8.4 of this Lease.

Section 1.2. **Construction of Certain Terms**. For all purposes of this Lease, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

(1) the use of the masculine, feminine, or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine, or neuter gender, as appropriate;

(2) "this Lease" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more leases supplemental to this Lease and entered into pursuant to the applicable provisions hereof;

(3) all references in this instrument to designated "Articles," "Sections," and other subdivisions are to the designated articles, sections, and other subdivisions of this instrument;

(4) the words "herein, "hereof," and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular article, section, or other subdivision;

(5) the terms defined in this Article shall have the meanings assigned to them in this Article and include the plural as well as the singular; and

(6) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as promulgated by the American Institute of Certified Public Accountants, on and as of the date of this Lease.

Section 1.3. **Table of Contents; Titles and Headings**. The table of contents, the titles of the articles, and the headings of the sections of this Lease are solely for convenience of reference, are not a part of this Lease, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 1.4. **Contents of Certificates or Opinions**. Every certificate or written opinion delivered by any director or official of the Issuer or the Company with respect to the compliance by the Issuer or the Company with any condition or covenant provided for in this Lease shall be delivered only after the person or persons signing the same has made such examination or investigation as is necessary to enable him, her or them to express an informed opinion as to whether or not such covenant or condition has been complied with. Any such certificate or

opinion made or given by any director or official of the Issuer or the Company, insofar as it relates to legal or accounting matters, may be made or given in reliance upon an opinion of counsel or a letter of such accountant. Any such opinion of counsel or accountant's letter may be based (insofar as it relates to factual matters with respect to information which is in the possession of a director or an official of the Issuer, the Company or any third party) upon the certificate or opinion of, or representations by, such director or official of the Issuer, the Company or such third party on whom such counsel or accountant may reasonably rely, unless such counsel or such accountant knows that the certificate or opinion or representations with respect to the matters upon which his legal opinion or accountant's letter may be based, as aforesaid, is erroneous or in the exercise of reasonable care should have known that the same was erroneous. The same director or official of the Issuer, the Company or third party, or the same counsel or accountant, as the case may be, need not certify or opine to all of the matters required to be certified or opined under any provision of this Lease, but different directors, officials, counsel, or accountants may certify or opine to different matters, respectively.

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

Section 2.1. **Representations by the Issuer**. The Issuer makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Creation and Authority. The Issuer is a public body corporate and politic duly created and validly existing under the laws of the State. The Issuer has all requisite power and authority under the Act and the laws of the State (i) to issue the Bond, (ii) to acquire, construct, and equip the Project and to lease the same to the Company, and (iii) to enter into, perform its obligations under, and exercise its rights under the Issuer Documents. The Issuer has found that the Project will promote and expand for the public good and welfare industry, trade and commerce within the County, and has found that the Project is for the lawful and valid public purposes set forth in the Act.

(b) Pending Litigation. There are no actions, suits, proceedings, inquiries, or investigations pending or, to the knowledge of the Issuer, after making due inquiry with respect thereto, threatened against or affecting the Issuer in any court or by or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the transactions contemplated by the Issuer Documents or which, in any way, would adversely affect the validity or enforceability of the Bond, the Bond Resolution, this Lease, or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the Issuer aware of any facts or circumstances presently existing which would form the basis for any such actions, suits, proceedings, inquiries, or investigations.

(c) Issue, Sale, and Other Transactions Are Legal and Authorized. The issue and sale of the Bond, the execution and delivery by the Issuer of the Issuer Documents, and the adoption by the Issuer of the Bond Resolution and the compliance by the Issuer with all of the provisions of each thereof (i) are within the purposes, powers, and authority of the Issuer, (ii) have been done in full compliance with the provisions of the Act and have been approved by the Governing

Body of the Issuer, and (iii) the Bond and the Issuer Documents have been duly authorized by all necessary action on the part of the Issuer, have been duly executed, are legal and valid and do not conflict with or constitute on the part of the Issuer a violation of or a breach of or a default under, or result in the creation or imposition of any lien, charge, restriction, or encumbrance upon any property of the Issuer under the provisions of, any charter instrument, bylaw, indenture, mortgage, deed to secure debt, pledge, note, lease, loan, or installment sale agreement, contract, or other agreement or instrument to which the Issuer is a party or by which the Issuer or its properties are otherwise subject or bound, or any license, judgment, decree, law, statute, order, writ, injunction, demand, rule, or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its activities or properties.

(d) Governmental Consents. Neither the nature of the Issuer nor any of its activities or properties, nor any relationship between the Issuer and any other Person, nor any circumstance in connection with the offer, issue, sale, or delivery of the Bond is such as to require the consent, approval, permission, order, license, or authorization of, or the filing, registration, or qualification with, any governmental authority on the part of the Issuer in connection with the execution, delivery, and performance of the Issuer Documents, the adoption of the Bond Resolution, the consummation of any transaction therein contemplated, or the offer, issue, sale, or delivery of the Bond, except as shall have been obtained or made and as are in full force and effect.

(e) No Defaults. To the knowledge of the Issuer, after making due inquiry with respect thereto, no event has occurred and no condition exists which would constitute an Event of Default (as such term is used in the various Issuer Documents) or which, with the lapse of time or with the giving of notice or both, would become an Event of Default under any of the Issuer Documents. To the knowledge of the Issuer, after making due inquiry with respect thereto, the Issuer is not in default or violation in any material respect under the Act or under any charter instrument, bylaw, or other agreement or instrument to which it is a party or by which it may be bound.

(f) No Prior Pledge. Neither the Project, this Lease, nor any of the payments or amounts to be received by the Issuer hereunder have been or will be mortgaged, pledged, or hypothecated by the Issuer in any manner or for any purpose or have been or will be the subject of a grant of a security interest by the Issuer other than (i) as security for the payment of the Bond, as provided in the Bond Resolution and the Security Document, or (ii) with the consent of the Company and the Holder, as may be provided in a Superior Security Document.

(g) Disclosure. The representations of the Issuer contained in the Issuer Documents and any certificate, document, written statement or other instrument furnished to the Company by or on behalf of the Issuer in connection with the transactions contemplated thereby do not contain any untrue statement of a material fact relating to the Issuer and do not omit to state a material fact relating to the Issuer necessary in order to make the statements contained herein and therein relating to the Issuer not misleading. Nothing has come to the attention of the Issuer which would materially and adversely affect or in the future may (so far as the Issuer can now reasonably foresee) materially and adversely affect the acquisition and installation of the Project by the Issuer (and by the Company, as agent of the Issuer) or any other transactions contemplated by the Issuer Documents and the Bond Resolution which has not been set forth in

writing to the Company and the Purchaser or in the certificates, documents, and instruments furnished to the Company and the Purchaser by or on behalf of the Issuer prior to the date of execution of this Lease in connection with the transactions contemplated hereby.

(h) Compliance with Conditions Precedent to the Issuance of the Bond. All acts, conditions, and things required to exist, happen, and be performed precedent to and in the execution and delivery by the Issuer of the Bond do exist, have happened, and have been performed in due time, form, and manner as required by law; the issuance of the Bond, together with all other obligations of the Issuer, do not exceed or violate any constitutional or statutory limitation.

Section 2.2. Representations by the Company. The Company makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Organization and Power. The Company is a limited partnership duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Texas, with authority to transact business in the State of Georgia as Legacy Housing, LP, and it has all requisite power and authority to lease the Project from the Issuer and to enter into, and perform its obligations and exercise its rights under, the Company Documents.

(b) Agreements Are Legal and Authorized. The Company Documents, the consummation of the transactions therein contemplated, and the fulfillment of or the compliance with all of the provisions thereof (i) are within the power, legal right, and authority of the Company, (ii) have been duly authorized by all necessary and appropriate action on the part of the members of the Company, (iii) have been duly executed and delivered on the part of the Company, (iv) are legal, valid and binding as to the Company, subject to bankruptcy, moratorium and

other equitable principles and (v) will not conflict with or constitute on the part of the Company a violation of, or a breach of or a default under, any charter instrument, bylaw, indenture, mortgage, deed to secure debt, pledge, note, lease, loan, installment sale agreement, contract, or other agreement or instrument to which the Company is a party or by which the Company or its properties are otherwise subject or bound which would have a material adverse impact on the Company's ability to perform its obligations hereunder, or any judgment, order, writ, injunction, decree, or demand of any court or governmental agency or body having jurisdiction over the Company or any of its activities or properties.

(c) No Defaults. No event has occurred and no condition exists that would constitute an Event of Default by the Company or which, with the lapse of time or with the giving of notice or both, would become an Event of Default by the Company hereunder.

(d) Disclosure. The representations of the Company contained in the Company Documents and any certificate, document, written statement, or other instrument furnished by or on behalf of the Company to the Issuer or Purchaser in connection with the transactions contemplated hereby, do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein or therein not misleading. To the actual knowledge of the signatory hereto, there is no fact that the Company has not disclosed to the Issuer and to the Purchaser in writing that materially and adversely affects or in the future may (so far as the Company can now reasonably foresee) materially and adversely

affect the acquisition of the Project or the ability of the Company to perform its obligations under the Company Documents or any of the documents or transactions contemplated thereby which has not been set forth in writing to the Issuer and to the Purchaser or in the certificates, documents, and instruments furnished to the Issuer and to the Purchaser by or on behalf of the Company prior to the date of execution of this Lease in connection with the transactions contemplated hereby.

(e) Inducement. The issuance of the Bond by the Issuer for the benefit of the Company has induced the Company to lease the Project from the Issuer, and thereby to promote and expand for the public good and welfare industry and trade within the County and to reduce unemployment.

ARTICLE III

LEASING CLAUSE; SECURITY; TITLE

Section 3.1. Lease of the Project. The Issuer, as landlord, hereby rents the Project to the Company, as tenant, and the Company hereby rents the Project from the Issuer at the rental set forth in Section 5.3 hereof and for the Lease Term, in accordance with the provisions of this Lease. This Lease shall be effective on its delivery. It is the intention of the parties that the interest of the Company hereunder shall be a usufruct under O.C.G.A. § 44-7-1(a) as to real property of the Project, and as a bailment for hire under O.C.G.A. § 44-6-101, as to the personal property of the Project, and not an estate for years. The parties hereto further agree such usufruct and bailment status is evidenced by the fact that various provisions of this Lease restrict and limit the tenant's rights in the Project to such an extent that the Company does not have the right to use the Project in as absolute a manner as it would have if it were the owner of the Project or a lessee with an estate for years (subject only to rules prohibiting waste), to-wit:

(i) Limitation on Nature of Company's Use. This Lease provides that the Project may be used only for the limited purposes permitted by the Act and imposes other restrictions on the Company's

use of the Project; thus, the Company does not have the right to use the Project in as absolute a manner as it would have if it were the owner of an estate for years.

(ii) Interest Not Freely Assignable. This Lease contains certain limited restrictions on the right of the Company to assign its rights hereunder.

(iii) Issuer's Right to Enforce Compliance With Applicable Laws. In order that the Issuer, as landlord, may control the use of the Project in order to assure that such use is at all times lawful, the parties have provided in this Lease that the Company's use and occupancy of the Project and its activities thereat shall be conducted at all times in accordance with all applicable laws, ordinances, rules and regulations and that the Issuer, as landlord, has the right to enforce such covenants. Notwithstanding anything contained herein to the contrary, the Company shall be entitled, at its sole cost and expense and with prior notice to the Issuer, to contest the application or validity of any such laws, ordinances, rules or regulations.

(iv) Landlord's Rights of Inspection. In order that the Issuer may monitor compliance by the Company, as tenant, with the restrictions and covenants contained in this Lease, this Lease provides that the Issuer shall be entitled to inspect the Project, subject to the conditions provided herein.

(v) Repair and Maintenance Covenants. Under current law, if this Lease were to create an "estate for years," the Company, as tenant, would have, under law, the duty to maintain the Project, normal wear and tear excepted, and it would not be necessary to so provide in this Lease; in this Lease, the parties hereto, by operation of express covenant and not by operation of law, have provided for the Company, as tenant, to repair and maintain the Project.

(vi) Insurance Covenants. Under current law, the granting of a usufruct and bailment for hire does not impose upon the tenant any obligation to insure the property that is the subject of such grant; however, in this Lease, the parties, by operation of express covenant and not by operation of law, have provided that the tenant shall be responsible for insuring the Project.

(vii) Taxes and Governmental Charges. Under current law, the granting of a usufruct or a bailment for hire does not impose upon the tenant any obligation to pay taxes, or other governmental charges against the Project that is the subject of such lease; however, in this Lease, the parties, by operation of express covenant and not by operation of law, have provided that the tenant shall be responsible for any actual *ad valorem* taxes and any governmental charges lawfully levied on the Project and payments in lieu of taxes in accordance with the Economic Development Agreement.

(viii) No Purchase Option in this Lease. This Lease does not grant to the Company an option to purchase the Project.

Section 3.2. Security for Payments Under the Bond. As security for the payment of the Bond, the Issuer has adopted the Bond Resolution, under the terms of which the Issuer shall execute and deliver to the Purchaser the Security Document, in which the Issuer shall grant unto the Purchaser, its successors and assigns, security title to the Project and shall assign unto the Purchaser, its successors and assigns, all of the right, title, interest, and remedies of the Issuer in, to, and under this Lease (except the Unassigned Rights), together with all rents, revenues, and amounts to be received by the Issuer hereunder (except for amounts the Issuer shall be entitled to receive and retain on account of being included in such Unassigned Rights), as security for, among other things, the payment of the Bond. Subject to Section 5.4 hereof and applicable provisions of the Bond Resolution and the

Bond Documents, the Company hereby agrees that its obligations to pay Basic Rent under this Lease shall be absolute and shall not be subject to any defense, except payment, or to any right of set off, counterclaim, or recoupment arising out of any breach by the Issuer of any obligation to the Company, whether hereunder or otherwise, or arising out of any indebtedness or liability at any time owing to the Company by the Issuer; provided, however, the Company shall not be obligated to pay Basic Rent if for any reason the Company is prevented or prohibited from receiving Debt Service during a period when the Company is also the Holder. Notwithstanding anything to the contrary herein, the Issuer and the Company agree that all payments of Basic Rent required to be made by the Company under this

Lease shall be paid directly or credited against the Debt Service due to the Holder as provided in the Bond Resolution and the applicable Bond Documents. The Holder shall have all rights and remedies herein accorded to the Issuer (except for Unassigned Rights), and any reference herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Purchaser or if the Bond shall have been transferred to a successor Holder, shall be deemed to include such successor Holder and the Purchaser or successor Holder shall be deemed to be and is a third party beneficiary of the representations, covenants, and agreements of the Company in favor of the Issuer herein contained (except for covenants and agreements pertaining to the Unassigned Rights).

Section 3.3. **Warranties and Covenants of Issuer as to Title**. The Issuer hereby accepts ownership of and title to the Project. The Issuer disclaims any interest in any items of equipment and related personal property that are neither acquired with proceeds of the Bond nor Additions or Alterations, replacements or substitutions therefor. The Issuer warrants and covenants that, except for this Lease and the Security Document, the Issuer shall not otherwise encumber the Project or any part thereof without the prior written consent of the Company, the Holder and any Lender (if any is known to the Issuer). The Issuer covenants to take all acts necessary to defend its title to the Project and will do no act (except as permitted by Section 9.2 hereof) to impair such title, provided that the cost of such action is paid for in advance by the Company, or the Issuer is indemnified for such costs by the Company to the Issuer's satisfaction. The Issuer makes no warranty as to the design, suitability, condition or fitness for purpose of the Project.

Section 3.4. **Warranties and Covenants of Company as to Title**. The Company shall take such actions as are necessary to cause title to the Project to vest in the Issuer subject to this Lease and the Permitted Encumbrances. The Company further covenants to pay all costs and expenses which are necessary to defend the title of the Issuer to the Project, and will do no act that will impair such title.

Section 3.5. **Acknowledgement of Subordination**. Notwithstanding anything contained herein, this Lease is subject and subordinate in all respects to any Superior Security Document, to all other liens granted by the Company to the holder of such Superior Security Document with respect to or in connection with the indebtedness secured by such Superior Security Document, and to all modifications, extensions, refinancings (where such liens continue), or renewals of such lien.

ARTICLE IV

ACQUISITION AND INSTALLATION OF THE PROJECT; ISSUANCE OF THE BOND; FUNDS

Section 4.1. **Agreement to Acquire and Install the Project**. Simultaneously with the issuance and sale of the Bond, the Issuer will acquire title to the Project as it exists on such date of issuance. The Company will thereafter complete the acquisition, construction and equipping of the Project. Items of used equipment, as well as

new equipment, may be included in the Project. The Company may, using its own funds, pay any of the Costs of the Project, and acquire any property which is to be a part of the Project in its own name, for the purpose of the later

transfer of such property by the Company to the Issuer pursuant hereto. The Company is not authorized to and will not obligate the Issuer for any of the Costs of the Project. The Company may make changes in the Project, so long as such changes do not cause the Project to be unsuitable for its intended purpose or to fail to constitute a "project" under the Act or to violate any applicable provisions of law. Any contracts for the construction of any improvements that are a part of the Project shall be let by the Company as a principal, and not as agent of the Issuer.

Section 4.2. **Agreement to Issue the Bond**. In order to provide funds for payment of the Costs of the Project, the Issuer, contemporaneously with the delivery of this Lease, is issuing the Bond to the Purchaser.

Section 4.3. **Application of Proceeds**. Any cash proceeds of the Bond shall be used to pay or reimburse costs of acquisition of the Project and issuance costs of the Bond.

Section 4.4. **Draws under Bond Purchase Loan Agreement**. In Section 4.9 below, the Issuer has authorized the Company to act as its agent for the purpose of requesting advances under the Bond Purchase Loan Agreement to pay or reimburse the Costs of the Project in one or more disbursements, upon the submission by the Company to the Purchaser of a disbursement request in the form attached to the Bond Purchase Loan Agreement. Such disbursement requests must be signed by an Authorized Company Representative. It is agreed that advances under the Bond Purchase Loan Agreement may be made by the Purchaser transferring to the Issuer, at the Purchaser's cost, items of property that are to be a part of the Project, and in such case the same shall be treated as a receipt by the Project Fund of an amount equal to such Costs of the Project and a disbursement of such amount to the Purchaser in payment of the purchase price of such property.

The Bond may be issued in exchange for the Project as it then exists. An amount equal to the Costs of the Project theretofore incurred and any issuance costs of the Bond that the Company elects to include in the initial request for advance under the Bond Purchase Loan Agreement shall be submitted to the Purchaser and the amount thereof shall be the initial Principal Balance of the Bond. Thereafter, the Company, as agent for the Issuer, may request additional advances under the Bond Purchase Loan Agreement, if any are needed, to evidence additional amounts expended by the Company for Costs of the Project, provided that the aggregate amounts drawn down from time to time shall not exceed the Maximum Principal Amount of the Bond, and no draws shall be made after the "**Expiration Date**" provided for in the Bond Purchase Loan Agreement. In the case of advances for equipment or other personal property, a bill of sale transferring such equipment or personal property shall be attached to the request for advance. Amounts so drawn down shall be deemed disbursed at the direction of the Company, as agent of the Issuer, to pay or to reimburse the Company for Costs of the Project described in this Section and Section 5.3 of the Bond Resolution. Draw requests shall comply with the requirements of the Bond Purchase Loan Agreement and any other agreements between the Company and the Issuer. The amounts drawn down are to be noted by the Holder on the Schedule of Advances and Payments attached to the Bond.

Notwithstanding the foregoing, the Company, when requesting draws under the Bond Purchase Loan Agreement on behalf of the Issuer, may request the Purchaser, or any successor Holder that has assumed the Purchaser's obligations, to advance cash under the Bond Purchase

Loan Agreement, to make payments for Costs of the Project and payments in reimbursement for Costs of the Project directly to (i) contractors, materialmen, vendors and Persons providing services in connection with the Project and the Bond, (ii) the Company or any Affiliate of the Company to reimburse Costs of the Project, or (iii) any combination of the foregoing, in which case the Company shall reflect such draws and payments on its books relating to the Project.

If any grant money is received which is used to finance improvements and/or equipment to be owned by the Issuer and leased hereunder, said improvements and/or equipment shall be included as a part of the Project that is subject to this Lease.

Section 4.5. Obligation of the Parties to Cooperate in Furnishing Documents; Reliance of the Custodian. Upon payment of any expenses of the Issuer incurred pursuant to Section 5.3(b)(i) hereof, the Issuer agrees to cooperate with the Company in furnishing to the Purchaser the documents referred to in Section 4.4 hereof that are required to effect disbursements of Bond Proceeds in accordance with Section 4.4 hereof. In making any such disbursements, the Purchaser may rely on any such orders and certifications delivered to it pursuant to Section 4.4 hereof.

Section 4.6. Excess Costs. The Issuer does not make any warranty, either express or implied, that the amounts which may be drawn down under the Bond Purchase Loan Agreement will be sufficient for the payment of all of the Costs of the Project. The Company agrees that it shall not be entitled to any reimbursement for any excess costs from the Issuer or from the Holder, nor shall it be entitled to any diminution of the amounts payable under Section 5.3(a) hereof.

Section 4.7. Authorized Company and Issuer Representatives and Successors. See the definitions in Section 1.1 hereof, of the terms "Authorized Company Representative" and "Authorized Issuer Representative" relating to the designation thereof. In the event that any person so designated should become unavailable or unable to take any action or make any certificate provided for or required in this Lease, a successor or additional Authorized Company Representative or Authorized Issuer Representative shall be appointed.

Section 4.8. Enforcement of Remedies **Against Contractors and Subcontractors and Their Sureties and Against Manufacturers and Vendors**.

(a) The Issuer hereby authorizes the Company, as agent of the Issuer or in its own behalf, to take such action and institute such proceedings as the Company may elect in its sole discretion to cause and require all manufacturers, fabricators, vendors, contractors and subcontractors and suppliers to complete their contracts relating to the Project diligently in accordance with the terms of such contracts, including, without limitation, the correction of any defects. The Issuer agrees that the Company may, from time to time, in its own name, or in the name of the Issuer, take such action as the Company may elect in its sole discretion against such manufacturers, fabricators, vendors, contractors and subcontractors and suppliers, and their sureties, to insure the proper acquisition, construction and equipping of the Project.

(b) To the extent that the Project is not complete, or is under construction as of the effective date of this Lease, all plans, specifications, drawings and similar documentation

governing the planning, development and construction of the Project shall be prepared and may be amended, supplemented or replaced, as the case may be, at the sole discretion of the Company so long as the elements of the Project covered thereunder are consistent with the objectives and requirements of the Act and the general description of the Project in this Lease. The Company may engage or disengage architects, engineers and other professionals in the preparation of all such work product.

(c) All warranties, bonds, letters of credit or other security or other undertakings furnished by or on behalf of any contractors, subcontractors, fabricators, vendors, manufacturers or suppliers which provide labor or materials (including building fixtures) for the Project shall be in the name of the Company for the benefit of the Issuer, the Holder, and the Company and may be enforced by the Company, at its own risk and expense, without consultation with or direction by either the Issuer or the Holder.

(d) The Issuer hereby authorizes the Company, as agent of the Issuer or on its own behalf, and at the sole expense of the Company, to take such action and institute such proceedings as the Company may elect in its sole discretion to cause and require any contractors, subcontractors, fabricators, vendors, manufacturers and suppliers that have provided labor or materials (including building fixtures) for the Project to fulfill their warranties and contractual responsibilities diligently in accordance with the terms of any purchase or installation contracts, including, without limitation, the correction of any defective parts or workmanship. The Issuer agrees that the Company may, from time to time, take such action as the Company may elect, in its sole discretion, to insure the conformity of the Project to the specifications therefor.

Section 4.9. **Appointment of Agent**. The Issuer hereby appoints the Company as its agent and authorizes the Company to act as its agent of and attorney-in-fact for the Issuer for purposes of:

(a) requesting advances to pay Costs of the Project pursuant to the Bond Purchase Loan Agreement;

(b) serving as, or appointing a, Registrar, Custodian and Paying Agent for the Bond;

(c) requesting funds from the Custodian of the Project Fund for the Project to pay the costs thereof, as provided in this Lease, provided that any contracts in connection therewith shall be by the Company as a principal and not as agent of the Issuer.

The Company hereby accepts the appointment described above and agrees to perform the duties contemplated thereby in accordance with general agency principles and the terms of the Bond Resolution, this Lease and the Bond Purchase Loan Agreement. The Company agrees to perform such services, without charge, in consideration of the Issuer's issuance of the Bond and the leasing of the Project to the Company. The Company shall be entitled to reimbursement for expenditures that constitute Costs of the Project, but only to the extent that proceeds of the Bond are available for such purpose, and shall be entitled to reimbursement for expenditures relating to the restoration or replacement of the Project, or portions thereof, which are damaged or destroyed by casualty or taken by eminent domain, but only to the extent that the amounts in the Project Fund for the Project (including proceeds of casualty insurance or any eminent domain

award, any funds deposited therein by the Company, and any investment income thereon) are available therefor under the terms of this Lease. This agency appointment shall terminate upon the retirement of the Bond. Such termination shall not affect any right the Company has to reimbursement that accrued prior to the effective date of the termination and shall not affect the Company's indemnification obligations herein.

ARTICLE V

EFFECTIVE DATE OF THIS LEASE; DURATION OF LEASE TERM; RENTAL PROVISIONS; NATURE OF OBLIGATIONS OF COMPANY

Section 5.1. Effective Date of this Lease; Duration of Lease Term.

(a) This Lease shall be effective when delivered on the date of issuance of the Bond. The initial term hereof (the "**Initial Term**"), shall expire at 11:59 p.m., Putnam County, Georgia time, on September 1, 2017.

(b) Provided that this Lease is in full force and effect and the Company is not in default under the terms hereof beyond any applicable notice and cure period provided for herein, the Issuer hereby grants to the Company the option to extend the Term of this Lease on the terms stated herein, except as otherwise provided herein, for a renewal period expiring at 11:59 p.m., Putnam County, Georgia time, on June 1, 2018 (the "**First Renewal Term**").

(c) Provided that this Lease is in full force and effect and the Company is not in material default under the terms hereof beyond any applicable notice and cure period provided for herein, the Issuer hereby grants to the Company the option to further to extend the Term of this Lease on the terms stated herein, except as otherwise provided herein, for a second renewal period expiring at 11:59 p.m., Putnam County, Georgia time, on March 1, 2019 (the "**Second Renewal Term**").

(d) Provided that this Lease is in full force and effect and the Company is not in default under the terms hereof beyond any applicable notice and cure period provided for herein, the Issuer hereby grants to the Company the option to further extend the Term of this Lease on the terms stated herein, except as otherwise provided herein, for a third renewal period expiring at 11:59 p.m., Putnam County, Georgia time, on December 1, 2019 (the "**Third Renewal Term**").

(e) Provided that this Lease is in full force and effect and the Company is not in material default under the terms hereof beyond any applicable notice and cure period provided for herein, the Issuer hereby grants to the Company the option to further to extend the Term of this Lease on the terms stated herein, except as otherwise provided herein, for a fourth renewal period expiring at 11:59 p.m., Putnam County, Georgia time, on September 1, 2020 (the "**Fourth Renewal Term**").

(f) Provided that this Lease is in full force and effect and the Company is not in default under the terms hereof beyond any applicable notice and cure period provided for herein, the Issuer hereby grants to the Company the option to further extend the Term of this Lease on

the terms stated herein, except as otherwise provided herein, for a fifth renewal period expiring at 11:59 p.m., Putnam County, Georgia time, on June 1, 2021 (the "**Fifth Renewal Term**").

(g) Provided that this Lease is in full force and effect and the Company is not in material default under the terms hereof beyond any applicable notice and cure period provided for herein, the Issuer hereby grants to the Company the option to further to extend the Term of this Lease on the terms stated herein, except as otherwise provided herein, for a sixth renewal period expiring at 11:59 p.m., Putnam County, Georgia time, on December 1, 2021 (the "**Sixth Renewal Term**").

(h) Each extension option shall be deemed to be exercised automatically unless the Company, at least one hundred eighty (180) days prior to the expiration of the then-current Initial Term or Renewal Term, as applicable, delivers a Non-Renewal Notice to the Issuer and the Holder of the Bond.

(i) Notwithstanding any expiration or termination of this Lease, those covenants and obligations that by the provisions hereof are stated to survive the expiration or termination of this Lease shall survive the expiration or earlier termination of this Lease.

(j) The "**Term**" of this Lease shall be the Initial Term; if extended for a Renewal Term, the "**Lease Term**" shall then be the Initial Term and each Renewal Term for which this Lease is, in fact, extended.

Section 5.2. Delivery and Acceptance of Possession. The Company shall, commencing with the date of delivery of this Lease (or such later date as is provided for in Section 3.1 hereof), have possession, custody and control of the Project as it exists on such date, and the Company hereby accepts such possession, custody and control, subject to the Permitted Encumbrances. The Issuer covenants and agrees that it shall not take any action, other than pursuant to Article X of this Lease, to prevent the Company from having possession and enjoyment of the Project during the Lease Term and shall, at the request of the Company, if indemnified by the Company, cooperate with the Company in order that the Company may have peaceful possession and enjoyment of the Project.

Section 5.3. Rents and Other Amounts Payable.

(a) Basic Rent: Until the Principal Balance of, redemption premium, if any, and interest on the Bond shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Bond Resolution, the Company shall pay to the Holder, for the account of the Issuer, as Basic Rent for the Project on or before 11:00 a.m., Putnam County, Georgia time, on each date on which Debt Service on the Bond is due, a sum equal to the amount payable on that date as Debt Service on the Bond, as provided in the Bond and in the Bond Resolution. Such Basic Rent payments shall be applied to and credited as Debt Service payments on the Bond.

(b) Additional Rent:

(i) The Company agrees that, during the Lease Term, it shall pay directly to the Issuer, as Additional Rent, an amount sufficient to reimburse the Issuer for all

reasonable expenses and advances incurred by the Issuer in connection with the Project subsequent to the execution of this Lease, including, but not limited to, the reasonable fees and expenses of counsel for the Issuer, provided that the same are incurred as a result of the failure of the Company to comply with the terms of this Lease or are subject to payment or indemnification by the Company under this Section 5.3(b)(i) or Sections 6.6, 8.4 or 10.4 hereof. All payments of Additional Rent described in this paragraph shall be billed to the Company by the Issuer from time to time, together with a statement certifying that the amount for which reimbursement is sought for one or more of the above-described expenditures has been incurred or paid by the Issuer. Amounts so billed shall be paid by the Company within thirty (30) days after receipt of the bill, which shall contain reasonable detail, by the Company; the right of the Issuer to payments under this paragraph is one of the Unassigned Rights. In the event the Company shall fail to make any of the payments required in this Section 5.3(b)(i), the unpaid amount shall continue as an obligation of the Company until fully paid, and shall accrue interest from such thirtieth day at the Default Interest Rate.

(ii) The Company agrees that, during the Lease Term, it shall pay directly to the Holder, as Additional Rent, an amount sufficient to reimburse the Holder for all expenses and advances reasonably incurred by the Holder hereunder in connection with the Project subsequent to the execution of this Lease, including, but not limited to, the reasonable fees and expenses of counsel for the Holder, provided that the same are incurred as a result of the failure of the Company to comply with the terms of this Lease or are subject to indemnification by the Company under this Section 5.3(b)(ii) or Sections 6.6, 8.4 or 10.4 hereof. All payments of Additional Rent described in this paragraph shall be billed to the Company by the Holder from time to time, together with a statement, if the bill relates to a reimbursement, certifying that the amount for which reimbursement is sought for one or more of the above-described expenditures has been incurred or paid by the Holder. Amounts so billed shall be paid by the Company within thirty (30) days after receipt of the bill by the Company. In the event the Company shall fail to make any of the payments required by this Section 5.3(b)(ii), the unpaid amount shall continue as an obligation of the Company until fully paid, and shall accrue interest from such thirtieth day at the Default Interest Rate. The Holder shall be a third-party beneficiary of this Section 5.3(b)(ii) and shall be entitled to enforce the same against the Company, subject to the provisions of this Lease.

Section 5.4. **Place of Rental Payments**. The Basic Rent provided for in Section 5.3(a) hereof, shall be paid directly to the Holder for the account of the Issuer in the manner provided in the Bond or in the Bond Resolution for the payment of Debt Service on the Bond. Such payments shall be made in lawful money of the United States of America; provided, however, that so long as the Company is both the tenant of the Project and the Holder of the Bond, such payments shall be deemed to have been made, without the necessity of any funds being transmitted or any records being maintained with respect to the Sinking Fund.

The Additional Rent provided for in Section 5.3(b)(i) hereof and any interest on late payments thereof shall be payable directly to the Issuer. The Additional Rent provided for in Section 5.3(b)(ii) hereof and any interest on late payments thereof shall be payable directly to the Holder.

Section 5.5. **Nature of Obligations of Company Hereunder**.

(a) The obligations of the Company to make the payments required in Section 5.3 hereof shall be absolute and unconditional irrespective of any defense or any rights of set-off, recoupment, or counterclaim, except payment, it may otherwise have against the Issuer or the Holder; provided, however, the Company shall not be obligated to pay Basic Rent if, for any reason, the Company is prevented or prohibited from receiving Debt Service during a period when the Company is also the Holder, irrespective of the reason therefor. The Company agrees that it shall not suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in Section 5.3(a) hereof, or except as provided in Section 11.1 hereof, terminate its obligations under this Lease, for any contingency, act of God, event, or cause whatsoever, including, without limiting the generality of the foregoing, failure of the Company to occupy or to use the Project as contemplated in this Lease or otherwise, any change or delay in the time of availability of the Project, any acts or circumstances which may impair or preclude the use or possession of the Project, any defect in the title, design, operation, merchantability, fitness, or condition of the Project or in the suitability of the Project for the Company's purposes or needs, failure of consideration, any declaration or finding that the Bond is unenforceable or invalid, the invalidity of any provision of this Lease, any acts or circumstances that may constitute an eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or the use of all or any part of the Project, failure of the Issuer's title to the Project or any part thereof, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or in the rules or regulations of

any governmental authority, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Lease.

(b) Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained. In the event the Issuer should fail to perform any such agreement on its part, the Company may institute such action against the Issuer as the Company may deem necessary to compel performance so long as such action does not abrogate the Company's obligations hereunder. The Issuer hereby agrees, to the extent legally permissible, that it shall not take or omit to take any action that would cause this Lease to be terminated without the prior written consent of the Holder of the Bond.

(c) The Company may, however, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its right of possession, occupancy, and use hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company for the Issuer in any such action or proceeding if the Company shall so request, including without limitation, to join in any legal or administrative proceeding, at the request of the Company, so long as the Company reimburses the Issuer in accordance with Section 5.3(b) hereof.

Section 5.6. **Restrictions on the Use of Project**. The Project may be used only for the limited purposes permitted by the Act. The Company shall not permit the Project, or any part

thereof, to be used in any fashion that would violate any law. The Issuer's right to enforce this covenant shall be among the Unassigned Rights.

ARTICLE VI

MAINTENANCE, TAXES, INSURANCE AND EMINENT DOMAIN

Section 6.1. **Maintenance of Project**. The Issuer shall not be under any obligation to renew, repair, or maintain any portion of the Project or to remove and replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary portion thereof. The Company, shall maintain, or cause to be maintained, the Project at the expense of the Company. Subject to the provisions of Article VII hereof, the Company, at its own expense, may from time to time make any Additions or Alterations and any modifications, upgrades, replacements and substitutions to the Project that it may deem desirable for its purposes. Subject to the provisions of Sections 3.3 and 9.7 hereof, such Additions or Alterations and any modifications, upgrades, replacements and substitutions to the Project so made shall become a part of the Project. The Company shall not do, or permit any other Person under its control to do, any work in or about the Project or related to any repair, rebuilding, restoration, replacement, alteration of, or addition to the Project, or any part thereof, unless the Company or such other Person shall have first procured and paid for all requisite municipal and other governmental permits and authorizations. All such work shall be done in a good and workmanlike manner and in compliance with all applicable laws, ordinances, governmental regulations, and requirements. Notwithstanding the foregoing, in the event any part of the Project, or any part thereof, is damaged or destroyed by casualty, the Company's obligations to repair or replace the Project, or such portion thereof so damaged or destroyed, shall be governed exclusively by Article VII hereof.

Section 6.2. **Removal of Fixtures or Leased Equipment**. The Company shall not be under any obligation to renew, repair, or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary

fixtures or items of Leased Equipment that are a part of the Project. If any fixture, item of Leased Equipment or parts thereof have become obsolete or worn out, the Company, in its sole and absolute discretion, at its own expense may remove from the Project such fixtures, item of Leased Equipment or parts thereof and dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer therefor, in which case the removed property shall cease to be a part of the Project. If the Company, in its sole and absolute discretion, determines that any fixtures, item of Leased Equipment or parts thereof should be sold or traded in then the Company may do so provided that it either: (a) replaces such fixture or item of Leased Equipment or parts with other items of property having a value at least equal to the net book value of the property sold or traded in and causes title to such replacement property to be transferred to the Issuer, whereupon the replacement property shall become a part of the Project; or (b) prepays in part the principal of the Bond (or if the Company or an Affiliate of the Company then owns the Bond, the Company causes a credit to be reflected on the Schedule of Payments attached to the Bond as a partial payment of principal) in an amount equal to the net book value of the property sold or traded in. At the written request of the Company, the Issuer shall execute such instruments as shall be required to convey title to any such removed fixture, item of Leased Equipment or parts thereof to the Company, to the purchaser thereof or to the

person accepting the same as a trade in and the Bondholder shall release the lien and security interest of the Security Document therein. The removal from the Project of any fixture, item of Leased Equipment or parts thereof pursuant to the provisions of this Section shall not entitle the Company to any abatement or diminution of the rental payments payable under Section 5.3 hereof (except to the extent that a prepayment of principal or a credit in reduction of principal of the Bond may result in a reduction of Debt Service on the Bond and a corresponding reduction in the Basic Rent hereunder).

Section 6.3. Taxes, Other Governmental Charges, and Utility Charges.

(a) The Company shall, throughout the Lease Term, duly pay and discharge, as the same become due and payable: (i) all taxes, special assessments for benefits and governmental charges of any kind whatsoever that may (on account of a change in law or otherwise) at any time be lawfully assessed or levied against or with respect to the interests of the Issuer, of the Company and of the Holder in the Project, (ii) any taxes levied upon or with respect to the lease revenues and receipts of the Issuer from the Project which, if not paid, will become a lien on the Project or a charge on the revenues and receipts therefrom prior to or on a parity with the charge, pledge, and assignment thereof created and made in the Bond Resolution and in the Security Document, (iii) all utility and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Project, and (iv) other levies, permit fees, inspection and license fees and all other charges imposed upon or assessed against the Project or any part thereof or upon the revenues, rents, issues, income and profits of the Project or arising in respect of the occupancy, uses or possession thereof. Both the Issuer and the Holder shall be entitled to enforce the provisions of this Section, and the Issuer's right to enforce the same is one of the Unassigned Rights. It is the understanding of the parties that, under the Act, the Issuer does not pay property taxes on its interest in the Project. The Company's interest in the Project is a mere usufruct and bailment for hire (which are not separately taxable estates) and not an estate for years (which would be an estate in which the leasehold interest would be taxable based on the value of the leasehold interest). Thus, while this Lease is in effect, the parties hereto contemplate that the Company shall be liable for no actual taxes on its leasehold or bailment for hire interest in the Project. However, in order to prevent the taxing authorities from being deprived of revenues relating to the Project during the period title thereto is in the Issuer, the Company shall, in consideration of the lease structure and other benefits, make payments in lieu of taxes in accordance with the payment percentages and terms provided in the Economic Development Agreement. Notwithstanding anything herein to the contrary, the Issuer cannot and does not warrant, guaranty or promise any particular *ad valorem* tax treatment resulting from this Lease. The Company shall exhibit to the Issuer and to the

Holder, upon request, validated receipts showing the payment of any payments of taxes, payments in lieu of taxes and other charges which may be or become a lien or encumbrance on the Project.

(b) Upon notifying the Holder and the Issuer of its intention to do so, the Company may, at its own expense and in its own name and behalf or in the name and behalf of the Issuer and in good faith, contest any such taxes, assessments, and other charges and, in the event of any such contest, may permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, but only so long as neither the Project nor any part thereof will be subject to imminent loss or forfeiture by reason of such nonpayment; provided, that no such contest may be made in the name of the Issuer unless (i) it is

necessary to protect or assert the rights or interests of the Company; and (ii) the Company has received concurrence of such necessity from the Issuer in writing.

(c) Both the Issuer and the Holder shall be entitled to enforce the provisions of this Section, and the Issuer's right to enforce the same is one of the Unassigned Rights.

Section 6.4. Insurance Required.

(a) The Company, at its expense, throughout the Term, shall carry the following insurance:

(i) general liability insurance, in amounts of $ 1,000,000 per occurrence and $2,000,000 in the aggregate, subject to deductibles per occurrence not to exceed $25,000; such policy or policies shall name the Issuer and the Holder as additional insureds (the deductible amount specified above may be increased with the written consent of the Issuer and the Holder); and

(ii) worker's compensation insurance as required by law relating to the Company's employees working at the Project.

(b) The Company is not required to carry hazard and casualty insurance on the Project. However, in the event that (i) the Project or any portion thereof is damaged or destroyed in a manner that materially affects the Company's operations at the Project and (ii) the Company elects not to repair, restore or replace the damaged or destroyed portions of the Project, the Issuer may elect in its sole discretion, to which the Company hereby acknowledges and agrees, to terminate this Lease and convey the Project to the Company by limited warranty deed and/or quitclaim bill of sale, as applicable, upon providing 60 days' prior written notice to the Company.

(c) The Issuer, the Holder and any Lender shall each, respectively, be entitled to enforce the provisions of this Article insofar as their rights are concerned and the Issuer's right to enforce this Article shall be one of the Unassigned Rights. So long as the Company or an Affiliate is the owner of the Bond, the Company shall, however, have the exclusive right to make all elections, determinations, settlements, or decisions with respect to any hazard and casualty insurance policy or the proceeds thereof that may be affected by the provisions of this Section 6.4. So long as the Company or an Affiliate is the owner of the Bond and without limiting the foregoing, the Company shall have the right to make all settlements as to any casualties that affect the Project without the consent of the Issuer. Furthermore, so long as the Company or an Affiliate is the owner of the Bond, the Company shall have the right to pledge to a Lender all of the hazard and casualty insurance proceeds with respect to a casualty affecting the Project and to grant to the Lender the right to govern the distribution of such funds, which shall be superior to the rights of the Holder thereto. The Issuer acknowledges and agrees that, so long as the Company or an Affiliate is the owner of the Bond, the Lender may require the application of the insurance proceeds to the indebtedness owed to

the Lender by the Company and, in such event, the insurance proceeds may not be applied in their entirety to the restoration of the Project.

Section 6.5. Application of Net Proceeds of Insurance. The Net Proceeds of the liability insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied

toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid. The Net Proceeds of casualty insurance, if any, carried pursuant to Section 6.4 hereof shall be paid jointly to the Holder and the Company, and shall be transferred to the Custodian and deposited in the Project Fund to be applied as provided in Article VII hereof, or if the same has been pledged to a Lender, the same shall be transferred to such Lender.

Section 6.6. Advances by the Issuer or the Holder. If the Company shall fail to do or cause to be done any act or pay any taxes, assessments, charges or insurance premiums required by this Article, the Issuer or the Holder may (but shall be under no obligation to), after expiration of applicable notice and cure periods, do any such act or pay any such taxes, assessments, charges or premiums required by this Article, and all amounts so advanced therefor by the Issuer or the Holder shall become an additional obligation of the Company to the one making the advancement, which amounts shall constitute Additional Rent which shall be payable, with interest as provided in Section 5.3(b) hereof. Any remedy herein vested in the Issuer for the collection of rent shall also be available to the Holder for the collection of any Additional Rent payable to the Holder on account thereof.

Section 6.7. Eminent Domain. If the Issuer or the Company obtains knowledge of the institution or threat of institution of any proceedings for the taking of the Project or any portion thereof by exercise of the power of eminent domain, it shall immediately notify the other party hereto and shall also notify the Holder of such proceedings. The Holder may participate in any such proceedings and the Issuer and the Company from time to time shall deliver to the Holder all instruments requested by it to permit such participation. The Issuer and the Company shall not settle any eminent domain proceeding relating to the Project or any part thereof or sell the Project or any part thereof under threat of eminent domain without the prior written consent of the Holder, which consent shall not unreasonably be withheld, conditioned or delayed. The Net Proceeds of any eminent domain award or any sale in lieu of a taking by eminent domain shall be paid jointly to the Holder and the Company, and shall be transferred to the Custodian and deposited in the Project Fund to be applied as provided in Article VII hereof. Notwithstanding the foregoing, with the consent of the Holder, the Net Proceeds of eminent domain may be pledged to a Lender, which shall be superior to the rights of the Holder thereto, and if so pledged, shall be applied in accordance with the terms of such pledge.

ARTICLE VII

DAMAGE, DESTRUCTION, AND CONDEMNATION

Section 7.1. Election to Repair, Restore or Replace. If any portion of the Project is damaged, destroyed or taken by eminent domain or is sold (under threat of eminent domain or otherwise), the Net Proceeds shall be deposited upon receipt in the Project Fund, which shall be held by the Custodian, unless the same are otherwise required to be used as may be provided in any pledge thereof to a Lender. Subject to the rights of any Lender, the Company may, within 210 days following the receipt of such Net Proceeds, elect to use such Net Proceeds, in whole or in part, to repair, restore or replace the Project. Any property repaired, restored or acquired to replace any property which was a part of the Project shall become a part of the Project. Upon the completion of such repair,

restoration or replacement of the Project and payment of all costs thereof, any unspent Net Proceeds and investment income remaining in the Project Fund may be

used, at the election of the Company, to acquire additional property for the Project or to prepay and redeem principal of the Bond.

Section 7.2. **Election Not to Repair, Restore or Replace**. If an election to repair, restore or replace damaged, destroyed or taken portions of all of the Project is not made within the time provided in Section 7.1 hereof, or if prior to such time the Company notifies the Issuer and the Custodian that it elects not to repair, restore or replace damaged, destroyed or taken portions or all of the Project, the Custodian of the Project Fund shall immediately apply such moneys to prepay principal of the Bond, unless otherwise provided in a pledge to a Lender. If the Bond is not fully retired, the obligation to pay Basic Rent hereunder shall remain in full force and effect, without abatement or diminution (except to the extent the amount of Basic Rent is reduced on account of such prepayment). If the Company is then the Holder of the Bond, and the Bond is not fully retired, the Company may surrender the Bond for cancellation, whereupon the obligation for payment of Basic Rent shall terminate, and any obligation for Additional Rent theretofore accrued shall become immediately due and payable.

ARTICLE VIII

ADDITIONAL COVENANTS; ADDITIONAL BONDS

Section 8.1. **No Warranty of Condition or Suitability by the Issuer**. THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, CONDITION, OR WORKMANSHIP OF ANY PART OF THE PROJECT OR THAT THE SAME WILL BE SUITABLE FOR THE COMPANY'S PURPOSES OR NEEDS.

Section 8.2. **Access to the Project and Records**. The Issuer, the Holder, any Lender and their respective duly authorized representatives and agents, shall have the right, upon reasonable notice to the Company, and subject to any reasonable restriction imposed by the Company for safety purposes or for the protection of their patents, trademarks, trade secrets, and other confidential or proprietary information, to enter the Project at all reasonable times during the Lease Term, if accompanied by a Company representative, for the purpose of (i) examining and inspecting the Project and (ii) performing such work relating to the Project as has been made necessary by reason of an Event of Default.

Section 8.3. **Good Standing in the State**. The Company agrees that, if required by law, it will be in good standing in the State while this Lease is in effect.

Section 8.4. **Indemnity**.

(a) The Company shall, and agrees to, indemnify and save the Issuer and the Holder and their respective officials, directors, officers, members, counsel, agents and employees (the "**Indemnified Persons**") harmless against and from all claims by or on behalf of any Person arising from the conduct or management of or from any work or thing done on or at the Project and against and from all claims arising from or relating to (i) any condition of the installation of or the operation of the Project, (ii) any act or negligence of the Company or of any of its agents, contractors, servants, employees, or licensees, (iii) any act or negligence of any assignee or

subtenant of the Company or of any agents, contractors, servants, employees, or licensees of any assignee or subtenant of the Company, (iv) any violation or alleged violation of any federal or State securities laws, or (v) any legal proceeding relating to the non-taxability or taxability of this Lease or the Project or the interest of the Issuer in the Project. However, this indemnity shall not apply, as to the Issuer, to any acts of gross negligence or willful misconduct or intentional misconduct of the Issuer and, as to the Holder, to any acts of gross negligence or willful misconduct or intentional misconduct of the Holder, or in the case of matters referred to in clause (iv), this indemnity shall not apply to the Holder if the Holder has acquired the Bond other than in a bona fide private placement and has failed to perform a thorough due diligence investigation in connection therewith. The Company shall indemnify and save the Issuer and the Holder (and the other Persons and entities referred to above, as appropriate) harmless from and against all reasonable costs and expenses incurred in or in connection with any such claim or in connection with any action or proceeding brought thereon, including reasonable attorneys' fees, and upon notice from the Issuer, the Company shall defend it (and the other persons and entities referred to above, as and to the extent appropriate) in any such action or proceeding, except for the gross negligence or willful or intentional misconduct of the Indemnified Person or its failure to comply with applicable local, state or federal law in any material respect. The indemnities set forth above specifically extend to, but are in no way limited to, governmental or other claims relating to any actual or alleged violation of any Environmental Laws, regardless of whether or not any such liability or violation relates to any period prior to the acquisition of the Project by the Issuer or its acquisition theretofore by the Company.

(b) Notwithstanding the fact that it is the intention of the parties that the Indemnified Persons referred to in (a), above, shall not incur pecuniary liability by reason of the terms of this Lease or the Bond Resolution, or the undertakings required of the Issuer hereunder or by reason of (i) the issuance of the Bond, (ii) the execution of this Lease or the adoption of the Bond Resolution, (iii) the performance of any act required by this Lease or the Bond Resolution, (iv) the performance of any act requested by the Company, or (v) any other costs, fees, or expenses incurred by the Issuer with respect to the Project or the acquisition thereof, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if any such Indemnified Person should incur any such pecuniary liability, then in such event the Company shall indemnify and hold harmless such Indemnified Person against all claims by or on behalf of any Person arising out of the same and all reasonable costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, including reasonable attorneys' fees, and upon notice from the Issuer, the Company shall defend the Issuer in any such action or proceeding; provided that if a court of competent jurisdiction determines that any of the provisions of this Section violate O.C.G.A. § 13-8-2 and are applicable to this Lease, the indemnity contained in this Section 8.4 shall not extend to any indemnification which is prohibited by O.C.G.A. § 13-8-2.

(c) Nothing contained in this Section 8.4 shall require the Company to indemnify any Indemnified Person for any claim or liability for which the Company was not given any opportunity to contest or for any settlement of any such action effected without the Company's consent (assuming such rights are available and have not been waived in writing by the Company). The indemnity of the Indemnified Persons contained in this Section 8.4 shall survive the termination of this Lease.

The Issuer and the Holder shall each be entitled to enforce its right to indemnification under this Section, and the Issuer's right to indemnification hereunder shall be one of the Unassigned Rights.

Section 8.5. **Licenses and Permits**. The Company shall do, or shall cause any sublessee to do, all things necessary to obtain, maintain, modify, supplement and renew, from time to time, as necessary, all public filings, permits, licenses, franchises, and other governmental approvals necessary for its ownership of and activities relating to the Project, the lack of which would have a material adverse effect upon the Company's ability to meet its obligations under this Lease.

Section 8.6. **Compliance with Laws**. The Company warrants that throughout the Lease Term it shall, at its own expense, maintain the Project, in all material respects, in compliance with all applicable life and safety codes and all applicable building and zoning, health, environmental, and safety ordinances and laws, including the Occupational Health and Safety Act and all applicable Environmental Laws, and all other applicable laws, ordinances, rules, and regulations of the United States of America, the State, and any political subdivision or agency thereof having jurisdiction over the Project and which relate to the operations of the Project, any violation of which would have a material adverse effect on the Company's ability to fully perform its obligations under this Lease. The Company's use of the Project shall, in all material respects, conform to all laws and regulations of any governmental authority possessing jurisdiction thereof, and the Company shall, in its use or operation of the Project, not discriminate or permit discrimination on the basis of race, sex, color or national origin in any manner prohibited by local, state or federal laws, rules, orders or regulations.

The Company may, at its own expense and in its own name and behalf or, with the consent of the Issuer (which consent shall not be unreasonably withheld upon satisfactory indemnification by the Company), in the name and behalf of the Issuer and in good faith, contest any allegation that it has not complied with the laws described in this Section 8.6 and, in the event of any such contest, the provisions of this Section 8.6 shall not apply to any such alleged violations of law during the period of such contest and any appeal therefrom. The Issuer shall, at the expense of the Company, cooperate fully with the Company in any such contest.

The Issuer and the Holder shall each be entitled to enforce the provisions of this Section, and the Issuer's right to enforce this Section shall be one of the Unassigned Rights.

Section 8.7. **Granting and Release of Easements**. If no Event of Default shall have happened and be continuing, the Company may at any time or times cause to be granted, modified, amended, released or terminated conveyances to public authorities or utilities, easements, licenses, rights of way (temporary or perpetual and including the dedication of public highways), plats, covenants, restrictions and agreements with respect to any property included in the Project and other contracts or agreements helpful in effecting the development, construction, maintenance, operation or restoration of the Project and such grant will be free from the lien or security interests created by the Security Document or this Lease and the Issuer agrees that it shall execute and deliver any instrument necessary or appropriate to confirm, grant, amend, modify, terminate or release any such matters within fourteen (14) Business Days upon receipt of: (i) a copy of the operative instrument, and (ii) a written application of the Company signed by an Authorized Company Representative requesting such instrument and stating (1) that such

matter is not detrimental to the proper conduct of the business of the Company, and (2) that such matter will not impair the effective use or materially interfere with the operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Security Document.

ARTICLE IX

ASSIGNMENT, SUBLEASING, ENCUMBERING, AND SELLING; REDEMPTION; RENT PREPAYMENTS; ABATEMENT; EQUIPMENT

Section 9.1. Assignment and Subleasing.

(a) The Company may not sublease the Project, as a whole or in part, without the prior written consent of the Issuer. No sublease shall relieve the Company from primary liability for any of its obligations hereunder, and in the event of any such sublease, the Company shall continue to remain primarily liable for payment of the rents specified in Section 5.3 hereof and for the payment, performance, and observance of the other obligations and agreements on its part herein provided to be performed and observed by it. The Company shall furnish or cause to be furnished to the Issuer, upon request, assurances reasonably satisfactory to the Issuer that the Project will continue to be operated in compliance with the provisions hereof and for purposes permitted by the Act. The Issuer shall have the right, at any time and from time to time, to notify any subtenant of the rights of the Issuer as provided by this Section. The Issuer, at the request of the Company, shall enter into a non-disturbance agreement with any subtenant of the Project recognizing its rights and benefits under its sublease so long as the terms and conditions thereof do not conflict with this Lease.

(b) The Company may not assign this Lease except as permitted by this Section. This Lease may be assigned in whole but not in part to a company that is the survivor of a consolidation, merger or transfer of substantially all of the assets of the Company without obtaining the consent of the Issuer or of the Holder. This Lease may be assigned to the Holder of the Bond without the consent of the Issuer. This Lease may be assigned to an Affiliate of the Company with the prior written consent of the Holder and without the consent of the Issuer. Except as provided herein, this Lease may be assigned only with the prior written consent of the Holder and of the Issuer. The Issuer's consent shall not unreasonably be withheld, conditioned or delayed.

(c) Notwithstanding anything to the contrary set forth in this Lease, the Company may assign its interest in this Lease pursuant to an Exempt Assignment (hereinafter defined) without the approval of the Issuer or the Holder of the Bond.

(1) An "**Exempt Assignment**" means any of the following assignments:

(i) Any bona fide Leasehold Mortgage;

(ii) The acquisition by any grantee or a Leasehold Mortgagee or its designee of the Company's interest in this Lease through the exercise of any right or remedy of such Leasehold Mortgagee under a bona fide Leasehold Mortgage, including any

assignment of the Company's interest in this Lease to a Leasehold Mortgagee or its designee made in lieu of foreclosure;

(iii) Any foreclosure sale by any Leasehold Mortgagee pursuant to any power of sale contained in a bona fide Leasehold Mortgage;

(iv) Any sale or assignment of the Company's interest in this Lease by any Leasehold Mortgagee (or its designee) which has acquired the Company's interest in this Lease by means of any transaction described above;

(v) Any sale or assignment of the Company's interest in this Lease to the holder of a Superior Security Document;

(vi) Any sale or assignment of the Company's interest in this Lease to any Qualified Real Estate Investor (hereinafter defined);

(vii) Any sale or assignment of the Company's interest in this Lease to any person if (a) the Company or the proposed assignee provides Adequate Financial Assurance (hereinafter defined) of the payment of rent and other financial obligations under this Lease for the period the proposed assignee is the Company under this Lease, and (b) the proposed assignee has sufficient commercial real estate experience with respect to properties similar to the Project to properly manage, or oversee the management of, the Project; and

(viii) Any sale or assignment in connection with any sale/leaseback or other arrangement entered into by the Company in connection with a financing transaction.

(ix) Any sale or assignment to any of the following:

(A) Any savings bank, savings and loan association, commercial bank, or trust company having shareholder equity (as determined in accordance with GAAP accounting) of at least $10,000,000;

(B) Any college, university, credit union, trust or insurance company having assets of at least $10,000,000;

(C) Any employment benefit plan subject to ERISA having assets held in trust of $10,000,000 or more;

(D) Any pension plan established for the benefit of the employees of any state or local government, or any governmental authority, having assets of at least $10,000,000;

(E) Any limited partnership, limited liability company or other investment entity having committed capital of $10,000,000 or more;

(F) Any corporation, limited liability company or other Person having shareholder equity (or its equivalent for non-corporate entities) of at least $10,000,000;

(G) Any lender which performs real estate lending functions similar to any of the foregoing, and which has assets of at least $10,000,000; and

(H) Any partnership having as a general partner any Person or entity described in the preceding subparagraphs of this definition, or any corporation, limited liability company or other Person or entity controlling, controlled by or under common control with any Person or entity described in the preceding subparagraphs of this Section 9.1(c)(1)(ix).

(2) "**Adequate Financial Assurance**" means a guaranty of payment of the rent and other financial obligations of the Company under this Lease made by a Qualified Real Estate Investor for the period of time that a proposed assignee of this Lease is the Company under this Lease.

(3) "**Qualified Real Estate Investor**" means any Person domiciled within the United States of America that has, together with its Affiliates, a minimum net worth (treating any subordinated or mezzanine financing as equity) at least equal to the lesser of (i) $10,000,000 or (ii) 20% of the appraised value of the Leased Land, as of the date of its (or their) last audited financial statements or as otherwise certified by an independent certified public accountant or firm thereof, provided the managers of such Person or its Affiliates have sufficient commercial real estate experience with respect to developments similar to the Project or have hired a manager or separate management company that has such experience and will manage, or oversee the management of, the Project. For purposes of the above the term "last audited financial statements" shall be deemed to include unaudited financial statements compiled by an independent certified public accountant or firm thereof accompanied by an accountant's letter or unaudited financial statements certified by a member of the management of the proposed assignee of this Lease.

(d) Any assignment authorized by this Section 9.1 shall be subject to each of the following conditions:

(i) Any such assignee shall agree to fully and unconditionally assume all obligations of the Company under this Lease, including, without limitation, all indemnity provisions contained in this Lease, whereupon the assignor shall automatically be released from all obligations arising under this Lease accruing prior to the assignment; and

(ii) The Company shall, within thirty (30) days prior to the execution of any assignment or any merger, consolidation or sale of substantially all of its assets, furnish or cause to be furnished to the Issuer a true and complete copy of such proposed assignment or documents of merger, consolidation or sale of assets, as the case may be.

The Company or such assignee shall, within thirty (30) days after the execution thereof, furnish or cause to be furnished to the Issuer a true and complete copy of such assignment or documents of merger or consolidation or sale of assets, as the case may be, as actually executed. The Issuer and the Holder shall have the right, at any time and from time to time, to notify any assignee of their rights under this paragraph.

Any purported assignment in violation of this Section shall be void, as the interest of the Company, being a usufruct and bailment for hire, is not assignable except as herein provided. In the case of an assignment that is permitted hereby or that is consented to as herein described, the assignee may not further assign this Lease except in accordance with this Section. As set forth in Section 2.7(b) of the Bond Resolution, the Bond may be assigned to any assignee of this Lease.

Section 9.2. Provisions Relating to Sale, Encumbrance, or Conveyance of the Project by the Issuer. Except pursuant to the Security Document or a Superior Security Document executed by the Issuer at the written request of the Company, and except for any sale under threat of a taking by eminent domain or a sale pursuant to Article VI hereof, the Issuer agrees that, during the Lease Term, it shall not, except pursuant to or as permitted by the Security Document: (1) directly, indirectly, or beneficially sell, convey, or otherwise dispose of any part of its interest in the Project, (2) permit any part of the Project to become subject to any lien, claim of title, encumbrance, security interest, conditional sale contract, title retention arrangement, finance lease, or other charge of any kind, without the written consent of the Company, and (3) assign, transfer, or hypothecate (other than

pursuant to the Bond Resolution and the Security Document) any payment of rent (or analogous payment) then due or to accrue in the future under any lease of the Project, except that if the laws of the State at the time shall permit, nothing contained in this Section shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or transfer of the Project as an entirety to, any public body of the State whose property and income are not subject to taxation and which has authority to carry on the business of owning and leasing the Project, provided, that upon any such consolidation, merger, or transfer, the due and punctual payment of the principal of, premium, if any, and interest on the Bond according to its tenor, and the due and punctual performance and observance of all the agreements and conditions of this Lease, the Bond Resolution and the Security Document to be kept and performed by the Issuer, shall be expressly assumed in writing by the public body resulting from such consolidation or surviving such merger or to which the Project shall be transferred as an entirety. All such trade fixtures, machinery, equipment, software and other personal property may be removed from the Project by the Company, any such assignee, any such equipment lessor, or any Person to which the same is pledged, and the Issuer and the Company shall provide access, ingress and egress to any such Person for purposes of inspection. repair, maintenance or removal of any such trade fixtures, machinery, equipment, software and other personal property.

The Issuer, at the written request of the Company with the written consent of the Holder of the Bond, shall execute and deliver to a Lender, or shall join the Company in the execution and delivery to a Lender, of a Superior Security Document in favor of such Lender with respect to the Project which encumbers the Issuer's fee interest and execute any related documents in connection with the Company's financing or refinancing of the Project. At the Company's written request, and with the prior written consent of the Holder, the Issuer shall, by a subordination agreement, subordinate its fee simple interest and estate in the Project to a

Leasehold Mortgage. Any such Superior Security Document or subordination agreement shall be prepared at the expense of the Company and reviewed at the expense of the Company and shall be subject to the approval by the Issuer, which approval shall not unreasonably be withheld, conditioned or delayed.

Section 9.3. **Pledge of this Lease by the Company**. The Company may finance and refinance any debt secured by the Project freely and may pledge its interest hereunder without the consent of the Issuer. In accordance with the provisions of Section 9.2 hereof, the Issuer, at the written request of the Company with the written consent of the Holder, shall execute and deliver to a Lender any documents related to such pledge, financing or refinancing requested by the Company or Lender. The Issuer and Company acknowledge and agree that in the event of a foreclosure of any Leasehold Mortgage, the purchaser at such foreclosure shall become the "Company" hereunder.

Section 9.4. **Redemption of Bond**. The Issuer, at the written request of the Company and if the Company provides funds therefor, shall forthwith take all steps that may be necessary under the redemption or defeasance provisions of the Bond Resolution to effect the redemption or defeasance of all or part of the then-Outstanding Bond, as may be specified by the Company, on the earliest date on which such redemption or defeasance may be made under such applicable provisions. If this Lease is not renewed and expires before the maturity date of the Bond, or if there is an acceleration of the Bond, the Company shall immediately cause the Bond to be redeemed or cancelled.

Section 9.5. **Prepayment of Rents**. There is expressly reserved to the Company the right, and the Company is authorized and permitted, at any time it may choose, to prepay all or any part of the Basic Rent payable under Section 5.3(a) hereof, and the Issuer agrees that it shall accept such prepayments of rents when the same are tendered by the Company. All Basic Rent so prepaid shall at the written direction of the Company be credited toward the Basic Rent payments specified in Section 5.3(a) hereof, in the same manner as such payments are applied

to the payment of Debt Service in accordance with terms of the Bond and the Bond Resolution. The Company shall also have the right to surrender the Bond, if it is then owned by the Company, to the Issuer for cancellation, and such Bond, upon such surrender and cancellation, shall be deemed to be paid and no further Basic Rent shall be paid, as provided in Section 9.6 hereof.

Section 9.6. **Company Entitled to Certain Rent Abatements if Bond Paid Prior to Maturity**. If at any time the Bond shall cease to be Outstanding, under circumstances not resulting in termination of the Lease Term, and if the Company is not at the time otherwise in default hereunder, the Company shall be entitled to use the Project from the date such Bond is no longer Outstanding to, and including the end of, the Lease Term, with no obligation to make payments of Basic Rent specified in Section 5.3(a) hereof during that interval (but otherwise on the terms and conditions hereof).

Section 9.7. **Installation of Other Machinery and Rented Equipment**. The Company may from time to time, in its sole discretion and at its own expense, install trade fixtures, machinery, equipment, and other personal property at the Project. All such trade fixtures, machinery, equipment, and other personal property which are not transferred to the Issuer as part of the Project shall remain the sole property of the Company (or of any leasing company from

whom the Company may be renting such items), and the Company (or such leasing company) may remove the same from the Project at any time, in its sole discretion and at its own expense; provided, however, that the Company or such leasing company shall not be prohibited from transferring its interest in trade fixtures, machinery, equipment, and other personal property at the Project to the Issuer in a bond transaction. The Company or such leasing company, as applicable, may create any mortgage, encumbrance, lien, or charge on any such trade fixtures, machinery, equipment, and other personal property that is not a part of the Project. Unless so transferred to the Issuer in such a bond transaction, the Issuer shall not have any interest in and waives any lessor's lien that it may have on any such trade fixtures, machinery, equipment, or other personal property so installed pursuant to this Section, and all such trade fixtures, machinery, equipment, software and other personal property shall be and remain identified as the property of the Company or such leasing company on its books and/or by appropriate tags or other markings.

Section 9.8. **Reference to Bond Ineffective After Bond Paid**. Upon payment in full of the Bond (or provision for payment thereof having been made in accordance with the defeasance provisions of the Bond Resolution), all references in this Lease to the Bond and the Holder shall be ineffective, and the owner of the Bond shall not thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested. For purposes of this Lease the Bond shall be deemed fully paid if it is defeased as provided in the Bond Resolution.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1. **Events of Default Defined**. The following shall be "**Events of Default**" under this Lease, and the terms "**Event of Default**" or "**Default**" shall mean, whenever they are used in this Lease, any one or more of the following events:

(a) a failure of the Company to pay Basic Rent in the amounts and at the times required by Section 5.3(a) hereof, provided that if the Company is then the Holder of the Bond such Basic Rent shall be deemed to have been paid and the corresponding Debt Service on the Bond shall be deemed to have also been paid; or

(b) the Company's failure to observe, perform, or comply with any other covenant, condition, or agreement in this Lease or in any other Company Documents on the part of the Company to be observed or performed (other than as referred to in subsection (a) of this Section) if such covenant, condition or agreement is for the benefit of the Issuer and constitutes any of the Unassigned Rights, for a period of thirty (30) days after the Company's receipt of written notice from the Issuer specifying such breach or failure and requesting that it be remedied, unless the Issuer shall agree in writing to an extension of such time prior to its expiration. It shall not constitute an Event of Default if corrective action is instituted by or on behalf of the Company within the thirty (30) day period and diligently pursued until the breach or default is corrected; or

(c) the Company's failure to observe, perform, or comply with any covenant, condition, or agreement in this Lease or in the other Company Documents on the part of the Company to be observed or performed, which covenant, condition or agreement is for the benefit

of the Holder other than as referred to in subsections (a) and (b) of this Section, for a period of thirty (30) days after the Company's receipt of written notice from the Holder specifying such breach or failure and requesting that it be remedied, unless the Holder shall agree in writing to an extension of such time prior to its expiration. It shall not constitute an Event of Default if corrective action is instituted by the Company or on behalf of the Company within the applicable thirty (30) day period and diligently pursued until the breach or default is corrected; or

(d) any default under any of the Loan Documents, if the Lender that is a party thereto notifies the Issuer, the Company and the Holder that the same should be deemed an Event of Default hereunder, in the Lender's sole judgment, and the curative period for such default has not been thereafter extended or such default has not been waived by the Lender.

The Issuer shall notify the Company, any Lender that has requested such notice and provided its address for such notice to the Issuer, and the Holder in writing of any Event of Default hereunder of which the Issuer has knowledge.

Section 10.2. **Remedies on Default**. Whenever any Event of Default referred to in Section 10.1 hereof shall have happened and be subsisting, the Issuer, or the Holder as assignee of the Issuer, to the extent permitted by law, may take any one or more of the following remedial steps:

(a) from time to time, take whatever action at law or in equity or under the terms of this Lease may appear necessary or desirable to collect the rents and other amounts payable by the Company hereunder then due or thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Company under this Lease; or

(b) terminate, subject to the respective provisions concerning the priority and subordination of the Company's option to purchase the Project that are set forth in the Option Agreement, this Lease and recover, as and for liquidated and agreed final damages for the Company's default, all amounts that have theretofore become due plus an amount equal to all unpaid installments of Basic Rent, and if any statute or rule of law shall validly limit the amount of such liquidated final damages to less than the amount agreed upon, the Issuer shall be entitled to the maximum amount allowable under such statute or rule of law; no termination of this Lease pursuant to this Section shall relieve the Company from its obligations pursuant to Section 8.4 hereof.

Any amounts of Basic Rent collected pursuant to action taken under this Section shall be applied in payment of the then-Outstanding Bond. Any amounts collected as Additional Rent shall be paid to the Person or Persons to whom such Additional Rent is due and owing hereunder.

Notwithstanding that this Lease (except for Unassigned Rights) is to be assigned to the Holder, the Issuer shall be entitled to enforce this Lease if any Event of Default relates to such Unassigned Rights or exposes the Issuer, its assets (other than the Pledged Security) or its members, officers, employees or agents to any liability. The Holder shall be entitled to enforce the provisions hereof that affect its interests hereunder. Notwithstanding the foregoing and

notwithstanding any statutory, decisional, or other law to the contrary, but subject to the exception provided in Section 6.4(b) hereof, in no event shall the Issuer have any right to terminate this Lease or to enter upon or otherwise to obtain possession of the Project, by reason of the occurrence of any Event of Default by the Company hereunder without the prior written consent of the Holder.

Section 10.3. **Remedies Not Exclusive**. Subject to the limitations herein, the remedies herein expressly conferred upon the Issuer and the Holder are intended to be in addition to other remedies existing at law or in equity or by statute. Without limiting the generality of the foregoing, and notwithstanding the foregoing provisions of this Article, and notwithstanding any other term or provision of this Lease (other than Section 11.19 hereof), and notwithstanding any statutory, decisional, or other law to the contrary, in no event shall the Issuer have any right to terminate this Lease, to enter upon and take possession of the Project, to the dispossession of the Company or the repossession of the Project, or otherwise to obtain possession of the Project, by reason of the occurrence of any Event of Default by the Company hereunder without the prior written consent of the Holder of the Bond, of any pledgee of the Bond and of any Lender that is the holder of a Superior Security Document. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, the Holder, any pledgee of the Bond and any Lender that is the holder of a Superior Security Document must consent to such exercise. The Holder, any pledgee of the Bond and any Lender that is the holder of a Superior Security Document shall each be deemed a third party beneficiary of all covenants and agreements herein contained, except for covenants relating solely to the Issuer's Unassigned Rights.

Section 10.4. **Company to Pay Fees and Expenses**. In the event the Company should default under any of the provisions of this Lease and the Issuer or the Holder should employ attorneys, accountants, or other experts or incur other expenses for the collection of amounts due it hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained for its benefit, the Company agrees that it shall on demand therefor pay to such Person the reasonable fees and expenses of such attorneys, accountants, or other experts and such other expenses so incurred by the Issuer. Any attorneys' fees required to be paid by the Company under this Lease shall include attorneys' and paralegal's fees through all proceedings, including, but not limited to, negotiations, administrative hearings, trials, and appeals, court costs and reimbursable expenses of such attorneys. The Company and the Holder shall be entitled to enforce their respective rights under this Article and the Issuer's rights under this Article shall be one of the Unassigned Rights. This section shall survive the termination of this Lease.

Section 10.5. **Waiver of Events of Default**. The Issuer may waive any Event of Default hereunder and its consequences or rescind any declaration of acceleration of payments of the rents and other amounts due hereunder provided that the Issuer shall not waive any Event of Default (other than Events of Default relating to the

Unassigned Rights) without the prior written consent of the Holder. The Holder may waive any Event of Default hereunder other than Events of Default relating to the Unassigned Rights, which may be waived only by the Issuer. In case of any such waiver or rescission, or in case any proceeding taken by the Issuer or the Holder on

account of any such Event of Default shall be discontinued or abandoned or determined adversely to the Issuer or the Holder, then and in every such case the Issuer, the Holder and the Company shall be restored to their former positions and rights hereunder, but no such waiver or rescission shall extend to or affect any subsequent or other Event of Default or impair or exhaust any right, power, or remedy consequent thereon.

ARTICLE XI

MISCELLANEOUS

Section 11.1. **Company's Option to Terminate Lease**. The Company shall have, and is hereby granted, at any time, the option to terminate this Lease by (i) causing the Bond to be paid or defeased in accordance with the provisions of the Bond Resolution, (ii) paying any amounts due the Issuer or the Holder for Additional Rent, and (iii) giving the Issuer notice in writing of such termination which shall forthwith become effective.

Section 11.2. **Release of Portions of the Project**. Notwithstanding any other provision of this Lease, upon the written request of the Company, the Issuer agrees at any time and from time to time to amend this Lease for the purpose of effecting the release of and removal from this Lease of a portion of the Project and conveying such property to the Company or its designee, as requested by the Company. The consideration for any such release is the Company's agreement to redeem the principal amount of the Bond attributable to such property, pursuant to Section 3.5 of the Bond Resolution. If at the time any such amendment is made the Bond remains outstanding and any amount thereunder remains unpaid, the Company shall provide to the Issuer a certificate of an Authorized Company Representative, dated not more than sixty days prior to the date of the release and stating that, in the opinion of the person signing such certificate, (i) the portion of the Project so proposed to be released is not otherwise needed for the operation of the Project for the purposes hereinabove stated, (ii) the release so proposed to be made will not materially impair the utility of the Project and will not destroy the means of ingress thereto and egress therefrom, (iii) all necessary action required under the Company's governing documents has been taken to authorize and approve such amendment, and (iv) the Company is not in default under any of the provisions of this Lease.

Upon providing such certificate to the Issuer and upon compliance with the terms and conditions of Section 3.5 of the Bond Resolution and this Section 11.2, the Issuer shall convey the property to be released to the Company by a Limited Warranty Deed which shall be subject to the following, to the extent applicable to the portion of the Project to be released, (i) those liens and encumbrances (if any) to which such title in and to said property was subject when conveyed to the Issuer, (ii) those liens and encumbrances created by the Company or to the creation or suffering of which the Company consented in writing, (iii) those liens, security interests and encumbrances resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Lease, and (iv) Permitted Encumbrances (other than the Security Document and this Lease). The Issuer shall further execute other documents required under Section 3.5 of the Bond Resolution and any other documents reasonably required to effect a conveyance of the portion of the Project so released and to terminate any security interest or other lien with respect thereto. No release effected under the provisions hereof shall entitle the Company to any abatement or diminution of the rents payable under Section 5.3

hereof. If at any time the Company exercises its right to cause portions of the Project to be released hereunder and such release would cause the entire remainder of the Project to be released, the exercise of such right shall be deemed to be an exercise of the Company's option to purchase the Project pursuant to the Option Agreement.

Section 11.3. Quiet Enjoyment. The Issuer agrees that so long as the Company shall fully and punctually pay all of the rents and other amounts provided to be paid hereunder by the Company and shall fully and punctually perform all of its other covenants and agreements hereunder, the Company shall peaceably and quietly have, hold, and enjoy the Project during the Lease Term, and the Issuer warrants and covenants that it will defend the Company in such peaceable and quiet possession of the Project.

Section 11.4. Notices. Any request, demand, authorization, direction, notice, consent, or other document provided or permitted by this Lease to be made upon, given or furnished to, or filed with, the Issuer, the Company or the initial Holder as set forth below shall be sufficient for every purpose hereunder if in writing and (except as otherwise provided in this Lease) either (i) delivered personally to the party or, if such party is not an individual, to an officer or other legal representative of the party to whom the same is directed, or (ii) mailed by registered or certified mail, return receipt requested, postage prepaid, or (iii) sent via nationally recognized overnight courier for next Business Day delivery, as follows:

To the Issuer:	Putnam Development Authority 117 Putnam Drive Eatonton, Georgia 31024 Attn: Chairman
with copies to:	The Gailey Law Firm, LLC 953 Harmony Road, Suite 101 P.O. Box 3130 Eatonton, Georgia 31024 Attn: Laura R. Gailey, Esq.
	and
	Seyfarth Shaw LLP 1075 Peachtree Street, Suite 2500 Atlanta, Georgia 30309 Attn: Daniel M. McRae, Esq.
To the Company:	Legacy Housing, LTD 4801 Mark IV Parkway Fort Worth, Texas 76106 Attn: Curt Hodgson

Any person designated in this Section 11.4 may, by notice given to each of the others, designate any additional or different addresses to which subsequent notices, certificates, or other communications shall be sent.

Section 11.5. Construction and Binding Effect. This Lease constitutes the entire agreement of the parties concerning the subject matter hereof and supersedes any prior agreements with respect thereto. This Lease shall inure to the benefit of the Issuer, the Company, the Holder and their respective successors and assigns, and shall be binding upon the Issuer and the Company, subject, however, to the limitations contained in Sections 9.1. and 9.2 hereof.

Section 11.6. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.7. Amounts Remaining in the Funds. It is agreed by the parties hereto that any amounts remaining in the Funds upon expiration or sooner termination of the Lease Term, as provided in this Lease, after payment or defeasance of the Bond in full and all sums due and owing to the Issuer and the Holder shall have been paid, shall belong to and shall be paid to the Company as an overpayment of rent.

Section 11.8. Fees Paid by the Company. Except as Section 4.3 hereof permits the payment or reimbursement thereof, the Company shall pay all fees and expenses relating to this Lease, including but not limited to, any recording fee and tax upon this Lease, and reasonable attorneys' fees. In case the Issuer, with the written consent of the Company, pays or advances any money for recording, preparation of documents, any expenses incurred in the completion of this transaction, the payment of any insurance premiums, encumbrances, tax, assessment, or other charge or lien upon the Project, or any other amounts necessary for the payment of the Costs of the Project, the same shall be advances payable in accordance with Section 6.6 hereof.

Section 11.9. No Issuer Liability; Immunity of Members, Officers, and Employees of Issuer. The Company, assumes full responsibility for the acquisition and installation of the Project and for any Additions or Alterations thereto replacements thereof and substitutions therefor, and hereby releases the Issuer for any responsibility or liability with respect to the foregoing. No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Issuer contained in this Lease or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Issuer contained in the Bond Resolution against any director, member, officer, or employee, as such, in his/her individual capacity, past, present, or future, of the Issuer, or any successor Person, whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Lease is solely a corporate obligation of the Issuer payable only from the funds and assets of Issuer herein specifically provided to be subject to such obligation and that no personal liability whatsoever shall attach to, or be incurred by, any director, member, officer, or employee, as such, past, present, or future, of the Issuer, or of any successor Person, either directly or through the Issuer, or any successor Person, under or by reason of any of the obligations, covenants, promises, or agreements entered into between the Issuer and the Company whether contained in this Lease or in the Bond, in the Bond Resolution, in the Bond Documents or to be implied hereunder or thereunder as being supplemental hereto or thereto, and that all personal liability of that character against every such director, member, officer, and employee of the Issuer or any such successor Person is, by the execution of this Lease and as a condition of and as part of the consideration for the execution of this Lease, expressly waived and released by the Company. The immunity of

directors, members, officers, and employees of the Issuer under the provisions contained in this Section shall survive the completion of the Project and the termination of this Lease.

Section 11.10. **Amendments, Changes, and Modifications**. This Lease may not be amended, modified, altered, or terminated, except as provided in the Bond Resolution.

Section 11.11. **Execution of Counterparts**. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.12. **Law Governing Construction of this Lease**. This Lease is prepared and entered into with the intention that the laws of the State of Georgia, exclusive of such State's rules governing choice of law, shall govern its construction.

Section 11.13. **Covenants Run with Project**. The covenants, agreements, and conditions herein contained shall run with the Project hereby leased and shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors and assigns. Time is of the essence under this Lease.

Section 11.14. **Subordination to Security Document**. This Lease and the rights and privileges hereunder of the Company are specifically made subject and subordinate to the rights and privileges of the Holder, as set forth in the Security Document.

Section 11.15. **Net Lease**. This Lease shall be deemed and construed to be a "triple net lease," and the Company shall pay absolutely net, during the Lease Term, the rent and all other payments required hereunder, free of any deductions, without abatement, diminution, or set off other than those herein expressly provided.

Section 11.16. **Surrender of Project**. Except as otherwise provided in this Lease, at the expiration or sooner termination of the Lease Term, the Company agrees to surrender possession of the Project peaceably and promptly to the Issuer in as good condition as at the commencement of the Lease Term, excepting only ordinary wear, tear, and obsolescence, and damage by fire or other casualty or a taking by eminent domain which the Company is not obligated by this Lease to repair.

Section 11.17. **Immunity of Directors and Employees of Company**. No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Company contained in this Lease or for any claim based hereon or otherwise in respect hereof, against any stockholder, director, officer, limited partner (but not general partner), member, manager, employee, trustee for, or agent of the Company or any successor entity, in his or her individual capacity, past, present, or future, whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Lease is solely an obligation of the Company and that no personal liability whatsoever shall attach to, or be incurred by, any such stockholder, director, officer, limited partner (but not general partner), member, manager, employee, trustee for, or agent, either directly or through the Company, or any successor entity, under or by reason of any of the obligations, covenants, promises, or agreements contained in this Lease or to be implied here from, and that all personal liability of that character against every such stockholder,

director, officer, limited partner (but not general partner), member, manager, employee, trustee for, or agent is, by the execution of this Lease and as a condition of and as part of the consideration for the execution of this Lease, expressly waived and released. The immunity of each such stockholder, director, officer, limited partner (but not general partner), member, manager, employee, trustee for, or agent of the Company under the provisions contained in this Section shall survive the termination of this Lease.

Section 11.18. **Payments Due on Other than Business Days**. Whenever a date upon which a payment is to be made under this Lease falls on a date which is not a Business Day, such payment may be made on the next succeeding Business Day without interest for the intervening period.

Section 11.19. **Holder of Pledged Interest**. The Issuer agrees and the Holder, by its acceptance of the Bond, shall be deemed to have agreed, that upon receipt of notice from the Holder of a pledged interest in this Lease, all elections, options, or rights of the Company to terminate this Lease shall be effective only if consented to in writing by the holder of the pledged interest.

Section 11.20. **Required Consent of Leasehold Mortgagee**. Notwithstanding anything contained herein to the contrary, whenever the provisions of this Lease require the Company's consent, the consent of any Lender which holds a Leasehold Mortgage or Superior Security Document must also be obtained.

Section 11.21. **Estoppel Certificates**. Upon ten (10) Business Days' written request of the Company, the Issuer will provide a statement to any Lender which is the holder of any Superior Security Document or any Leasehold Mortgage concerning, to the best of its knowledge, (i) the outstanding amount of the Bond; (ii) whether a default exists under this Lease or the other Company Documents, and if so specifying the nature of such default; (iii) whether this Lease or the Company Documents have been amended, and if so, specifying the amendments; and (iv) any other matter concerning this Lease or the Company Documents reasonably requested by such holders.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Issuer has executed this Lease by causing its name to be hereunto subscribed by its Chairman and by causing the official seal of the Issuer to be impressed hereon and attested by its Secretary and the Company has executed this Lease by causing its name to be hereunto subscribed by its duly authorized representative, all being done as of the day and year first above written.

PUTNAM DEVELOPMENT AUTHORITY

By: 

Chairman

ATTEST:

Secretary

[SEAL]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

[SIGNATURE PAGE TO LEASE AGREEMENT]

LEGACY HOUSING, LTD,
a Texas limited partnership

By: GPLH, LC, a Texas limited liability company, its general partner

By: /s/ Curt Hodgson [SEAL]
Curt Hodgson, Manager

[SIGNATURE PAGE TO LEASE AGREEMENT]

EXHIBIT A

DESCRIPTION OF THE LEASED LAND

101 Industrial Boulevard a/k/a Tax Parcel 062 044 (Parcel A and B):

TRACT ONE:

All that tract or parcel of land lying and being in Land Lot 104, 121 and 122, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, being 61.18 Acres, more or less, as designated and being composed of Parcels "B"

and “F”, as shown per Plat of Survey of The Property of Mrs. K. D. Sanders; The Estate of C. L. Carroll, deceased; and The Estate of Ted Dunn, deceased, prepared by W. Henry Watterson, G.R.L.S. No. 398, dated December 4, 1967, as per Plat thereof recorded in Plat Book 03, page 254, Putnam County, Georgia, records, which Plat is incorporated herein and made a part hereof by reference for a more detailed description.

TOGETHER WITH: That certain “undescribed” Access Strip and Roadway for Ingress and Egress, as conveyed in and by virtue of a Warranty Deed from Putnam County Development Authority, a/k/a Putnam Development Authority to Horton Homes, Inc., dated December 15, 1987, recorded in Deed Book 7-F, Page 368, of the Putnam County, Georgia records.

TOGETHER WITH AND SUBJECT TO: All rights, title and interests conveyed in and by those certain Appurtenant and Perpetual 40-foot and 50-foot Easements for Ingress and Egress, as described in that certain Easement Agreement by and between Horton Homes, Inc., American Testing Laboratories, Inc. and R. J. & J. Enterprises, Inc., dated August 31, 1993, recorded in Deed Book 113, Page 192, of the Putnam County, Georgia records.

LESS & EXCEPT: Therefrom all that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 3.62 Acres, more or less, of the Property of the American Testing Laboratories, Inc., and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at a point located at the corner formed by the intersection of the Southerly right-of-way line of Industrial Blvd. (having a 100-foot right-of-way) with the Easterly right-of-way line of the Central Georgia Railroad; running thence Southeasterly, along the Easterly right-of-way line of the Central Georgia Railroad, a distance of 1,214.10 feet, to a point; running thence North 51 degrees 31 minutes 00 seconds East, a distance of 48.10 feet, to a point and being the TRUE POINT OF BEGINNING.

COMMENCING thence from said TRUE POINT OF BEGINNING, as thus established, and running thence North 51 degrees 31 minutes 00 seconds East, a distance of 190.00 feet, to a point; running thence South 76 degrees 57 minutes 00 seconds East, a distance of 281.30 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds East, a distance of 264.86 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds West, a distance of 365.00 feet, to a point located on the right-of-way of a 40-foot roadway; running thence North 38 degrees 29 minutes 00 seconds West, along said 40-foot roadway, a distance of 485.00 feet, to a

point and being the TRUE POINT OF BEGINNING. Said Property herein being the same as conveyed by virtue of a Warranty Deed from Horton Homes, Inc. to American Testing Laboratories, Inc., dated August 31, 1993, recorded in Deed Book 113, Page 191, of the Putnam County, Georgia records.

TRACT TWO:

All that tract or parcel of land lying and being in Land Lot 122, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 12.22 Acres, more or less, as shown per Plat of Survey for the Property of Horton Homes, Inc., prepared by Sherald G. Sharp, G.R.L.S. No. 2044, dated February 12, 1988, as per Plat thereof recorded in Plat Book 14, Page 165, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

00 Industrial Boulevard a/k/a Tax Parcel 062 056 (Parcel C):

TRACT ONE:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, G.M.D. 311 and 368, of Putnam County, Georgia, being 7.524 Acres, as designated as Parcel "A", and 1.188 Acres, as designated as Parcel "B", as shown per Plat of Survey for The Property of Rivers & Horton Homes, Inc., prepared by W. Henry Watterson, G.R.L.S. No. 398, dated December 7, 1970, as per Plat thereof recorded in Plat Book 04, page 216, Putnam County, Georgia, records, which Plat is incorporated herein and made a part hereof by reference for a more detailed description.

TRACT TWO:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 6.288 Acres, more or less, and being bounded on the North by a Street, (n/k/a Industrial Blvd.), running through the Industrial Park and by the Property and Lands now or formerly owned by Mrs. C. L. Carroll; bounded on the West by the right-of-way line of the Central Georgia Railroad; bounded on the South by the Property now or formerly owned by Putnam County, Georgia, a/k/a Putnam County Airport; and bounded on the East by the Property now or formerly owned by the Putnam Development Authority, a/k/a Putnam County Development Authority. Said Property herein being a portion of Parcel "B" (consisting of 15 Acres, more or less), as shown per Plat of Survey for the Property of the Putnam Development Authority, dated February 3, 1971, as per Plat thereof recorded in Plat Book 04, Page 179, Putnam County, Georgia records.

TRACT THREE:

All that tract or parcel of land lying and being in Land Lot 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 5.00 Acres, as shown per Plat of Survey for the Property of Putnam Development Authority & Enterprise Aluminum Co., prepared by Geo. G. Dunn, County Surveyor, dated May 7, 1985, as per Plat thereof recorded in Plat Book 12, Page 178, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

TRACT FOUR:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 0.820 Acres, more or less, as shown per Plat of Survey for the Property of Horton Homes, Inc., prepared by Geo. G. Dunn, County Surveyor, dated June 3, 1983, as per Plat thereof recorded in Plat Book 11, Page 96, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

TRACT FIVE:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 0.874 Acres, more or less, as shown per Plat of Survey for the Property of Horton Homes, Inc., prepared by John F. Barker, Jr. G. R. L.S. No, 2308, dated February 26, 1995, as per Plat thereof recorded in Plat Book 21, Page 72, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

TRACT SIX:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, being and consisting of that certain Access Strip and Roadway, which herein provides access and the means of Ingress and Egress from Industrial Boulevard, in a Southerly direction, to the former Putnam County Airport, Said Property herein being the same as conveyed by a Warranty Deed from Putnam County Development Authority, a/k/a Putnam Development Authority to Horton Homes, Inc. dated December 15, 1987, recorded in Deed Book 7-F, Page 368, Putnam County, Georgia records.

ALL PARCELS HEREIN ARE SUBJECT TO a 20-foot Easement for a Water Line which has been constructed by the City of Eatonton, Georgia.

TOGETHER WITH AND SUBJECT TO: All rights, title and interests conveyed in and by those certain 40-foot and 50-foot Easements for Ingress and Egress, as described in that certain Easement Agreement by and between Horton Homes, Inc., American Testing Laboratories, Inc. and R. J. & J. Enterprises, Inc., dated August 31, 1993, recorded in Deed Book 113, Page 192, of the Putnam County, Georgia records.

LESS & EXCEPT: Therefrom all that tract or parcel of land of the Properties herein described lying and being within the Right-of-Way of Industrial Boulevard, having a 100-foot Right-of-Way.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

(Parcel D):

All that tract or parcel of land lying and being in Land Lot 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, being 3.62 Acres, more or less, of the Property of the American Testing Laboratories, Inc., and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at a point located at corner formed by the intersection of the Southerly right-of-way line of Industrial Blvd. (a 100-foot right-of-way) with the Easterly right-of-way line of the Central Georgia Railroad; running thence Southeasterly, along the Easterly right-of-way line of the Central Georgia Railroad, a distance of 1,214.10 feet, to a point; running thence North 51 degrees 31 minutes 00 seconds East, a distance of 48.10 feet, to a point and being the TRUE POINT OF BEGINNING.

COMMENCING thence from said TRUE POINT OF BEGINNING, as thus established, and running thence North 51 degrees 31 minutes 00 seconds East, a distance of 190.00 feet, to a point; running thence South 76 degrees 57 minutes 00 seconds East, a distance of 281.30 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds East, a distance of 264.86 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds West, a distance of 365,00 feet, to a point located on the right-of-way of a 40-foot roadway; running thence North 38 degrees 29 minutes 00 seconds West, along said 40-foot roadway, a distance of 485.00 feet, to a point and being the TRUE POINT OF BEGINNING.

TOGETHER WITH and SUBJECT TO: All rights, title and interest conveyed in those certain Appurtenant and Perpetual 40-foot and 50-foot Easements for Ingress and Egress, as described in that certain Easement Agreement by

and between Horton Homes, Inc., American Testing Laboratories, Inc. and R. J. & J. Enterprises, Inc., dated August 31, 1993, recorded in Deed Book 113, Page 192, of the Putnam County, Georgia records.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

165 Industrial Boulevard a/k/a Tax Parcel 062 050 (Parcel E):

TRACT ONE:

All that tract or parcel of land lying and being in Land Lot 121, of the 3rd District, G.M.D. 311 and 368, of Putnam County, Georgia, being known as The Horton Iron Works Property, and being more particularly described as follows:

COMMENCING at a point on the North right-of-way line of a street known as Industrial Park, (n/k/a Industrial Blvd. and having a 100-foot right-of-way), which said Point of Beginning being North 76 degrees 57 minutes 00 seconds West, a distance of 300.00 feet, from the Eastern boundary corner of the Property now or formerly owned by the Atlanta Dairies (as shown per Plat of Survey thereof recorded in Plat Book 06, Page 52, aforesaid records) and the West right-of-way line of a proposed street, n/k/a Hogan Industrial Blvd (having a 100-foot right-of-way), said Point may also be located on that certain Plat recorded in Plat Book 07, Page 132, aforesaid records; running thence from said Point of Beginning, North 76 degrees 57 minutes 00 seconds West, along the North right-of-way line of Industrial Park, a/Ida Industrial Blvd., a distance of 325.00 feet, to a point; running thence and leaving said right-of-way, North 13 degrees 03 minutes 00 seconds East, a distance of 450.00 feet, to a point located on the property line of the Property now or formerly owned by the Estate of C. L, Carroll, deceased; running thence South 76 degrees 57 minutes 00 seconds East, a distance of 325.00 feet, to a point located on the property line of the said Atlanta Dairies; running thence South 13 degrees 03 minutes 00 seconds West, a distance of 450.00 feet, to a point on the North right-of-way line of Industrial Park, a/k/a Industrial Blvd., and being the Point of Beginning.

TRACT TWO:

All that tract or parcel of land lying and being in Land Lot 121, of the 3rd District, of the G.M.D. 311 and 368, of Putnam County, Georgia, and being 3.02 Acres, (being known as the Horton Iron Works), as shown per Plat of Survey of the Property of N. D. HORTON, SR., as per Plat thereof recorded in Plat Book 13, Page 144, of the Putnam County, Georgia records, which Plat is incorporated herein and made a part hereto by reference for a more detailed description.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

FILED IN OFFICE
12/30/2016 11:59
AM
BK:878 PG:389-397
SHEILA H. PERRY
CLERK OF
COURT
PUTNAM
COUNTY

SPACE ABOVE THIS LINE IS FOR RECORDING DATA

AFTER RECORDING RETURN TO:

Michael I. Diamond
Seyfarth Shaw LLP
1075 Peachtree Street N.E. — Suite 2500
Atlanta, GA 30309
(404) 881-5479

THE RIGHTS AND INTEREST OF THE PUTNAM DEVELOPMENT AUTHORITY (THE "ISSUER") IN THIS SHORT FORM LEASE AGREEMENT AND IN THE LONG FORM LEASE AGREEMENT REFERRED TO HEREIN, AND IN CERTAIN REVENUES AND RECEIPTS DERIVED HEREUNDER (BEING REVENUES RECEIVED UNDER THE LONG FORM LEASE), EXCEPT FOR CERTAIN RESERVED RIGHTS, HAVE BEEN ASSIGNED AND PLEDGED UNTO LEGACY HOUSING, LTD., AS SECURITY FOR THE ISSUER'S TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BOND (LEGACY HOUSING, LTD. PROJECT), SERIES 2016 (THE "BOND"), AS PROVIDED IN A DEED TO SECURE DEBT, ASSIGNMENT OF RENTS AND LEASES AND SECURITY AGREEMENT, OF EVEN DATE HEREWITH, FROM THE ISSUER TO LEGACY HOUSING, LTD.

SHORT FORM LEASE AGREEMENT

STATE OF GEORGIA)
COUNTY OF PUTNAM)

This **SHORT FORM LEASE AGREEMENT** (this "**Lease**"), dated for purposes of reference as of December 1, 2016, is by and between the **PUTNAM DEVELOPMENT AUTHORITY** (the "**Issuer**"), a public body corporate and politic created and existing under the laws of the State of Georgia, and **LEGACY HOUSING, LTD.** (the "**Company**"), a limited partnership organized and existing under the laws of the State of Texas.

W I T N E S S E T H:

The Issuer, as landlord, hereby rents the Project to the Company, as tenant, and the Company hereby rents the Project from the Issuer. The Project consists of the land described in

Exhibit A attached hereto (the "**Leased Land**"), together with any buildings, improvements, building fixtures, building equipment, production equipment and other personal property now or hereafter located on the Leased Land

and all additions thereto, alterations thereof and replacements thereof which become a part of the "Project," as defined in the Lease Agreement between the parties of even date herewith (the "**Long Form Lease**"). This Lease shall be effective on its delivery, and the Company shall have full possession and occupancy of the Project. The Initial Term commences on the date of delivery hereof and shall expire at 11:59 p.m., Putnam County, Georgia time, on September 1, 2017. This Lease shall be subject to extensions for renewal terms ending on June 1, 2018, March 1, 2019, December 1, 2019, September 1, 2020, June 1, 2021 and December 1, 2021, as provided in the Long Form Lease. The Long Form Lease and all terms and provisions thereof are hereby incorporated herein by this reference as if set forth in full herein. The Long Form Lease provides for the payment of Basic Rent at the times and in the amounts required to pay debt service on the Bond and for the payment of certain additional amounts.

It is the intention of the parties that the leasehold interest of the Company hereunder and under the Long Form Lease shall be a usufruct (under O.C.G.A. § 44-7-1(a)) as to real property of the Project, and a bailment for hire (under O.C.G.A. § 44-6-101), as to the personal property of the Project, and not an estate for years.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Short Form Lease Agreement under seal.

Signed and sealed in the presence of:

Unofficial Witness

/s/ Cheri L Upchurch
Notary Public

My Commission Expires:

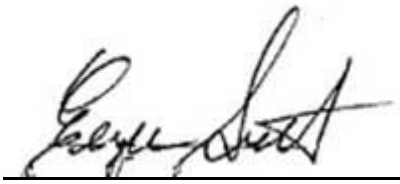
[NOTARY SEAL]

PUTNAM DEVELOPMENT AUTHORITY

By: 

Chairman

ATTEST:



Secretary/Treasurer

[SEAL]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

[SIGNATURE PAGE TO SHORT FORM LEASE AGREEMENT]

Signed and sealed in the presence of:

Unofficial Witness

LEGACY HOUSING, LTD,
a Texas limited partnership

By: GPLH, LC, a Texas limited liability company,
its general partner

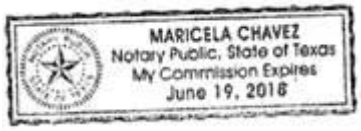
By: /s/ Curt Hodgson (SEAL)
Curt Hodgson
Manager

Notary Public

My Commission Expires:

/s/ Maricela Chavez

[NOTARY SEAL]



[SIGNATURE PAGE TO SHORT FORM LEASE AGREEMENT]

EXHIBIT A

DESCRIPTION OF THE LEASED LAND

101 Industrial Boulevard a/k/a Tax Parcel 062 044 (Parcel A and B):

TRACT ONE:

All that tract or parcel of land lying and being in Land Lot 104, 121 and 122, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, being 61.18 Acres, more or less, as designated and being composed of Parcels "B" and "F", as shown per Plat of Survey of The Property of Mrs. K. D. Sanders; The Estate of C. L. Carroll, deceased; and The Estate of Ted Dunn, deceased, prepared by W. Henry Watterson, G.R.L.S. No. 398, dated December 4, 1967, as per Plat thereof recorded in Plat Book 03, page 254, Putnam County, Georgia, records, which Plat is incorporated herein and made a part hereof by reference for a more detailed description.

TOGETHER WITH: That certain "undescribed" Access Strip and Roadway for Ingress and Egress, as conveyed in and by virtue of a Warranty Deed from Putnam County Development Authority, a/k/a Putnam Development Authority to Horton Homes, Inc., dated December 15, 1987, recorded in Deed Book 7-F, Page 368, of the Putnam County, Georgia records.

TOGETHER WITH AND SUBJECT TO: All rights, title and interests conveyed in and by those certain Appurtenant and Perpetual 40-foot and 50-foot Easements for Ingress and Egress, as described in that certain Easement Agreement by and between Horton Homes, Inc., American Testing Laboratories, Inc. and R. J. & J. Enterprises, Inc., dated August 31, 1993, recorded in Deed Book 113, Page 192, of the Putnam County, Georgia records.

LESS & EXCEPT: Therefrom all that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 3.62 Acres, more or less, of the Property of the American Testing Laboratories, Inc., and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at a point located at the corner formed by the intersection of the Southerly right-of-way line of Industrial Blvd. (having a 100-foot right-of-way) with the Easterly right-of-way line of the Central Georgia Railroad; running thence Southeasterly, along the Easterly right-of-way line of the Central Georgia Railroad, a distance of 1,214.10 feet, to a point; running thence North 51 degrees 31 minutes 00 seconds East, a distance of 48.10 feet, to a point and being the TRUE POINT OF BEGINNING.

COMMENCING thence from said TRUE POINT OF BEGINNING, as thus established, and running thence North 51 degrees 31 minutes 00 seconds East, a distance of 190.00 feet, to a point; running thence South 76 degrees 57 minutes 00 seconds East, a distance of 281.30 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds East, a distance of 264.86 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds West, a distance of 365.00 feet, to a point located on the right-of-way of a 40-foot roadway; running thence North 38 degrees 29 minutes 00 seconds West, along said 40-foot roadway, a distance of 485.00 feet, to a point and being the TRUE POINT OF BEGINNING. Said Property herein being the same as conveyed by virtue of a Warranty Deed from Horton Homes, Inc. to American Testing

Laboratories, Inc., dated August 31, 1993, recorded in Deed Book 113, Page 191, of the Putnam County, Georgia records.

TRACT TWO:

All that tract or parcel of land lying and being in Land Lot 122, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 12.22 Acres, more or less, as shown per Plat of Survey for the Property of Horton Homes, Inc., prepared by Sherald G. Sharp, G.R.L.S. No. 2044, dated February 12, 1988, as per Plat thereof recorded in Plat Book 14, Page 165, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

00 Industrial Boulevard a/k/a Tax Parcel 062 056 (Parcel C):

TRACT ONE:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, G.M.D. 311 and 368, of Putnam County, Georgia, being 7.524 Acres, as designated as Parcel "A", and 1.188 Acres, as designated as Parcel "B", as shown per Plat of Survey for The Property of Rivers & Horton Homes, Inc., prepared by W. Henry Watterson, G.R.L.S. No. 398, dated December 7, 1970, as per Plat thereof recorded in Plat Book 04, page 216, Putnam County, Georgia, records, which Plat is incorporated herein and made a part hereof by reference for a more detailed description.

TRACT TWO:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 6.288 Acres, more or less, and being bounded on the North by a Street, (n/k/a Industrial Blvd.), running through the Industrial Park and by the Property and Lands now or formerly owned by Mrs. C. L. Carroll; bounded on the West by the right-of-way line of the Central Georgia Railroad; bounded on the South by the Property now or formerly owned by Putnam County, Georgia, a/k/a Putnam County Airport; and bounded on the East by the Property now or formerly owned by the Putnam Development Authority, a/k/a Putnam County Development Authority. Said Property herein being a portion of Parcel "B" (consisting of 15 Acres, more or less), as shown per Plat of Survey for the Property of the Putnam Development Authority, dated February 3, 1971, as per Plat thereof recorded in Plat Book 04, Page 179, Putnam County, Georgia records.

TRACT THREE:

All that tract or parcel of land lying and being in Land Lot 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 5.00 Acres, as shown per Plat of Survey for the Property of Putnam Development Authority & Enterprise Aluminum Co., prepared by Geo.

G. Dunn, County Surveyor, dated May 7, 1985, as per Plat thereof recorded in Plat Book 12, Page 178, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

TRACT FOUR:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 0.820 Acres, more or less, as shown per Plat of Survey for the Property of Horton Homes, Inc., prepared by Geo. G. Dunn, County Surveyor, dated June 3, 1983, as per Plat thereof recorded in Plat Book 11, Page 96, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

TRACT FIVE:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 0.874 Acres, more or less, as shown per Plat of Survey for the Property of Horton Homes, Inc., prepared by John F. Barker, Jr. G. R. L.S. No, 2308, dated February 26, 1995, as per Plat thereof recorded in Plat Book 21, Page 72, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

TRACT SIX:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, being and consisting of that certain Access Strip and Roadway, which herein provides access and the means of Ingress and Egress from Industrial Boulevard, in a Southerly direction, to the former Putnam County Airport, Said Property herein being the same as conveyed by a Warranty Deed from Putnam County Development Authority, a/k/a Putnam Development Authority to Horton Homes, Inc. dated December 15, 1987, recorded in Deed Book 7-F, Page 368, Putnam County, Georgia records.

ALL PARCELS HEREIN ARE SUBJECT TO a 20-foot Easement for a Water Line which has been constructed by the City of Eatonton, Georgia.

TOGETHER WITH AND SUBJECT TO: All rights, title and interests conveyed in and by those certain 40-foot and 50-foot Easements for Ingress and Egress, as described in that certain Easement Agreement by and between Horton Homes, Inc., American Testing Laboratories, Inc. and R. J. & J. Enterprises, Inc., dated August 31, 1993, recorded in Deed Book 113, Page 192, of the Putnam County, Georgia records.

LESS & EXCEPT: Therefrom all that tract or parcel of land of the Properties herein described lying and being within the Right-of-Way of Industrial Boulevard, having a 100-foot Right-of-Way.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

(Parcel D):

All that tract or parcel of land lying and being in Land Lot 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, being 3.62 Acres, more or less, of the Property of the American Testing Laboratories, Inc., and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at a point located at corner formed by the intersection of the Southerly right-of-way line of Industrial Blvd. (a 100-foot right-of-way) with the Easterly right-of-way line of the Central Georgia Railroad; running thence Southeasterly, along the Easterly right-of-way line of the Central Georgia Railroad, a distance of 1,214.10 feet, to a point; running thence North 51 degrees 31 minutes 00 seconds East, a distance of 48.10 feet, to a point and being the TRUE POINT OF BEGINNING.

COMMENCING thence from said TRUE POINT OF BEGINNING, as thus established, and running thence North 51 degrees 31 minutes 00 seconds East, a distance of 190.00 feet, to a point; running thence South 76 degrees 57 minutes 00 seconds East, a distance of 281.30 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds East, a distance of 264.86 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds West, a distance of 365,00 feet, to a point located on the right-of-way of a 40-foot roadway; running thence North 38 degrees 29 minutes 00 seconds West, along said 40-foot roadway, a distance of 485.00 feet, to a point and being the TRUE POINT OF BEGINNING.

TOGETHER WITH and SUBJECT TO: All rights, title and interest conveyed in those certain Appurtenant and Perpetual 40-foot and 50-foot Easements for Ingress and Egress, as described in that certain Easement Agreement by and between Horton Homes, Inc., American Testing Laboratories, Inc. and R. J. & J. Enterprises, Inc., dated August 31, 1993, recorded in Deed Book 113, Page 192, of the Putnam County, Georgia records.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

165 Industrial Boulevard a/k/a Tax Parcel 062 050 (Parcel E):

TRACT ONE:

All that tract or parcel of land lying and being in Land Lot 121, of the 3rd District, G.M.D. 311 and 368, of Putnam County, Georgia, being known as The Horton Iron Works Property, and being more particularly described as follows:

COMMENCING at a point on the North right-of-way line of a street known as Industrial Park, (n/k/a Industrial Blvd. and having a 100-foot right-of-way), which said Point of Beginning being North 76 degrees 57 minutes 00 seconds West, a distance of 300.00 feet, from the Eastern boundary corner of the Property now or formerly owned by the Atlanta Dairies (as shown per Plat of Survey thereof recorded in Plat Book 06, Page 52, aforesaid records) and the West right-

of-way line of a proposed street, n/k/a Hogan Industrial Blvd (having a 100-foot right-of-way), said Point may also be located on that certain Plat recorded in Plat Book 07, Page 132, aforesaid records; running thence from said Point of Beginning, North 76 degrees 57 minutes 00 seconds West, along the North right-of-way line of Industrial Park, a/Ida Industrial Blvd., a distance of 325.00 feet, to a point; running thence and leaving said right-of-way, North 13 degrees 03 minutes 00 seconds East, a distance of 450.00 feet, to a point located on the property line of the Property now or formerly owned by the Estate of C. L, Carroll, deceased; running thence South 76 degrees 57 minutes 00

seconds East, a distance of 325.00 feet, to a point located on the property line of the said Atlanta Dairies; running thence South 13 degrees 03 minutes 00 seconds West, a distance of 450.00 feet, to a point on the North right-of-way line of Industrial Park, a/k/a Industrial Blvd., and being the Point of Beginning.

TRACT TWO:

All that tract or parcel of land lying and being in Land Lot 121, of the 3rd District, of the G.M.D. 311 and 368, of Putnam County, Georgia, and being 3.02 Acres, (being known as the Horton Iron Works), as shown per Plat of Survey of the Property of N. D. HORTON, SR., as per Plat thereof recorded in Plat Book 13, Page 144, of the Putnam County, Georgia records, which Plat is incorporated herein and made a part hereto by reference for a more detailed description.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

DOC# 004931
FILED IN OFFICE
12/30/2016 11:59 AM
BK:878 PG:398-409
SHEILA H. PERRY
CLERK OF COURT
PUTNAM COUNTY

SPACE ABOVE THIS LINE IS FOR RECORDING DATA

AFTER RECORDING RETURN TO:

Michael I. Diamond, Esq.
Seyfarth Shaw LLP
1075 Peachtree Street N.E. — Suite 2500
Atlanta, Georgia 30309
(404) 881-5479

STATE OF GEORGIA)
COUNTY OF PUTNAM)

OPTION AGREEMENT

THIS OPTION AGREEMENT (this "**Agreement**"), dated for purposes of reference as of December 1, 2016, is by and between the **PUTNAM DEVELOPMENT AUTHORITY** (hereinafter referred to as the "**Issuer**"), the mailing address of which is 117 Putnam Drive, Eatonton, Georgia 31024, and **LEGACY HOUSING, LTD** (hereinafter referred to as "**Company**"), the mailing address of which is 4801 Mark IV Parkway, Fort Worth, Texas 76106.

W I T N E S S E T H:

WHEREAS, the Issuer is issuing the Bond (defined below) to acquire the Project (defined below) for lease to the Company; and

WHEREAS, the Issuer and the Company are contemporaneously entering into a Lease Agreement, of even date herewith (the "**Lease**"), relating to the Project; and

WHEREAS, the Company is only willing to execute the Lease and consummate the transactions contemplated by the Lease if it is granted the option to purchase the Project upon the terms and provisions as hereinafter set forth; and

WHEREAS, in exchange for granting the option to purchase the Project, the Issuer will receive good and valuable consideration, including the Option Fee (defined below) and the agreements of the Company contained herein that provide for the retirement of the Bond (defined below) if all of the renewal options in the Lease are not exercised.

NOW, THEREFORE, in consideration of the Lease and the transaction described therein, and in consideration of the Option Fee in hand paid by the Company to the Issuer, and other good and valuable consideration, the receipt and sufficiency of all of which is respectively hereby acknowledged by the parties hereto, and for the mutual covenants contained herein, the Issuer and Company hereby agree as follows:

1. DEFINITIONS. Capitalized terms that are used herein, but not defined herein, shall have the definitions set forth in the Lease. Also, for purposes of this Agreement, the following terms shall have the following meanings:

(a) "**Bond**" means the Issuer's Taxable Industrial Development Revenue Bond (Legacy Housing, LTD Project), Series 2016, in the Maximum Principal Amount of $10,000,000.

(b) "**Closing**" means the consummation of the purchase and sale transaction contemplated hereby as a result of the exercise (or deemed exercise) of the Option.

(c) "**Closing Date**" means the date prescribed herein for the consummation of the Closing under the Option.

(d) "**Effective Date**" means the date on which this Agreement is fully executed.

(e) "**Issuer's Notice**" has the meaning ascribed to such term in Section 3(a) hereof.

(f) "**Leased Land**" means the land in Putnam County, Georgia, described in Exhibit A hereto.

(g) "**Option**" has the meaning ascribed to such term under Section 2 hereof.

(h) "**Option Fee**" means the sum of $10.

(i) "**Option Term**" means that period of time commencing on the date of delivery hereof and ending on the earlier of (1) the date which is thirty (30) days after the date of the expiration or earlier termination of the Lease, or if the Issuer's Notice has not been provided by that date, then thirty (30) days following the date on which the Company receives written notice from the Issuer of the pending expiration of the Lease; or (2) December 1, 2023. The Option Term is subject to Section 3(a) below.

(j) "**Permitted Encumbrances**" means encumbrances permitted by the Lease.

(k) "**Project**" has the meaning ascribed to such term in the Bond Resolution, which, as of the date of this Option Agreement, is comprised of the Leased Land, the Leased Improvements and the Leased Equipment.

(l) "**Purchase Price**" shall have the meaning set forth in Section 4(a) herein.

2. GRANT OF OPTION. For the consideration recited above, the Issuer does hereby grant to the Company the exclusive right and option **(**"**Option**") to purchase the Project (as the same shall exist at the time of such purchase, subject to Permitted Encumbrances) upon the terms and conditions as set forth herein.

3. EXERCISE OF OPTION.

(a) At least six (6) months but no more than twelve (12) months prior to the expiration of the Option Term, the Issuer shall give written notice to the Company of the pending expiration of the Option (the "**Issuer's Notice**"). The Company may exercise the Option, at any time during the Option Term, by giving written notice thereof to the Issuer. If the Bond has not theretofore been fully paid and if the Company is not then also the Bondholder, a copy of such notice shall also be given by the Company to the Bondholder at the address of the Bondholder as reflected on the Bond Register. Such notice shall specify a date and time of the Closing (the "**Closing Date**"), which shall be no earlier than thirty (30) days and no more than sixty (60) days following the date such notice is sent to the Issuer. The time, date and place of the Closing shall be 10:00 a.m. Georgia time on the Closing Date at the principal meeting place of the Issuer in Putnam County, Georgia, or such other time, date and place as the Company and the Issuer may agree. In the event the Company does not exercise the Option during the Option Term (after notice by the Issuer of such failure as hereinafter provided) or after exercise of the Option, fails to proceed with the Closing of the purchase of the Project pursuant to the terms and provisions as contained herein, the Issuer shall be entitled to retain (1) the Option Fee, and (2) except as provided below in connection with the deemed exercise of the Option, the Project, free and clear of this Agreement. In the event that the Company fails to exercise the Option under this Agreement during the Option Term, the Issuer promptly shall notify the Company of such failure and the Company shall be entitled to exercise the Option within thirty (30) days following such notice and the Option Term shall be deemed to have been extended through the date on which notice of such election is furnished to the Issuer.

(b) Any provision hereof to the contrary notwithstanding, if the Company gives notice that it elects not to exercise a renewal option under the Lease (a "**non-renewal notice**"), such non-renewal notice shall be deemed equivalent to, and shall have the same effect as, the Company's election to exercise the Option under this Agreement, provided, that the Closing Date in such case shall be the last day of the Lease Term within which the non-renewal notice was given. If such non-renewal notice is given, and if the Bond has not theretofore been fully paid, and if the Company is not then also the Bondholder, a copy of such non-renewal notice shall also be given by the Company to the Bondholder at the address of the Bondholder as reflected on the Bond Register.

4. CONTRACT FOR PURCHASE AND SALE OF PROPERTY. In the event that the Company exercises its Option (or it is deemed exercised) as provided for in the preceding paragraph, the Issuer agrees to sell and the Company agrees to buy the Project (as it then exists, by limited warranty deed and quitclaim bill of sale) in accordance with the following terms and conditions:

(a) Purchase Price. At the Closing, the Company shall pay the Purchase Price to the Issuer upon the exercise of the Option, which shall consist of (i) the sum of $100; (ii) the sum, if any, required to cause the Bond to be retired in full if the Bond has not been fully paid (if the Company is then the owner of the Bond, the Company may mark the Bond "cancelled" and surrender the Bond to the Issuer); and (iii) all other sums, if any, then due to the Issuer or to the Bondholder from the Company as Additional Rent or for indemnification under the Lease, under any other Company Documents or related document or documents (which shall be paid directly to them, respectively) which have not been paid.

(b) Closing Procedure. The consummation of the sale by the Issuer and the purchase by the Company of the Property is referred to as the "**Closing**" herein. At the Closing, the Issuer shall, upon payment of the Purchase Price, convey the Leased Land and the Leased Improvements to the Company by limited warranty deed and the Leased Equipment to the Company "as is, where is" by quitclaim bill of sale.

(c) Closing Costs. All costs relating to the Closing, including, but not limited to, the reasonable fees and expenses of counsel to the Issuer, to the Company and to any lender, shall be paid by the Company.

(d) Default by the Issuer; Remedies of the Company. In the event the Issuer fails to close the sale of the Project pursuant to the terms and provisions of this Agreement, the Company shall be entitled as its exclusive remedies to sue for specific performance or to seek other available equitable remedies, it being understood that the Company shall not have an adequate remedy at law.

(e) Status Pending Closing. Until and unless legal title to the Project is transferred to the Company at Closing, the Company shall not, by virtue of this Agreement, acquire legal title to the Project, and the risk of loss of the Project shall remain with the tenant under the Lease.

(f) Documents. The Issuer and the Company agree that such documents as may be legally necessary or reasonably appropriate to carry out the terms of this Agreement shall be executed and delivered by each party to the other at the Closing.

5. MISCELLANEOUS.

(a) Notice. All notices, demands and/or consents provided for in this Agreement shall be in writing and shall be given as provided in the Lease for the giving of notices.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

(c) Successors and Assigns. This Agreement shall apply to, inure to the benefit of and be binding upon and enforceable against the parties hereto and their permitted respective heirs, successors, and or assigns. The Company may assign this

Agreement only in connection with an assignment of the Lease permitted by the terms and conditions thereof or with the consent of the Issuer.

(d) Headings. The headings inserted at the beginning of each paragraph and/or subparagraph of this Agreement are for convenience of reference only and shall not limit or otherwise affect or be used in the construction of any terms or provisions hereof.

(e) Entire Agreement. This Agreement, together with the Lease, contains all of the terms, promises, covenants, conditions and representations made or entered into by or between the Issuer and the Company and supersedes all prior discussions and agreements, whether written or oral, between the Issuer and the Company with respect to the Option and all other matters contained herein and constitutes the sole and entire agreement between the Issuer and the Company with respect thereto. This Agreement may not be modified or amended unless such amendment is set forth in writing and executed by both the Issuer and the Company with the formalities as set forth in the Lease.

(f) Public Purpose of Option to Purchase. The Issuer and the Company acknowledge that the Option constitutes a material inducement to the Company to locate its operations in the County and thereby promote industry and create employment opportunities in the County, and that in granting such Option, the Issuer is considering the entire transaction as a whole, including the promotion and expansion for the public good and welfare of industry, trade and commerce within the County and the reduction of unemployment.

(g) Divisibility. The rights and obligations of the Issuer and the Company contained in this Agreement shall be divisible of and severable from their respective rights and obligations contained in the Lease. The Option under this Agreement shall be fully enforceable against and binding upon the Issuer notwithstanding the termination, rejection, or disaffirmance of the Lease or a bankruptcy, insolvency or other legal proceeding or otherwise.

(h) Encumbrances. Except as otherwise expressly permitted in the Lease and the other Bond Documents, the Issuer shall not grant easements, rights-of-way licenses or other encumbrances, convey title to all or a portion of the Project, pledge, grant a security interest in, hypothecate or otherwise encumber its interest in the Project, impose restrictions, covenants or other agreements binding on the Project or approve or request variances or changes in zoning or other land use laws affecting the zoning, unless the Issuer has furnished prior notice thereof and has received express approval, in writing, by the Company prior to undertaking such action.

(i) Time of the Essence. Time is of the essence in the performance of the parties' obligations and observance of the terms and conditions contained in this Agreement.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under proper seal.

Signed and sealed in the presence of:

Unofficial Witness

/s/ Cheri L Upchurch
Notary Public

My Commission Expires:

[NOTARY SEAL]

PUTNAM DEVELOPMENT AUTHORITY

By:

Chairman

ATTEST:

Secretary

[SEAL]

CORPORATE SEAL AFFIXED

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

[SIGNATURE PAGE TO OPTION AGREEMENT]

Signed and sealed in the presence of:

Unofficial Witness

LEGACY HOUSING, LTD,
a Texas limited partnership

By: GPLH, LC a Texas limited liability company, its general partner

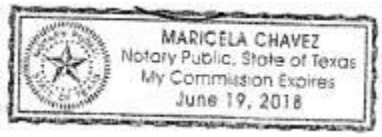
By: /s/ Curt Hodgson [SEAL]
Curt Hodgson, Manager

Notary Public

My Commission Expires:

/s/ Maricela Chavez

[NOTARY SEAL]



[SIGNATURE PAGE TO OPTION AGREEMENT]

EXHIBIT A

DESCRIPTION OF THE LEASED LAND

101 Industrial Boulevard a/k/a Tax Parcel 062 044 (Parcel A and B):

TRACT ONE:

All that tract or parcel of land lying and being in Land Lot 104, 121 and 122, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, being 61.18 Acres, more or less, as designated and being composed of Parcels "B" and "F", as shown per Plat of Survey of The Property of Mrs. K. D. Sanders; The Estate of C. L. Carroll, deceased; and The Estate of Ted Dunn, deceased, prepared by W. Henry Watterson, G.R.L.S. No. 398, dated December 4, 1967, as per Plat thereof recorded in Plat Book 03, page 254, Putnam County, Georgia, records, which Plat is incorporated herein and made a part hereof by reference for a more detailed description.

TOGETHER WITH: That certain "undescribed" Access Strip and Roadway for Ingress and Egress, as conveyed in and by virtue of a Warranty Deed from Putnam County Development Authority, a/k/a Putnam Development Authority to Horton Homes, Inc., dated December 15, 1987, recorded in Deed Book 7-F, Page 368, of the Putnam County, Georgia records.

TOGETHER WITH AND SUBJECT TO: All rights, title and interests conveyed in and by those certain Appurtenant and Perpetual 40-foot and 50-foot Easements for Ingress and Egress, as described in that certain Easement Agreement by and between Horton Homes, Inc., American Testing Laboratories, Inc. and R. J. & J. Enterprises, Inc., dated August 31, 1993, recorded in Deed Book 113, Page 192, of the Putnam County, Georgia records.

LESS & EXCEPT: Therefrom all that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 3.62 Acres, more or less, of the Property of the American Testing Laboratories, Inc., and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at a point located at the corner formed by the intersection of the Southerly right-of-way line of Industrial Blvd. (having a 100-foot right-of-way) with the Easterly right-of-way line of the Central Georgia Railroad; running thence Southeasterly, along the Easterly right-of-way line of the Central Georgia Railroad, a distance of 1,214.10 feet, to a point; running thence North 51 degrees 31 minutes 00 seconds East, a distance of 48.10 feet, to a point and being the TRUE POINT OF BEGINNING.

COMMENCING thence from said TRUE POINT OF BEGINNING, as thus established, and running thence North 51 degrees 31 minutes 00 seconds East, a distance of 190.00 feet, to a point; running thence South 76 degrees 57 minutes 00 seconds East, a distance of 281.30 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds East, a distance of 264.86 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds West, a distance of 365.00 feet, to a point located on the right-of-way of a 40-foot roadway; running thence North 38 degrees 29 minutes 00 seconds West, along said 40-foot roadway, a distance of 485.00 feet, to a point and being the TRUE POINT OF BEGINNING. Said Property herein being the same as conveyed by virtue of a Warranty Deed from Horton Homes, Inc. to American Testing Laboratories, Inc., dated August 31, 1993, recorded in Deed Book 113, Page 191, of the Putnam County, Georgia records.

TRACT TWO:

All that tract or parcel of land lying and being in Land Lot 122, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 12.22 Acres, more or less, as shown per Plat of Survey for the Property of Horton Homes, Inc., prepared by Sherald G. Sharp, G.R.L.S. No. 2044, dated February 12, 1988, as per Plat thereof recorded in Plat Book 14, Page 165, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

00 Industrial Boulevard a/k/a Tax Parcel 062 056 (Parcel C):

TRACT ONE:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, G.M.D. 311 and 368, of Putnam County, Georgia, being 7.524 Acres, as designated as Parcel “A”, and 1.188 Acres, as designated as Parcel “B”, as shown per Plat of Survey for The Property of Rivers & Horton Homes, Inc., prepared by W. Henry Watterson, G.R.L.S. No. 398, dated December 7, 1970, as per Plat thereof recorded in Plat Book 04, page 216, Putnam County, Georgia, records, which Plat is incorporated herein and made a part hereof by reference for a more detailed description.

TRACT TWO:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 6.288 Acres, more or less, and being bounded on the North by a Street, (n/k/a Industrial Blvd.), running through the Industrial Park and by the Property and Lands now or formerly owned by Mrs. C. L. Carroll; bounded on the West by the right-of-way line of the Central Georgia Railroad; bounded on the South by the Property now or formerly owned by Putnam County, Georgia, a/k/a Putnam County Airport; and bounded on the East by the Property now or formerly owned by the Putnam Development Authority, a/k/a Putnam County Development Authority. Said Property herein being a portion of Parcel "B" (consisting of 15 Acres, more or less), as shown per Plat of Survey for the Property of the Putnam Development Authority, dated February 3, 1971, as per Plat thereof recorded in Plat Book 04, Page 179, Putnam County, Georgia records.

TRACT THREE:

All that tract or parcel of land lying and being in Land Lot 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 5.00 Acres, as shown per Plat of Survey for the Property of Putnam Development Authority & Enterprise Aluminum Co., prepared by Geo. G. Dunn, County Surveyor, dated May 7, 1985, as per Plat thereof recorded in Plat Book 12, Page 178, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

TRACT FOUR:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 0.820 Acres, more or less, as shown per Plat of Survey for the Property of Horton Homes, Inc., prepared by Geo. G. Dunn, County Surveyor, dated June 3, 1983, as per Plat thereof recorded in Plat Book 11, Page 96, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

TRACT FIVE:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, and being 0.874 Acres, more or less, as shown per Plat of Survey for the Property of Horton Homes, Inc., prepared by John F. Barker, Jr. G. R. L.S. No, 2308, dated February 26, 1995, as per Plat thereof recorded in Plat Book 21, Page 72, of the Putnam County, Georgia records, which plat is incorporated herein and made a part hereto by reference for a more detailed description.

TRACT SIX:

All that tract or parcel of land lying and being in Land Lots 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, being and consisting of that certain Access Strip and Roadway, which herein provides access and the means of Ingress and Egress from Industrial Boulevard, in a Southerly direction, to the former Putnam County Airport, Said Property herein being the same as conveyed by a Warranty Deed from Putnam County Development Authority, a/k/a Putnam Development Authority to Horton Homes, Inc. dated December 15, 1987, recorded in Deed Book 7-F, Page 368, Putnam County, Georgia records.

ALL PARCELS HEREIN ARE SUBJECT TO a 20-foot Easement for a Water Line which has been constructed by the City of Eatonton, Georgia.

TOGETHER WITH AND SUBJECT TO: All rights, title and interests conveyed in and by those certain 40-foot and 50-foot Easements for Ingress and Egress, as described in that certain Easement Agreement by and between Horton Homes, Inc., American Testing Laboratories, Inc. and R. J. & J. Enterprises, Inc., dated August 31,1993, recorded in Deed Book 113, Page 192, of the Putnam County, Georgia records.

LESS & EXCEPT: Therefrom all that tract or parcel of land of the Properties herein described lying and being within the Right-of-Way of Industrial Boulevard, having a 100-foot Right-of-Way.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

(Parcel D):

All that tract or parcel of land lying and being in Land Lot 104 and 121, of the 3rd District, of G.M.D. 311 and 368, of Putnam County, Georgia, being 3.62 Acres, more or less, of the Property of the American Testing Laboratories, Inc., and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at a point located at corner formed by the intersection of the Southerly right-of-way line of Industrial Blvd. (a 100-foot right-of-way) with the Easterly right-of-way line of the Central Georgia Railroad; running thence Southeasterly, along the Easterly right-of-way line of the Central Georgia Railroad, a distance of 1,214.10 feet, to a point; running thence North 51 degrees 31 minutes 00 seconds East, a distance of 48.10 feet, to a point and being the TRUE POINT OF BEGINNING.

COMMENCING thence from said TRUE POINT OF BEGINNING, as thus established, and running thence North 51 degrees 31 minutes 00 seconds East, a distance of 190.00 feet, to a point; running thence South 76 degrees 57 minutes 00 seconds East, a distance of 281.30 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds East, a distance of 264.86 feet, to a point; running thence South 38 degrees 29 minutes 00 seconds West, a distance of 365,00 feet, to a point located on the right-of-way of a 40-foot roadway; running thence North 38 degrees 29 minutes 00 seconds West, along said 40-foot roadway, a distance of 485.00 feet, to a point and being the TRUE POINT OF BEGINNING.

TOGETHER WITH and SUBJECT TO: All rights, title and interest conveyed in those certain Appurtenant and Perpetual 40-foot and 50-foot Easements for Ingress and Egress, as described in that certain Easement Agreement by and between Horton Homes, Inc., American Testing Laboratories, Inc. and R. J. & J. Enterprises, Inc., dated August 31, 1993, recorded in Deed Book 113, Page 192, of the Putnam County, Georgia records.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

165 Industrial Boulevard a/k/a Tax Parcel 062 050 (Parcel E):

TRACT ONE:

All that tract or parcel of land lying and being in Land Lot 121, of the 3rd District, G.M.D. 311 and 368, of Putnam County, Georgia, being known as The Horton Iron Works Property, and being more particularly described as follows:

COMMENCING at a point on the North right-of-way line of a street known as Industrial Park, (n/k/a Industrial Blvd. and having a 100-foot right-of-way), which said Point of Beginning being North 76 degrees 57 minutes 00 seconds West, a distance of 300.00 feet, from the Eastern boundary corner of the Property now or formerly owned by the Atlanta Dairies (as shown per Plat of Survey thereof recorded in Plat Book 06, Page 52, aforesaid records) and the West right-of-way line of a proposed street, n/k/a Hogan Industrial Blvd (having a 100-foot right-of-way), said Point may also be located on that certain Plat recorded in Plat Book 07, Page 132, aforesaid records; running thence from said Point of Beginning, North 76 degrees 57 minutes 00 seconds West, along the North right-of-way line of Industrial Park, a/Ida Industrial Blvd., a distance of 325.00 feet, to a point; running thence and leaving said right-of-way, North 13 degrees 03 minutes 00 seconds East, a distance of 450.00 feet, to a point located on the property line of the Property now or formerly owned by the Estate of C. L, Carroll, deceased; running thence South 76 degrees 57 minutes 00 seconds East, a distance of 325.00 feet, to a point located on the property line of the said Atlanta Dairies; running thence South 13 degrees 03 minutes 00 seconds West, a distance of 450.00 feet, to a point on the North right-of-way line of Industrial Park, a/k/a Industrial Blvd., and being the Point of Beginning.

TRACT TWO:

All that tract or parcel of land lying and being in Land Lot 121, of the 3rd District, of the G.M.D. 311 and 368, of Putnam County, Georgia, and being 3.02 Acres, (being known as the Horton Iron Works), as shown per Plat of Survey of the Property of N. D. HORTON, SR., as per Plat thereof recorded in Plat Book 13, Page 144, of the Putnam County, Georgia records, which Plat is incorporated herein and made a part hereto by reference for a more detailed description.

Together with all rights, title, and interest running with the above-described property but not taxed under a separate tax reference number as delineated on the tax maps of the petitioner for the year(s) for the taxes being foreclosed.

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Exhibit 10.12

BOND PURCHASE LOAN AGREEMENT

This **BOND PURCHASE LOAN AGREEMENT** (this "**Agreement**"), dated as of December 1, 2016, is by and between the **PUTNAM DEVELOPMENT AUTHORITY** (the "**Issuer**"), a development authority and

public body corporate and politic, created and existing under the laws of the State of Georgia (the "**State**"), and **LEGACY HOUSING, LTD**, a Texas limited partnership, in its capacity as the lessee (the "**Company**") of the Project referred to herein, and its successors and assigns as such lessee, and in its capacity as the purchaser (the "**Purchaser**") of the hereinafter-described revenue bond of the Issuer.

W I T N E S S E T H:

WHEREAS, the Issuer is a development authority and public body corporate and politic duly created by local amendment to the Georgia Constitution, 1968 Ga. L. p. 1860, continued by 1985 Ga. L. p. 3955 (collectively, the "**Act**"); and

WHEREAS, the Act provides that the Issuer is created for the public purpose, among other purposes, of encouraging and promoting the expansion of industry, agriculture, trade, commerce and recreation within Putnam County (the "**County**"), and is authorized by the Act to issue its revenue bonds to finance land, buildings and related personal property to be located in the County; the Issuer's revenue bonds are to be issued and validated under and in accordance with the applicable provisions of the Revenue Bond Law (O.C.G.A. § 36-82-60, *et seq.*); and

WHEREAS, the Act further authorizes and empowers the Issuer: (i) to lease any such projects; (ii) to pledge, convey, assign, hypothecate or otherwise encumber such projects and the revenues therefrom as security for the Issuer's revenue bonds; (iii) to receive and administer grants; and (iv) to do any and all acts and things necessary or convenient to accomplish the purpose and powers of the Issuer; and

WHEREAS, the Issuer proposes to issue its revenue bond (the "**Bond**") in a maximum principal amount of $10,000,000 (the "**Maximum Principal Amount**"), to be issued as a single Bond in the form of a draw-down instrument to be designated "Putnam Development Authority Taxable Industrial Development Revenue Bond (Legacy Housing, LTD Project), Series 2016," which shall mature on December 1, 2021 and shall bear interest at a rate per annum of six percent (6.00%), which interest shall be payable on December 1 of each year, commencing on the first December 1 following the issuance of the Bond, and on each December 1 thereafter, with the final interest payment being due on the maturity date of the Bond. The Bond is secured by that certain Deed to Secure Debt, Assignment of Rents and Leases and Security Agreement, of even date herewith (the "**Security Document**"), granted by the Issuer to the Purchaser. The Bond shall be in substantially the form set forth in Exhibit A to the Bond Resolution (hereinafter defined), with such variations, omissions, substitutions, legends and insertions as may be approved by the official of the Issuer who executes such Bond and by the Purchaser; and

WHEREAS, the Bond is to be issued to acquire land, one or more buildings and related improvements, building fixtures, building equipment, production equipment and other personal

property (collectively, the "**Project**") in the County; the Project is to be owned by the Issuer and leased to the Company for use by the Company as a manufacturing facility; and

WHEREAS, the Project shall be leased to the Company under a Lease Agreement (the "**Lease**"), under the terms of which the Company will pay Basic Rent payments and other payments at such times and in such amounts as will be required to pay debt service on the Bond as and when the same becomes due, subject to the terms and conditions of the Lease and the Bond Resolution permitting constructive payment of same; the Lease shall become effective upon the delivery thereof and its final renewal term is to end upon the final maturity of the Bond or, if sooner redeemed pursuant to the Bond Resolution or the Bond, the date of redemption, and in any event, subject to that certain Option Agreement between the Issuer and the Company dated of even date herewith; and

WHEREAS, pursuant to the resolution adopted by the Issuer (the "**Bond Resolution**") authorizing the issuance of the Bond and the execution of this Agreement and the other Issuer Documents (defined in the Bond Resolution) relating to the Bond, including without limitation, the Security Document, the Issuer is pledging, as security for the payment of the Bond, the Pledged Security therefor, including, but not limited to, the Project and any portions thereof acquired by the proceeds of the Bond, all of the Basic Rent payments and any termination payments to be received by the Issuer under the Lease, the Issuer's interest in the Lease (except for certain Unassigned Rights), and the Net Proceeds of certain casualty insurance and eminent domain awards and other amounts to be held in the Project Fund and Sinking Fund created by the Bond Resolution for such Bond, and investment income and proceeds of the foregoing; and

WHEREAS, all capitalized terms used herein and which are not defined herein shall be defined as set forth in the Bond Resolution and in the Exhibits thereto; and

WHEREAS, the Purchaser desires to purchase the Bond and to advance funds or transfer items of property or other legal consideration to the Issuer hereunder, initially on the date of issuance of the Bond and thereafter from time to time until the Expiration Date (defined below).

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

1. THE CREDIT FACILITY AND THE COMMITMENT AMOUNT: The Purchaser agrees to purchase the Bond and in connection therewith to provide to the Issuer a credit facility (the "**Credit Facility**") of up to the Maximum Principal Amount of the Bond on the following terms and conditions.

2. ADVANCES: Advances under the Credit Facility may be made only with respect to costs of the Project and costs of issuance of the Bond. Such advances shall be made in cash or in property or both. An initial advance shall be made with respect to the Bond on the date the Bond is issued; all or some portion of such advance may be made in cash to pay or to reimburse issuance costs relating to the Bond. Thereafter, from time to time to, and including, the Expiration Date, the Issuer may make one or more requests for advances with respect to the Bond which shall, when aggregated with prior advances, not exceed the Maximum Principal Amount of the Bond. Costs incurred by the Purchaser for costs of the Project shall be deemed to

have been advanced by the Purchaser to the Issuer hereunder with respect to the Bond and immediately disbursed by the Issuer to reimburse the Purchaser for such costs. Any amounts advanced in cash under the Credit Facility with respect to the Bond shall be used to pay or to reimburse the Issuer or the Company, as applicable, for Costs of the Project and transaction costs of issuing the Bond. For purposes of the foregoing and all other purposes related to the Bond, "**Costs of the Project**," "**Purchaser's cost of such items**," and "**cost to the Company**," as mentioned in the attached form of Certificate and Requisition for Payment, shall be the Purchaser's actual cost.

Advances under the Credit Facility shall be made upon the written Request for Advance in the form attached hereto as Exhibit A, executed by an authorized representative of the Company, as agent of the Issuer, which shall be delivered to the Purchaser at its notice address by mail, courier, hand delivery or fax; such Request for Advance shall be accompanied by a copy of one or more requisitions (in the form provided at the end of Exhibit A hereto), submitted by the Company, as agent of the Issuer, which are in an aggregate amount equal to the amount of the advance being requested. It shall not be necessary for the Company to attach to said Request for Advance or requisitions evidence of cost of the property with respect to which the requested advance is made, but the Purchaser, at the written request of the Issuer, shall make such information available to the Issuer.

Requests for Advances with respect to the Bond shall be promptly honored, provided that (i) the conditions precedent set forth in Section 7 below shall have been satisfied at the time of each advance, (ii) the gross amount requested in such Request for Advance, plus the aggregate gross amounts of all prior advances with respect to the Bond shall not exceed the Maximum Principal Amount of the Bond, and (iii) the Request for Advance is received on or before the Expiration Date. The Purchaser shall be entitled to rely upon any Request for Advance which the Purchaser reasonably believes in good faith to have been signed by the proper person. In addition, the Purchaser shall have no obligation to, but may if it so elects, fund any advance under the Credit Facility if an "**Event of Default**" (being an "Event of Default" as defined in the Bond Resolution or in any of the Issuer Documents or Company Documents) has occurred and is continuing on and as of such date.

3. COMMENCEMENT DATE: The commencement date of the Credit Facility shall be the date of issuance of the Bond (the date set forth above being merely for purposes of reference).

4. EXPIRATION DATE: The "**Expiration Date**" shall be the earliest of (i) the date the Maximum Principal Amount of the Bond has been advanced, (ii) the date the Bond is retired, or (iii) the date the Company delivers a written notice to the Issuer and the Purchaser that it will make no further request for advances hereunder. The Purchaser shall not make any further advances to the Issuer under the Credit Facility with respect to Requests for Advances received after the Expiration Date.

5. UTILIZATION; THE BOND: All advances in cash or in other legal consideration under the Credit Facility shall be evidenced by the Bond, which shall be issued in the form of a draw-down instrument in substantially the form reviewed by the Purchaser and approved by the Bond Resolution, with such modifications, if any, as are acceptable to the Issuer

and the Purchaser, the Issuer's approval of such modifications, if any, to be conclusively presumed by the execution and delivery thereof, and the Purchaser's acceptance of such modifications, if any, to be conclusively presumed by the Purchaser's acceptance of the Bond. The Bond shall be registered in the name of the Purchaser.

6. ISSUANCE FEE: In connection with the issuance of the Bond, the Issuer has waived its normal issuance fee.

7. TRANSACTION COSTS. The Issuer shall be responsible for payment of the following transaction costs relating to the issuance of the Bond: (i) the reasonable legal fees and disbursements of Bond Counsel; (ii) the reasonable legal fees and disbursements of Issuer's Counsel; and (iii) the court costs relating to validation of the Bond and recording and filing fees. The Company shall be responsible for payment of the reasonable legal fees and disbursements of the Company's counsel related to the Bond.

8. CONDITIONS PRECEDENT: The Purchaser's obligation to fund the initial advance hereunder with respect to the Bond shall be subject to its receipt from the Issuer of the duly executed Bond, together with an approving Bond Counsel opinion of Seyfarth Shaw LLP, which shall be in form and substance reasonably acceptable to the Purchaser.

9. INVESTMENT: By acceptance hereof, the Purchaser understands, represents and agrees that: (i) the obligations of the Issuer under the Bond and under the related Issuer Documents, are special and limited obligations payable solely from the Pledged Security for the Bond; (ii) the obligations of the Issuer under the Bond and under the Issuer Documents, and the obligations of the Company under the Company Documents and any other obligations that would constitute "**separate securities**" relating to the Bond (collectively, herein called the

"**securities**") have not been registered under the Federal Securities Act of 1933, the Securities and Exchange Act of 1934, the Georgia Uniform Securities Act of 2008, or the securities laws, if applicable, of any other state, and applicable rules and regulations thereunder (collectively, the "**Securities Acts**") and are unrated; (iii) no official statement or other offering document has been prepared in connection with the issuance of the Bond; (iv) the Purchaser shall have performed its own "due diligence" investigation as to the Issuer, the Project, the Company, and as to any of the sources of payment of debt service on the Bond and has not relied on any representations of the Issuer, its members, directors, officials, employees, agents or legal counsel as to any matters relating to the adequacy of the Pledged Security to provide for the payment of debt service on the Bond; (v) the Bond is being purchased by the Purchaser in a private placement for its own account and not with a view to resale or other distribution or transfer, except in a transaction in which the Purchaser also assigns its leasehold interest in the Project; (vi) the Bond may not be sold, transferred, pledged or hypothecated by the Purchaser or any subsequent holders except in accordance with the provisions of the Bond Resolution governing transfers of the Bond; and (vii) if any transfer of the Bond would subject the Issuer or the Company to any disclosure requirements under any of the Securities Acts, the Company shall, at its own expense and without cost to the Issuer, make such disclosure as to the Issuer, the Company, the Project, the Pledged Security and the Bond, as is required by the Securities Acts. The representations and agreements contained in this Section shall prevail over any inconsistent term or condition that may be contained in the Lease relating to the Project, in the Bond Resolution or in the Bond.

10. GOVERNING LAW: This Agreement shall be governed by and construed under and in accordance with the internal laws of the State of Georgia (without giving effect to its conflicts of law principles).

11. ASSIGNMENT: The Purchaser shall be entitled to assign the Bond and its rights under this Agreement in accordance with the terms and conditions of the Bond and Section 2.7 of the Bond Resolution.

12. AMENDMENT: No amendment or modification of this Agreement shall be effective unless it is in writing and executed by the Issuer, the Company and the Purchaser.

13. HEADINGS: All paragraphs or other headings used in this Agreement are for convenience of reference only and do not constitute a substantive part of this Agreement.

14. REQUESTS FOR ADVANCES AND NOTICES: All Requests for Advances shall be delivered to the Purchaser at its address set forth below. All other requests, notices, demands, and other communications under this Agreement shall be given in writing or by fax and are to be deemed to have been duly given and to be effective upon delivery to the party to whom they are directed, to such party at its notice address set forth below, provided that any party may by written notice to the other parties designate a different address for receiving notices under this Agreement; provided, however, that no such change of address will be effective unless and until written notice thereof is actually received by the party to whom such change of address notice is sent.

To the Issuer:	Putnam Development Authority 117 Putnam Drive Eatonton, Georgia 31024 Attn: Chairman
with copies to:	The Gailey Law Finn, LLC 953 Harmony Road, Suite 101 P.O. Box 3130

Eatonton, Georgia 31024
Attn: Laura R. Gailey, Esq.

and

Seyfarth Shaw LLP
1075 Peachtree Street, Suite 2500
Atlanta, Georgia 30309
Attn: Daniel M. McRae, Esq.

To the Company: Legacy Housing, LTD
4801 Mark IV Parkway
Fort Worth, Texas 76106
Attn: Curt Hodgson

Any person designated in this Section 14 may, by notice given to the others, designate any additional or different addresses to which subsequent notices, certificates, or other communications shall be sent to it.

15. EFFECTIVE DATE: This Agreement may be executed prior to the delivery of the Bond to the Purchaser, but shall not become effective until a counterpart hereof executed by all parties hereto is delivered simultaneously with the issuance of the Bond. Upon execution and delivery hereof, as aforesaid, this Agreement and the terms and provisions of the Bond, the Bond Resolution and other documents approved by the Bond Resolution shall supersede the provisions of any commitment letter(s) heretofore issued by the Purchaser to the Issuer and the Company with respect to the Bond, the Credit Facility and the Maximum Principal Amount.

16. COUNTERPARTS: This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the parties have caused this Agreement to be duly executed and delivered, under seal, by its respective duly authorized representatives.

PUTNAM DEVELOPMENT AUTHORITY

By: 

Chairman

ATTEST:

Secretary

[SEAL]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

[SIGNATURE PAGE TO BOND PURCHASE LOAN AGREEMENT]

LEGACY HOUSING, LTD,
a Texas limited partnership

By: GPLH, LC, a Texas limited liability company, its general partner

By: /s/ Curt Hodgson [SEAL]
Curt Hodgson, Manager

[SIGNATURE PAGE TO BOND PURCHASE LOAN AGREEMENT]

EXHIBIT A

REQUEST FOR ADVANCE UNDER BOND PURCHASE LOAN AGREEMENT,

BETWEEN THE
PUTNAM DEVELOPMENT AUTHORITY, AS ISSUER,
AND
LEGACY HOUSING, LTD, AS THE LESSEE AND AS PURCHASER,
RELATING TO THE
PUTNAM DEVELOPMENT AUTHORITY
TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BOND
(LEGACY HOUSING, LTD PROJECT), SERIES 2016

TO: LEGACY HOUSING, LTD, as Purchaser

REQUEST FOR ADVANCE NO.
RELATING TO THE ABOVE-REFERENCED BOND

AMOUNT OF ADVANCE REQUESTED: $

DATE OF REQUEST FOR ADVANCE:

The undersigned, being an Authorized Company Representative of Legacy Housing, LTD, as agent for the Putnam Development Authority, hereby requests an advance in the amount indicated above to pay or to reimburse the Costs of the Project reflected on the accompanying Requisition(s).

The undersigned hereby certifies that:

1. The net amount of the requested advance is equal to the total amount requested in the attached Requisition(s) and the gross amount of the requested advance when added to the gross amount of previously requested advances does not exceed the Maximum Principal Amount;

2. The date that this Request for Advance is being delivered is not later than the Expiration Date set forth in Section 4 of the Bond Purchase Loan Agreement, referred to above.

3. No "Event of Default" as defined in the Bond Purchase Loan Agreement has occurred and is continuing, except:

☐ None
☐ As described on the attached page.

LEGACY HOUSING, LTD

By: _____
Authorized Company Representative

SCHEDULE I

CERTIFICATE AND REQUISITION FOR PAYMENT

Draw Request #
RELATING TO THE
PUTNAM DEVELOPMENT AUTHORITY
TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BOND
(LEGACY HOUSING, LTD PROJECT), SERIES 2016

Legacy Housing LTD (the "**Company**") hereby requests, pursuant to the Bond Purchase Loan Agreement and the Lease Agreement (the "**Lease**") relating to the above-referenced Bond, both by and between the Putnam Development Authority (the "**Issuer**") and Legacy Housing, LTD, as the Company and as the Purchaser *(check one of the following):*

☐ the following amounts be disbursed in cash pursuant to the Bond Purchase Loan Agreement relating to the above-referenced Bond, in accordance with the following payment instructions to the following parties:

Name of Payee	Nature of Cost of Project	Amount

Payment Instructions:

or that:

☐ the Company/Purchaser has incurred costs relating to the Project acquired by the proceeds of the above-referenced Bond in the amount of $, and directs that said amount be treated as an advance by the Purchaser to the Project Fund for such Bond, a purchase by the Issuer from the Purchaser of such property at such cost and a reimbursement to the Company for such costs.

The Company does hereby certify to the Issuer and to the Purchaser that, as of the date hereof, (1) the representations and warranties of the Company in the Lease are hereby ratified and confirmed and (2) such costs are properly included within the definition "Costs of the Project" included within such Lease.

LEGACY HOUSING, LTD

By: _____
Authorized Company Representative

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EXHIBIT 10.13

LEGACY HOUSING CORPORATION

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "**Agreement**") is dated as of [*insert date*], and is between Legacy Housing Corporation, a Delaware corporation (the "**Company**"), and [*insert name of indemnitee*] ("**Indemnitee**").

RECITALS

A. Indemnitee's service to the Company substantially benefits the Company.

B. Individuals are reluctant to serve as directors or officers of corporations or in certain other capacities unless they are provided with adequate protection through insurance or indemnification against the risks of claims and actions against them arising out of such service.

C. Indemnitee does not regard the protection currently provided by applicable law, the Company's governing documents and any insurance as adequate under the present circumstances, and Indemnitee may not be willing to serve as a director or officer without additional protection.

D. In order to induce Indemnitee to continue to provide services to the Company, it is reasonable, prudent and necessary for the Company to contractually obligate itself to indemnify, and to advance expenses on behalf of, Indemnitee as permitted by applicable law.

E. This Agreement is a supplement to and in furtherance of the indemnification provided in the Company's certificate of incorporation and bylaws, and any resolutions adopted pursuant thereto, and this Agreement shall not be deemed a substitute therefor, nor shall this Agreement be deemed to limit, diminish or abrogate any rights of Indemnitee thereunder.

The parties therefore agree as follows:

1. **Definitions.**

(a) A "**Change in Control**" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) *Acquisition of Stock by Third Party.* Any Person (as defined below) becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities;

(ii) *Change in Board Composition.* During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Company's board of directors, and any new directors (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 1(a)(i), 1(a)(iii) or 1(a)(iv)) whose election by the board of directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Company's board of directors;

(iii) *Corporate Transactions.* The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of

the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

(iv) *Liquidation.* The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

(v) *Other Events.* Any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended, whether or not the Company is then subject to such reporting requirement, except the completion of the Company's initial public offering shall not be considered a Change in Control.

For purposes of this Section 1(a), the following terms shall have the following meanings:

(1) "**Person**" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended; *provided*, *however*, that "**Person**" shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(2) "**Beneficial Owner**" shall have the meaning given to such term in Rule 13d-3 under the Securities Exchange Act of 1934, as amended; *provided*, *however*, that "**Beneficial Owner**" shall exclude any Person otherwise becoming a Beneficial Owner by reason of (i) the stockholders of the Company approving a merger of the Company with another entity or (ii) the Company's board of directors approving a sale of securities by the Company to such Person.

(b) "**Corporate Status**" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise.

(c) "**DGCL**" means the General Corporation Law of the State of Delaware.

(d) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "**Enterprise**" means the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary.

(f) "**Expenses**" include all reasonable and actually incurred attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other

disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond or other appeal bond or their equivalent, and (ii) for purposes of Section 12(d), Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "**Independent Counsel**" means a law firm, or a partner or member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than as Independent Counsel with respect to matters concerning Indemnitee under this Agreement, or other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "**Independent Counsel**" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(h) "**Proceeding**" means any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, including any appeal therefrom and including without limitation any such Proceeding pending as of the date of this Agreement, in which Indemnitee was, is or will be involved as a party, a potential party, a non-party witness or otherwise by reason of (i) the fact that Indemnitee is or was a director or officer of the Company, (ii) any action taken by Indemnitee or any action or inaction on Indemnitee's part while acting as a director or officer of the Company, or (iii) the fact that he or she is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification or advancement of expenses can be provided under this Agreement.

(i) Reference to "**other enterprises**" shall include employee benefit plans; references to "**fines**" shall include any excise taxes assessed on a person with respect to any employee benefit plan; references to "**serving at the request of the Company**" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "**not opposed to the best interests of the Company**" as referred to in this Agreement.

2. **Indemnity in Third-Party Proceedings.** The Company shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, with respect to

any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

3. **Indemnity in Proceedings by or in the Right of the Company.** The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged by a court of competent jurisdiction to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court of Chancery or such other court shall deem proper.

4. **Indemnification for Expenses of a Party Who is Wholly or Partly Successful.** To the extent that Indemnitee is a party to or a participant in and is successful (on the merits or otherwise) in defense of any Proceeding or any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. For purposes of this section, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

5. **Indemnification for Expenses of a Witness.** To the extent that Indemnitee is, by reason of his or her Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified to the extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

6. **Additional Indemnification.**

(a) Notwithstanding any limitation in Sections 2, 3 or 4, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with the Proceeding or any claim, issue or matter therein.

(b) For purposes of Section 6(a), the meaning of the phrase "**to the fullest extent permitted by applicable law**" shall include, but not be limited to:

(i) the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL; and

(ii) the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

7. **Exclusions.** Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any Proceeding (or any part of any Proceeding):

(a) for which payment has actually been made to or on behalf of Indemnitee under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(b) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of federal, state or local statutory law or common law, if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(c) for any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), or Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(d) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees, agents or other indemnitees, unless (i) the Company's board of directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (iii) otherwise authorized in Section 12(d) or (iv) otherwise required by applicable law; or

(e) if prohibited by applicable law.

8. **Advances of Expenses.** The Company shall advance the Expenses incurred by Indemnitee in connection with any Proceeding prior to its final disposition, and such advancement shall be made as soon as reasonably practicable, but in any event no later than 30 days, after the receipt by the Company of a written statement or statements requesting such advances from time to time (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditure made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice). Advances shall be unsecured and interest free and made without regard to Indemnitee's ability to repay such advances. Indemnitee hereby undertakes to repay any advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. This Section 8 shall not apply to the extent advancement is prohibited by law and shall not apply to any Proceeding (or any part of any Proceeding) for which indemnity is not permitted under this Agreement, but shall apply to any Proceeding (or any part of any Proceeding) referenced in Section 7(b) or 7(c) prior to a determination that Indemnitee is not entitled to be indemnified by the Company.

9. **Procedures for Notification and Defense of Claim.**

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses as soon as reasonably practicable following the receipt by Indemnitee of notice thereof. The written notification to the Company

shall include, in reasonable detail, a description of the nature of the Proceeding and the facts underlying the Proceeding. The failure by Indemnitee to notify the Company will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights, except to the extent that such failure or delay materially prejudices the Company.

(b) If, at the time of the receipt of a notice of a Proceeding pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect that may be applicable to the Proceeding, the Company shall give prompt notice of the commencement of the Proceeding to the insurers in accordance with the procedures set forth in the applicable policies. The Company shall thereafter take all commercially-reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event the Company may be obligated to make any indemnity in connection with a Proceeding, the Company shall be entitled to assume the defense of such Proceeding with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, conditioned or delayed, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee for any fees or expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. Notwithstanding the Company's assumption of the defense of any such Proceeding, the Company shall be obligated to pay the fees and expenses of Indemnitee's separate counsel to the extent (i) the employment of separate counsel by Indemnitee is authorized by the Company, (ii) counsel for the Company or Indemnitee shall have reasonably concluded that there is a conflict of interest between the Company and Indemnitee in the conduct of any such defense such that Indemnitee needs to be separately represented, (iii) the Company is not financially or legally able to perform its indemnification obligations or (iv) the Company shall not have retained, or shall not continue to retain, counsel to defend such Proceeding. Regardless of any provision in this Agreement, Indemnitee shall have the right to employ counsel in any Proceeding at Indemnitee's personal expense. The Company shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Company.

(d) Indemnitee shall give the Company such information and cooperation in connection with the Proceeding as may be reasonably appropriate.

(e) The Company shall not be liable to indemnify Indemnitee for any settlement of any Proceeding (or any part thereof) without the Company's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

(f) The Company shall not settle any Proceeding (or any part thereof) in a manner that imposes any penalty or liability on Indemnitee without Indemnitee's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

10. **Procedures upon Application for Indemnification.**

(a) To obtain indemnification, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and as is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Proceeding. The Company shall, as soon as reasonably practicable after receipt of such a request for indemnification, advise the board of directors that Indemnitee has requested indemnification. Any delay in providing the request will not relieve the Company from its obligations under this Agreement, except to the extent such failure is prejudicial.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 10(a), a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee or (D) if so directed by the Company's board of directors, by the stockholders of the Company. If it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within 30 days after such determination. Indemnitee shall cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company, to the extent permitted by applicable law.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(b), the Independent Counsel shall be selected as provided in this Section 10(c). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Company's board of directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Company's board of directors, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; *provided, however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "**Independent Counsel**" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 10(a) hereof and (ii) the final disposition of the Proceeding, the parties have not agreed upon an Independent Counsel, either the Company or Indemnitee may petition the Delaware Court of Chancery for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 10(b) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) The Company agrees to pay the reasonable fees and expenses of any Independent Counsel.

11. **Presumptions and Effect of Certain Proceedings.**

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(c) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith to the extent Indemnitee relied in good faith on (i) the records or books of account of the Enterprise, including financial statements, (ii) information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, (iii) the advice of legal counsel for the Enterprise or its board of directors or counsel selected by any committee of the board of directors or (iv) information or records given or reports made to the Enterprise by an independent certified public accountant, an appraiser, investment banker or other expert selected with reasonable care by the Enterprise or its board of directors or any committee of the board of directors. The provisions of this Section 11(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) Neither the knowledge, actions nor failure to act of any other director, officer, agent or employee of the Enterprise shall be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

12. **Remedies of Indemnitee.**

(a) Subject to Section 12(e), in the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 or 12(d) of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10 of this Agreement within 90 days after the later of the receipt by the Company of the request for indemnification or the final disposition of the Proceeding, (iv) payment of indemnification pursuant to this Agreement is not made (A) within 20 days after a determination has been made that Indemnitee is entitled to indemnification or (B) with respect to indemnification pursuant to Sections 4, 5 and 12(d) of this Agreement, within 30 days after receipt by the Company of a written request therefor, or (v) the Company or any other person or entity takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by the Delaware Court of Chancery of his or her entitlement to such indemnification or advancement of Expenses. The Company shall not oppose Indemnitee's right to seek any such adjudication in accordance with this Agreement.

(b) Neither (i) the failure of the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders to have made a determination

that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor (ii) an actual determination by the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders that Indemnitee has not met the applicable standard of conduct, shall create a presumption that Indemnitee has or has not met the applicable standard of conduct. In the event that a determination shall have been made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, on the merits, and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding commenced pursuant to this Section 12, the Company shall, to the fullest extent not prohibited by law, have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) To the fullest extent not prohibited by law, the Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. If a determination shall have been made pursuant to Section 10 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 12, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statements not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) To the extent not prohibited by law, the Company shall indemnify Indemnitee against all Expenses that are incurred by Indemnitee in connection with any action for indemnification or advancement of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company to the extent Indemnitee is successful in such action, and, if requested by Indemnitee, shall (as soon as reasonably practicable, but in any event no later than 30 days, after receipt by the Company of a written request therefor) advance such Expenses to Indemnitee, subject to the provisions of Section 8.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification shall be required to be made prior to the final disposition of the Proceeding.

13. **Contribution.** To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amounts incurred by Indemnitee, whether for Expenses, judgments, fines or amounts paid or to be paid in settlement, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the events and transactions giving rise to such Proceeding; and (ii) the relative fault of Indemnitee and the Company (and its other directors, officers, employees and agents) in connection with such events and transactions.

14. **Non-exclusivity.** The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's certificate of incorporation or bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's certificate of incorporation and bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall

enjoy by this Agreement the greater benefits so afforded by such change, subject to the restrictions expressly set forth herein or therein. Except as expressly set forth herein, no right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as expressly set forth herein, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

15. **Primary Responsibility.** The Company acknowledges that Indemnitee may have certain rights to indemnification and advancement of expenses provided by third parties (collectively, the "**Secondary Indemnitor**"). The Company agrees that, as between the Company and the Secondary Indemnitors, the Company is primarily responsible for amounts required to be indemnified or advanced under the Company's certificate of incorporation or bylaws or this Agreement and any obligation of the Secondary Indemnitors to provide indemnification or advancement for the same amounts is secondary to those Company obligations. To the extent not in contravention of any insurance policy or policies providing liability or other insurance for the Company or any director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, the Company waives any right of contribution or subrogation against the Secondary Indemnitors with respect to the liabilities for which the Company is primarily responsible under this Section 15. In the event of any payment by the Secondary Indemnitors of amounts otherwise required to be indemnified or advanced by the Company under the Company's certificate of incorporation or bylaws or this Agreement, the Secondary Indemnitors shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee for indemnification or advancement of expenses under the Company's certificate of incorporation or bylaws or this Agreement or, to the extent such subrogation is unavailable and contribution is found to be the applicable remedy, shall have a right of contribution with respect to the amounts paid; *provided, however,* that the foregoing sentence will be deemed void if and to the extent that it would violate any applicable insurance policy. The Secondary Indemnitors are express third-party beneficiaries of the terms of this Section 15.

16. **No Duplication of Payments.** Subject to any subrogation rights set forth in Section 15, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received payment for such amounts under any insurance policy, contract, agreement or otherwise.

17. **Insurance.** To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, trustees, general partners, managing members, officers, employees, agents or fiduciaries of the Company or any other Enterprise, Indemnitee shall be covered by such policy or policies to the same extent as the most favorably-insured persons under such policy or policies in a comparable position.

18. **Subrogation.** In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

19. **Services to the Company.** Indemnitee agrees to serve as a director or officer of the Company or, at the request of the Company, as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of another Enterprise, for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is removed from such position. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation

or any obligation imposed by operation of law). This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that any employment with the Company (or any of its subsidiaries or any Enterprise) is at will, and Indemnitee may be discharged at any time for any reason, with or without cause, with or without notice, except as may be otherwise expressly provided in any executed, written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), any existing formal severance policies adopted by the Company's board of directors or, with respect to service as a director or officer of the Company, the Company's certificate of incorporation or bylaws or the DGCL. No such document shall be subject to any oral modification thereof.

20. **Duration.** This Agreement shall continue until and terminate upon the later of (a) ten years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, as applicable; or (b) for as long as Indemnitee may be subject to any Proceeding, even after Indemnitee has ceased to serve as a director or officer of the Company or as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, as applicable.

21. **Successors.** This Agreement shall be binding upon the Company and its successors and assigns, including any direct or indirect successor, by purchase, merger, consolidation or otherwise, to all or substantially all of the business or assets of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

22. **Severability.** Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order or other applicable law, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

23. **Enforcement.** The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

24. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided*,

however, that this Agreement is a supplement to and in furtherance of the Company's certificate of incorporation and bylaws and applicable law.

25. **Modification and Waiver.** No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by the parties hereto. No amendment, alteration or repeal of this Agreement shall adversely affect any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. No waiver of any of the provisions of this Agreement shall constitute or be deemed a waiver of any other provision of this Agreement nor shall any waiver constitute a continuing waiver.

26. **Notices.** All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, sent by electronic mail or otherwise delivered by hand, messenger or courier service addressed:

(a) if to Indemnitee, to Indemnitee's address or electronic mail address as shown on the signature page of this Agreement or in the Company's records, as may be updated in accordance with the provisions hereof; or

(b) if to the Company, to the attention of the General Counsel of the Company at Legacy Housing Corporation, 1600 Airport Freeway, #100, Bedford, Texas 76002, or at such other current address as the Company shall have furnished to Indemnitee, with a copy (which shall not constitute notice) to Spencer G. Feldman at Olshan Frome Wolosky LLP, 1325 Avenue of the Americas, 15th Floor, New York, New York 10019.

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given (i) if delivered by hand, messenger or courier service, when delivered (or if sent via a nationally-recognized overnight courier service, freight prepaid, specifying next-business-day delivery, one business day after deposit with the courier), or (ii) if sent via mail, at the earlier of its receipt or five days after the same has been deposited in a regularly-maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid, or (iii) if sent via electronic mail, upon confirmation of delivery when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day.

27. **Applicable Law and Consent to Jurisdiction.** This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court of Chancery, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court of Chancery for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, National Registered Agents, Inc. as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court of Chancery, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court of Chancery has been brought in an improper or inconvenient forum.

28. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

29. **Captions.** The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

(signature page follows)

The parties are signing this Indemnification Agreement as of the date stated in the introductory sentence.

LEGACY HOUSING CORPORATION

_____

(Signature)

_____

(Print name)

_____

(Title)

[*INSERT INDEMNITEE NAME*]

_____

(Signature)

_____

(Print name)

_____

(Street address)

_____

(City, State and ZIP)

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Exhibit 10.14

EMPLOYEE INVENTION, NON-DISCLOSURE,
NON-COMPETITION AND NON-SOLICITATION AGREEMENT

This Agreement is made between Legacy Housing Corporation, a Delaware corporation (the "Company"), and (the "Employee").

In consideration of the employment or the continued employment of the Employee by the Company, the Company and the Employee agree as follows:

1. Proprietary Information.

(a) The Employee agrees that all information, whether or not in writing, of a private, secret or confidential nature concerning the Company's business, business relationships or financial affairs (collectively, "Proprietary Information") is and shall be the exclusive property of the Company. By way of illustration, but not limitation, Proprietary Information may include inventions, products, processes, methods, techniques, formulas, compositions, compounds, projects' developments, plans, research data, clinical data, financial data, personnel data, computer programs, customer and supplier lists, and contacts at or knowledge of customers or prospective customers of the Company. The Employee will not disclose any Proprietary Information to any person or entity other than employees of the Company or use the same for any purposes (other than in the performance of his duties as an employee of the Company) without written approval by an officer of the Company, either during or after his employment with the Company, unless and until such Proprietary Information has become public knowledge without fault by the Employee.

(b) The Employee agrees that all files, letters, memoranda, reports, records, data, sketches, drawings, laboratory notebooks, program listings, or other written, photographic, or other tangible material containing Proprietary Information, whether created by the Employee or others, which came into his custody and possession as independent contractor to the Company or which shall come into his custody or possession, shall be and are the exclusive property of the Company to be used by the Employee only in the performance of his duties for the Company. All such materials or copies thereof and all tangible property of the Company in the custody or possession of the Employee shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) termination of his employment. After such delivery, the Employee shall not retain any such materials or copies thereof or any such tangible property.

(c) The Employee agrees that his obligation not to disclose or to use information and materials of the types set forth in paragraphs (a) and (b) above, and his obligation to return materials and tangible property, set forth in paragraph (b) above, also extends to such types of information, materials and tangible property of customers of the Company or suppliers to the Company or other third parties who may have disclosed or entrusted the same to the Company or to the Employee.

2. Developments.

(a) The Employee will make full and prompt disclosure to the Company of all inventions, improvements, discoveries, methods, developments, software, and works of authorship, whether patentable or not, which were or are created, made, conceived or reduced to practice by him or under his direction or jointly with others during his employment by the Company or during his provision of services as an independent contractor to the Company, whether or not during normal working hours or on the premises of the Company (all of which are collectively referred to in this Agreement as "Developments").

(b) The Employee agrees to assign and does hereby assign to the Company (or any person or entity designated by the Company) all his right, title and interest in and to all Developments and all related patents, patent applications, copyrights and copyright applications. However, this paragraph 2(b) shall not apply to Developments which do not relate to the present or planned business or research and development of the Company and which are made and conceived by the Employee not during normal working hours, not on the Company's premises and not using the Company's tools, devices, equipment or Proprietary Information. The Employee understands that, to the extent this Agreement shall be construed in accordance with the laws of any state which precludes a requirement in an employee agreement to assign certain classes of inventions made by an employee, this paragraph 2(b) shall be interpreted not to apply to any invention which a court rules and/or the Company agrees falls within such classes. The Employee also hereby waives all claims to moral rights in any Developments.

(c) The Employee agrees to cooperate fully with the Company, both during and after his employment with the Company, with respect to the procurement, maintenance and enforcement of copyrights, patents and other intellectual property rights (both in the United States and foreign countries) relating to Developments. The Employee shall sign all papers, including, without limitation, copyright applications, patent applications, declarations, oaths, formal assignments, assignments of priority rights, and powers of attorney, which the Company may deem necessary or desirable in order to protect its rights and interests in any Development. The Employee further agrees that if the Company is unable, after reasonable effort, to secure the signature of the Employee on any such papers, any executive officer of the Company shall be entitled to execute any such papers as the agent and the attorney-in-fact of the Employee, and the Employee hereby irrevocably designates and appoints each executive officer of the Company as his agent and attorney-in-fact to execute any such papers on his behalf, and to take any and all actions as the Company may deem necessary or desirable, in order to protect its rights and interests in any Development, under the conditions described in this sentence.

3. Other Agreements.

The Employee hereby represents that, except as the Employee has disclosed in writing to the Company on page 6 of this Agreement, the Employee is not bound by the terms of any agreement with any previous employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of his employment with the Company or to refrain from competing, directly or indirectly, with the business of such previous

employer or any other party. The Employee further represents that his performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by the Employee in confidence or in trust prior to his employment with the Company, and the Employee will not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

4. United States Government Obligations.

The Employee acknowledges that the Company from time to time may have agreements with the other persons or with the United States Government, or agencies thereof, which impose obligations or restrictions on the Company regarding inventions made during the course of work under such agreements or regarding the confidential

nature of such work. The Employee agrees to be bound by all such obligations and restrictions which are made known to the Employee and to take all action necessary to discharge the obligations of the Company under such agreements.

5. No Employment Contract.

The Employee understands that this Agreement does not constitute a contract of employment and does not imply that his employment will continue for any period of time.

6. Non-Competition.

(a) While the Employee is employed by the Company and for a period of one year after the termination or cessation of such employment for any reason, the Employee will not directly or indirectly:

(i) as an individual proprietor, partner, stockholder, officer, employee, director, joint venturer, investor, lender, consultant, or in any other capacity whatsoever (other than as the holder of not more than one percent of the combined voting power of the outstanding stock of a publicly-held company), develop, design, produce, market, sell or render (or assist any other person in developing, designing, producing, marketing, selling or rendering) products or services competitive with those developed, designed, produced, marketed, sold or rendered by the company while the Employee was employed by the Company; or

(ii) solicit, divert or take away, or attempt to divert or to take away, the business or patronage of any of the clients, customers or accounts, or prospective clients, customers or accounts, of the Company which were contacted, solicited or served by the Employee while employed by the Company.

(b) If the Employee violates the provisions of paragraph 6(a), the Employee shall continue to be bound by the restrictions set forth in paragraph 6(a) until a period of one year has expired without any violation of such provisions.

7. Non-Solicitation.

(a) While the Employee is employed by the Company and for a period of one year after the termination or cessation of such employment for any reason, the Employee will not directly or indirectly recruit, solicit or hire any employee of the Company, or induce or attempt to induce any employee of the Company to terminate his employment with, or otherwise cease his relationship with, the Company.

(b) If the Employee violates the provisions of paragraph 7(a), the Employee shall continue to be bound by the restrictions set forth in paragraph 7(a) until a period of one year has expired without any violation of such provisions.

8. Miscellaneous.

(a) The Employee represents that the execution and performance by him of this Agreement does not and will not conflict with or breach the terms of any other agreement by which the Employee is bound.

(b) The Employee acknowledges that this Agreement does not constitute a contract of employment and does not imply that the Company will continue his employment for any period of time.

(c) If any restriction set forth in paragraph 6 or 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(d) The Company may assign this Agreement to any other corporation or entity which acquires (whether by purchase, merger, consolidation or otherwise) all or substantially all of the business and/or assets of the Company.

(e) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability, of any other provision of this Agreement.

(f) This Agreement supersedes all prior agreements, written or oral, between the Employee and the Company relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by the Employee and the Company. The Employee agrees that any change or changes in his duties, salary or compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement.

(g) This Agreement will be binding upon the Employee's heirs, executors and administrators and will inure to the benefit of the Company and its successors and assigns.

(h) No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

(i) The Employee expressly consents to be bound by the provisions of this Agreement for the benefit of the Company or any subsidiary or affiliate thereof to whose employ the Employee may be transferred without the necessity that this Agreement be resigned at the time of such transfer.

(j) The restrictions contained in this Agreement are necessary for the protection of the business and goodwill of the Company and are considered by the Employee to be reasonable for such purpose. The Employee agrees that any breach of this Agreement is likely to cause the Company substantial and irrevocable damage and therefore, in the event of any such breach, the Employee agrees that the Company, in addition to such other remedies which may be available, shall be entitled to specific performance and other injunctive relief.

(k) This Agreement is governed by and will be construed as a sealed instrument under and in accordance with the laws of the State of Texas. Any action, suit, or other legal proceeding which is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the State of Texas and County of Tarrant (or, if appropriate, a federal court located within the State of Texas and County of Tarrant), and the Company and the Employee each consents to the jurisdiction of such a court.

THE EMPLOYEE ACKNOWLEDGES THAT HE/SHE HAS CAREFULLY READ THIS AGREEMENT AND UNDERSTANDS AND AGREES TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

LEGACY HOUSING CORPORATION

Date:

By: _____

Name:

Title:

EMPLOYEE:

Date:

(signature)

Prior Agreements, if any:

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EXHIBIT 14.1

LEGACY HOUSING CORPORATION

(the "Company")

CODE OF BUSINESS CONDUCT AND ETHICS

Introduction

This Code of Business Conduct and Ethics (the "Code") covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide the directors, officers, and employees of the Company. All Company directors, officers, and employees should conduct themselves accordingly and seek to avoid even the appearance of improper behavior in any way relating to the Company. In appropriate circumstances, this Code should also be provided to and followed by the Company's agents and representatives, including consultants.

Any director or officer who has any questions about this Code should consult with the Chief Executive Officer or the General Counsel as appropriate in the circumstances. If an employee has any questions about this Code, the employee should ask his or her supervisor how to handle the situation, or if the employee prefers, the Chief Executive Officer or General Counsel.

Scope of Code

This Code is intended to deter wrongdoing and to promote the following:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

- full, fair, accurate, timely, and understandable disclosure in reports and documents the Company files with, or submits to, the Securities and Exchange Commission (the "SEC"), and in other communications made by the Company;

- compliance with applicable governmental laws, rules, and regulations;

- the prompt internal reporting of violations of this Code to the appropriate person or persons identified in this Code;
- accountability for adherence to this Code; and
- adherence to a high standard of business ethics.

Compliance with Laws, Rules, and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. All directors, officers, and employees should respect and obey all laws, rules, and regulations applicable to the business and operations of the Company. Although directors, officers, and employees are not expected to know all of the details of these laws, rules, and regulations, it is important to know enough to determine when to seek advice from the Chief Executive Officer, the General Counsel, supervisors, managers, other officers or other appropriate Company personnel.

Conflicts of Interest

A "conflict of interest" exists when an individual's private interest interferes in any way — or even appears to conflict — with the interests of the Company. A conflict of interest situation can arise when a director, officer, or employee takes actions or has interests that may make it difficult to perform his or her work on behalf of the Company in an objective and effective manner. Conflicts of interest may also arise when a director, officer, or employee, or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company. Loans to, or guarantees of obligations of, employees and their family members may create conflicts of interest.

Service to the Company should never be subordinated to personal gain and advantage. Conflicts of interest, whenever possible, should be avoided. In particular, clear conflict of interest situations involving directors, officers, and employees who occupy supervisory positions or who have discretionary authority in dealing with any third party may include the following:

- any significant ownership interest in any supplier or customer;
- any consulting or employment relationship with any customer, supplier, or competitor;
- any outside business activity or other interests that detracts from an individual's ability to devote appropriate time and attention to his or her responsibilities to the Company or affects the individuals motivation or performance as an Employee;
- the receipt of non-nominal gifts or excessive entertainment from any organization with which the Company has current or prospective business dealings
- being in the position of supervising, reviewing, or having any influence on the job evaluation, pay, or benefit of any family member; and

- selling anything to the Company or buying anything from the Company, except on the same terms and conditions as comparable directors, officers, or employees are permitted to so purchase or sell.

It is almost always a conflict of interest for a Company officer or employee to work simultaneously for a competitor, customer, or supplier. No officer or employee may work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with the Company's customers, suppliers, and competitors, except on the Company's behalf.

Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors. Conflicts of interest may not always be clear-cut and further review and discussions may be appropriate. Any director or officer who becomes aware of a conflict or potential conflict should bring it to the attention of the Chief Executive Officer and the General Counsel as appropriate in the circumstances. Any employee who becomes aware of a conflict or potential conflict should bring it to the attention of the Chief Executive Officer, the General Counsel, supervisor, manager, or other appropriate personnel. Supervisors and all employees are obligated to make the Chief Executive Officer and the General Counsel aware of any conflict or potential conflict that they may be aware of regarding any employee of the Company.

Insider Trading

Directors, officers, and employees who have access to confidential information relating to the Company are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of the Company's business. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical and against Company policy but is also illegal. Directors, officers, and employees also should comply with insider trading standards and procedures adopted by the Company. If a question arises, the director, officer, or employee should consult with the Company's General Counsel. The Company, with the approval of the Board of Directors, may establish policies and periods where directors or employees may buy or sell Company stock so long as the director or employee conforms to applicable laws, Company policies and attests that the individual does not have access or possess any material non-public information.

Corporate Opportunities

Directors, officers, and employees are prohibited from taking for themselves personally or directing to a third party any opportunity that is discovered through the use of corporate property, information, or position without the consent of the Board of Directors. No director, officer, or employee may use corporate property, information, or position for improper personal gain, and no director, officer, or employee may compete with the Company directly or indirectly. Directors, officers, and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

Competition and Fair Dealing

The Company seeks to compete in a fair and honest manner. The Company seeks competitive advantages through superior performance rather than through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each director, officer, and employee should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, service providers,

competitors, and employees, including the making of unfair comments about competitor's products. No director, officer, or employee should take unfair advantage of anyone relating to the Company's business or operations through manipulation, concealment, or abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

To maintain the Company's valuable reputation, compliance with the Company's quality processes and safety requirements is essential. In the context of ethics, quality requires that the Company's products and services meet reasonable customer expectations and applicable published industry and governmental standards. All inspection and testing documents must be handled in accordance with all applicable regulations, and every employee is obligated to assure complete and accurate record keeping and documentation.

Illegal Discrimination and Sexual and Other Verbal or Physical Harassment

The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or illegal sexual and other illegal verbal or physical harassment of any kind based on sex, age, race, color, religion, national origin, disability, ancestry, marital or veteran status, or any other legally protected status. Any director or employee who is aware of any such conduct or perceived conduct must be promptly reported to the Chief Executive Officer, the General Counsel or the head of human resources, who will promptly conduct an investigation. The Company may terminate for cause any employee who, as a result of its investigation, it judges has violated this or other such Company policy. Employees shall treat all persons with respect and fairness, and all relationships (whether written, oral or electronic) shall be businesslike and free of any illegal bias, prejudice, harassment, and retaliation.

Health and Safety

The Company strives to provide each employee with a safe and healthful work environment. Each officer and employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries, and unsafe equipment, practices, or conditions.

Violence and threatening behavior are not permitted. Officers and employees should report to work in a condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated and must be promptly reported to the Chief Executive Officer or the General Counsel, who will promptly conduct an investigation. The Company may terminate for cause any employee who, as a result of its investigation, it judges has violated this or other such Company policy.

Record-Keeping

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions.

Directors, officers and employees regularly use business expense accounts, which must be documented and recorded accurately. If an officer or employee is not sure whether a certain expense is legitimate, the employee should ask his or her supervisor or the Company's controller. Rules and guidelines are available from the Accounting Department.

All of the Company's books, records, accounts, and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions, and must conform both to applicable legal

requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and the Company and its officers and employees in their capacity with the Company should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. The Company's records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, directors, officers, and employees should consult with the Company's General Counsel before taking any action because it is critical that any impropriety or possible appearance of impropriety be avoided.

Confidentiality

Directors, officers, and employees must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, suppliers, joint venture partners, or others with whom the Company is considering a business or other transaction except when disclosure is authorized by an executive officer or required or mandated by laws or regulations. Confidential information includes all non-public information that might be useful or helpful to competitors or harmful to the Company or its customers and suppliers, if disclosed. It also includes information that suppliers and customers have entrusted to the Company. The obligation to preserve confidential information continues even after employment ends. Every employee must sign the then current employee confidentially, non-disclosure and assignment of invention agreement as a condition of employment and continued employment.

Protection and Proper Use of Company Assets

All directors, officers, and employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported to the General Counsel for investigation. Company assets should be used for legitimate business purposes and should not be used for non-Company business.

The obligation to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property, such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information, and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

Entertainment, Gifts, Favors, and Gratuities

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided, or accepted by a director, officer, or employee, family member of a director, officer, or employee, or agent relating to the individual's position with the Company unless it (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff, and (5) does not violate any laws or regulations. A director or officer should discuss with the Chief Executive Officer or General Counsel, and an employee should discuss with his or her supervisor, or if he prefers, the Chief Executive Officer or General Counsel, any gifts or proposed gifts that the individual is not certain are appropriate. Anything having an aggregate value in excess of $100 may create the possibility of a conflict and should be graciously declined with an

explanation that acceptance would be in violation of Company policy, unless approved by the Chief Executive Officer and the General Counsel.

Political Contributions

The Company will not contribute directly or indirectly to political parties or candidates for office unless approved by the Board of Directors or the Audit Committee, and by the CEO and the General Counsel, and only in accordance with applicable laws.

Payments to Government Personnel

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities that may be accepted by U.S. government personnel. The promise, offer, or delivery to an official or employee of the U.S. government of a gift, favor, or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules.

Corporate Disclosures

All directors, officers, and employees should support the Company's goal to have full, fair, accurate, timely, and understandable disclosure in the periodic reports required to be filed by the Company with the SEC. Although most employees hold positions that are far removed from the Company's required filings with the SEC, each director, officer, and employee should promptly bring to the attention of the Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Controller, or the Audit Committee, as appropriate in the circumstances, any of the following:

- Any material information to which such individual may become aware that affects the disclosures made by the Company in its public filings or would otherwise assist the Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Controller, and the Audit Committee in fulfilling their responsibilities with respect to such public filings.

- Any information the individual may have concerning (a) significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize, and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures, or internal controls.

- Any information the individual may have concerning any violation of this Code, including any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other employees who have a significant role in the Company's financial reporting, disclosures, or internal controls.

- Any information the individual may have concerning evidence of a material violation of the securities or other laws, rules, or regulations applicable to the Company and

the operation of its business, by the Company or any agent thereof, or of violation of this Code.

Corporate Communications, Public Relations and Investor Relations

Only the Chief Executive Officer and the Chief Financial Officer or their specific designee are authorized to communicate on behalf of the Company with shareholders, prospective investors, bankers, the press, broadcast media of the general public. Any inquiries from these sources should promptly be referred to on of these individuals without further comment.

Contracts

Only proper officers of the Company specifically designated by the CEO or CFO are authorized to enter into and execute contracts (whether written or oral) on behalf of the Company. All contracts must be approved by the General Counsel and by the CFO or Controller. No other director, officer, employee or agent of the Company has any authority (express, apparent, implied) to obligate the Company in any manner, or hold himself or herself out to any third party as having such authority.

Using Company Computer and Communication Resources

Employees may use the Company's electronic equipment at their desk or work station for incidental personal matters, however, employees are not guaranteed personal privacy on the Company's communications systems or of the information sent to, from, or stored in Company communications. All documents, including all electronic communications, whether business or personal related, are the Company's property, and they are subject to review by the Company at any time, whether in your presence or not.

- Employees may not use Company computer and communication resources for communications that contain or promote any of the following:

- abusive or objectionable language;

- information that is illegal, obscene, or pornographic;

- messages that are likely to result in the loss or damage of the recipient's work or system;

- messages that are defamatory;

- use that interferes with the work of the employee or others; or

- solicitation of employees for any unauthorized purpose.

Right to Monitor/Right to Privacy

The Company reserves the right to monitor any Company mail systems, including electronic mail, computers, software, files or any other internal documents in any media, including electronic and hard copy. Employees do not have the right to privacy at his/her desk or work station and computer.

Waivers of the Code of Conduct

Any waiver of this Code for directors or executive officers may be made only by the Board of Directors or a committee of the Board and will be promptly disclosed to stockholders as required by applicable laws, rules, and regulations, including the rules of the SEC and under applicable exchange or Nasdaq rules. Any such waiver also must be disclosed in a Form 8-K.

Alcohol and Controlled Substances Abuse

The Company recognizes that alcoholism and other drug addiction are illnesses that are not easily resolved by personal effort and may require professional assistance and treatment. Employees with alcohol or other drug problems are strongly encouraged to take advantage of the diagnostic, referral, counseling and preventive services available through our health insurance plan that have been developed to assure confidentiality of participation.

Controlled substance or alcohol abuse does not excuse Employees from neglect of their employment responsibilities. Individuals whose work performance is impaired as the result of the use or abuse of alcohol or other drugs may be required to participate in an appropriate diagnostic evaluation and treatment plan. Employees are prohibited from engaging in the unlawful possession, use or distribution of alcohol or other illegal drugs on Company property or as part Company activities. Further, use of alcohol or controlled substantives off Company premises that in any way impairs work performance is also prohibited.

The unlawful manufacture, distribution, dispensation, possession or use of controlled substances is prohibited on Company property or as a part of Company activities. Individuals violating this policy are subject disciplinary action, as well as termination and possible referral for criminal prosecution.

Workplace Violence and Weapons

It is a violation of this policy to engage in Workplace Violence or use or to possess a Weapon, as defined below, at any time on Company premises, including common areas in the office building and in the parking lot or immediate surrounding areas.

Workplace Violence includes, but is not limited to, intimidation, threats, physical attack or property damage.

- Intimidation: Includes but is not limited to stalking or engaging in actions intended to frighten, coerce, or induce duress.

- Threat: The expression of intent to cause physical or mental harm. An expression constitutes a threat without regard to whether the party communicating the threat has the present ability to carry it out and without regard to whether the expression is contingent, conditional or future.

- Physical Attack: Unwanted or hostile physical contact such as hitting, fighting, pushing, shoving or throwing objects.

- Property Damage: Intentional damage to property which includes property owned by the Company, employees, visitors or vendors.

Weapons are defined as: (1) a loaded or unloaded firearm, whether operable or inoperable, (2) a knife, stabbing instrument, brass knuckles, blackjack, club, or other object specifically designed or customarily carried or possessed for use as a weapon, (3) an object that is likely to cause death or bodily injury when used as a weapon and that is used as a weapon or carried or possessed for use as a weapon, or (4) an object or device that is used or fashioned in a manner to lead a person to believe the object or device is a firearm or an object which is likely to cause death or bodily injury. Employees must report any real or reasonably perceived suspicious activities or intimidating verbal or physical threats immediately to the local police and to the CEO, the General Counsel or any other Company officer.

Reporting any Illegal or Unethical Behavior or Violations of this Code of Ethics

Directors and officers are encouraged to talk to the Chief Executive Officer or the General Counsel, and employees are encouraged to talk to Chief Executive Officer, the General Counsel, supervisors, managers, or other appropriate personnel when in doubt about the best course of action in a particular situation. Directors, officers, and employees should report any observed illegal or unethical behavior and any perceived violations of laws, rules, regulations, or this Code to the Chief Executive Officer or General Counsel or directly to any member of the Audit Committee of the Board of Directors. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith. Directors, officers, and employees are expected to cooperate in internal investigations of misconduct.

The Company maintains a Whistleblower Policy attached hereto and incorporated herein as Schedule A for (1) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (2) the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.

Enforcement

The Board of Directors, the Audit Committee, or the CEO in consultation with the General Counsel, and when they deem it appropriate, with the Board of Directors or the Audit Committee, shall determine appropriate actions to be taken in the event of violations of this Code. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to this Code and to these additional procedures, and may include written notices to the individual involved that the Board has determined that there has been a violation, censure by the Board, demotion or re-assignment of the individual involved, suspension with or without pay or benefits (as determined by the Board), and termination of the individual's employment or position. In determining the appropriate action in a particular case, the Board of Directors or such designee shall take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action, and whether or not the individual in question had committed other violations in the past.

Publicly Available: This Code shall be posted on the Company's website.

Schedule A

LEGACY HOUSING CORPORATION - WHISTLEBLOWER POLICY

Introduction

The Company has adopted a Code of Business Conduct and Ethics applicable to all employees that urges employees promptly to discuss with or disclose to their supervisor, the CEO, the General Counsel, or the Chairman of the Audit Committee events of questionable, fraudulent, or illegal nature. In addition, the Company recently adopted a Code of Ethics for the Chief Executive Officer and senior financial officers that, among other things, requires prompt internal reporting of violations of that Code, the Code of Business Conduct and Ethics, fraud, and a variety of other matters.

As an additional measure to support our commitment to ethical conduct, the Audit Committee of our Board of Directors has adopted the following policies and procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

1. Reporting of Concerns or Complaints Regarding Accounting, Internal Controls, or Auditing Matters.

Taking action to prevent problems is part of the Company's culture. If you observe possible unethical or illegal conduct, you are encouraged to report your concerns. Employees and others involved with the Company are urged to come forward with any such information, without regard to the identity of position of the suspected offender.

Employees and others may choose any of the following modes of communicating suspected violations of law, policy, or other wrongdoing, as well as any concerns regarding questionable accounting or auditing matters (including deficiencies in internal controls):

- Report the matter to your supervisor; or
- Report the matter to the Company's CEO or General Counsel; or
- Report the matter to the Chairman of the Audit Committee.

2. Confidentiality.

The Company will treat all communications under this Policy in a confidential manner, except to the extent necessary (a) to conduct a complete and fair investigation, or (b) for reviews of Company operations by the Company's Board of Directors, its Audit Committee, and the Company's independent public accountants and the Company's outside legal counsel.

Moreover, if your situation requires that your identity be protected, you are still encouraged to please submit an anonymous report to the Audit Committee Chairman. Please call or have someone else call the CEO or General Counsel requesting the name and address of the Audit Committee member, and if they for any reason fail to provide you with the information at the time you speak to one of them, call the Company's external auditors to obtain such information. In the alternative, you may contact Curtis D. Hodgson, the Company's Co-Chief

Executive Officer, directly by sending a letter addressed as follows: "Mr. Curtis D. Hodgson, Co-Chief Executive Officer, Legacy Housing Corporation, 1600 Forest Ridge Drive, #100, Bedford, Texas 76002."

Retaliation

Any individual who in good faith reports a possible violation of the Company's Code of Business Conduct and Ethics, the Code of Ethics for the Chief Executive Officer and senior financial officers, or of law, or any concerns regarding questionable accounting or auditing matters, even if the report is mistaken, or who assists in the investigation of a reported violation, will be protected by the Company. Retaliation in any form against these individuals will not be tolerated. Any act of retaliation should be reported immediately and will be disciplined appropriately.

Specifically, the Company will not discharge, demote, suspend, threaten, harass, or in any other manner discriminate or retaliate against any employee in the terms and conditions of the employee's employment because of any lawful act done by that employee to either (a) provide information, cause information to be provided, or otherwise assist in any investigation regarding any conduct that the employee reasonably believes constitutes a violation of any Company code of conduct, law, rule, or regulation, including any rule or regulation of the Securities and Exchange Commission or any provision of Federal law relating to fraud against shareholders, or (b) file, cause to be filed, testify, participate in, or otherwise assist in a proceeding filed or, to the employee's knowledge, about to be filed relating to an alleged violation of any such law, rule, or regulation.

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EXHIBIT 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

LEGACY HOUSING CORPORATION

a Delaware corporation

Legacy Housing Corporation, a corporation organized and existing under the laws of the State of Delaware (the "***Corporation***"), hereby certifies as follows:

A. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware and effective on January 1, 2018.

B. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with Sections 242 and 245 of the Delaware General Corporation Law, as amended (the "***DGCL***"), and restates, integrates and further amends the provisions of the Corporation's Certificate of Incorporation, and has been duly approved by the written consent of the stockholders of the Corporation in accordance with Section 228 of the DGCL.

C. The text of the Certificate of Incorporation of the Corporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I

The name of the corporation is Legacy Housing Corporation (the "Corporation").

ARTICLE II

The registered office of the Corporation in the State of Delaware is to be located at 160 Greentree Drive, Suite 101, Dover, Delaware 19904, County of Kent. The registered agent at such address in charge thereof shall be National Registered Agents, Inc.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law, as amended (the "DGCL").

ARTICLE IV

4.1 Authorized Capital Stock. The aggregate number of shares of capital stock that the Corporation is authorized to issue is 110 Million (110,000,000), of which 100 Million (100,000,000) shares are common stock having a par value of $0.001 per share (the "Common Stock"), and 10 Million (10,000,000) shares are preferred stock having a par value of $0.001 per share (the "Preferred Stock").

4.2 Increase or Decrease in Authorized Capital Stock. The number of authorized shares of Preferred Stock or Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote generally in the election of directors,

irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), voting together as a single class, without a separate vote of the holders of the class or classes the number of authorized shares of which are being increased or decreased, unless a vote by any holders of one or more series of Preferred Stock is required by the express terms of any series of Preferred Stock as provided for or fixed pursuant to the provisions of Section 4.3 of this Article IV.

4.3 Preferred Stock.

(A) The Board of Directors of the Corporation (the "Board") is hereby authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock from time to time in one or more series pursuant to a resolution or resolutions providing for such issuance duly adopted by the Board. The Board is further authorized, subject to limitations prescribed by law, to file a certificate of designation pursuant to the applicable law of the State of Delaware (any such certificate, a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and the qualifications, limitations, and restrictions thereof. The authority of the Board with respect to each series shall include, but shall not be limited to and shall not require (unless otherwise required by applicable law), determination of the following:

(i) The designation of the series, which may be by distinguishing number, letter, or title;

(ii) The number of shares of the series, which number the Board may thereafter (except where otherwise provided in the applicable Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding);

(iii) The amounts payable on, and the preferences, if any, of, shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative;

(iv) The dates on which dividends, if any, shall be payable;

(v) The redemption rights and price or prices, if any, for shares of the series;

(vi) The terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;

(vii) The amounts payable on, and the preferences, if any, of, shares of the series in the event of any voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the Corporation;

(viii) Whether the shares of the series shall be convertible into or exchangeable for shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereto, the date or dates at which such shares shall be convertible or exchangeable, and all other terms and conditions upon which such conversion or exchange may be made;

(ix) Restrictions on the issuance of shares of the same series or of any other class or series; and

(x) The voting rights, if any, of the holders of shares of the series.

(B) Except as may otherwise be provided in this Certificate of Incorporation, in a Preferred Stock Designation, or by applicable law, only shares of Common Stock shall be voted in elections of directors and for all other purposes and shares of Preferred Stock shall not entitle the holder thereof to vote at or receive notice of any meeting of the stockholders of the Corporation.

4.4 Common Stock.

(A) Common Stock shall be subject to the express terms of any series of Preferred Stock. Each holder of Common Stock shall be entitled to one vote for each such share of Common Stock so held upon each matter properly submitted to a vote of the stockholders.

(B) Subject to the rights of the holders of Preferred Stock, the holders of shares of Common Stock shall be entitled to receive such dividends and other distributions (payable in cash, property or capital stock of the Corporation) when, as and if declared thereon by the Board from time to time out of any assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in such dividends and distributions.

(C) In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation, and subject to the rights of the holders of Preferred Stock in respect thereof, the holders of shares of Common Stock shall be entitled to such amounts as provided under applicable law.

4.5 No Preemptive Rights. No share of Common Stock or Preferred Stock shall entitle any holder thereof any preemptive right to subscribe for any shares of any class or series of stock of the Corporation whether now or hereafter authorized.

ARTICLE V

Provisions for the management of the business and for the conduct of the affairs of the Corporation and provisions creating, defining, limiting, and regulating the powers of the Corporation, the Board, and the stockholders are as follows:

5.1 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board. In addition to the powers and authority herein or by statute expressly conferred upon it, the Board is hereby expressly empowered to exercise all such powers and to do all such acts and things as may be exercised or done by the Corporation; subject, nevertheless, to the provisions of the statutes of the State of Delaware and of this Certificate of Incorporation as they may be amended, altered, or changed from time to time, and to any bylaws from time to time made by the Board or stockholders; provided, however, that no bylaw so made shall invalidate any prior act of the Board that would have been valid if such bylaw had not been made.

5.2 Number of Directors; Election; Term.

(A) Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the total number of authorized directors constituting the Board shall be fixed solely by resolution of the Board.

(C) Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal.

(D) Election of directors of the Corporation need not be by written ballot unless the bylaws so provide.

(E) No stockholder will be permitted to cumulate votes at any election of directors.

5.4 Vacancies and Newly Created Directorships. Subject to the rights of holders of any series of Preferred Stock, and except as otherwise provided in the DGCL, vacancies occurring on the Board for any reason and newly created directorships resulting from any increase in the authorized number of directors shall be filled only by vote of a majority of the remaining members of the Board, although less than a quorum, or by a sole remaining director, at any meeting of the Board. A person so elected by the Board to fill a vacancy or newly created directorship shall hold office until his or her successor shall be duly elected and qualified, or until such Director's earlier death, resignation, or removal.

5.5 No Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation and may not be effected by any consent in writing by the stockholders.

5.6 Advance Notice. Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders at any meeting of stockholders shall be given in the manner provided in the bylaws.

5.7 Special Meetings. Except as otherwise expressly provided by the terms of any series of Preferred Stock or applicable law, special meetings of stockholders of the Corporation may be called by the Board, the Chairman of the Board, the Chief Executive Officer and shall be called by the Corporation if requested by one or more record stockholders representing ownership of at least thirty-three and one-third percent (33-1/3%) of the outstanding shares of the Corporation's stock entitled to vote and who has complied with the requirements set forth in the bylaws. A special meeting of stockholders may not be called by any other person.

5.8 Amendments to the Bylaws. In furtherance and not in limitation of the powers conferred by statute, the Board is hereby expressly authorized to adopt, alter, amend or repeal the bylaws of the Corporation without the assent or vote of the stockholders, including without limitation the power to fix, from time to time, the number of directors that shall constitute the whole Board, subject to the right of the stockholders to alter, amend, or repeal the bylaws made by the Board.

5.9 Submission of Contracts to Stockholder Vote. The Board in its discretion may submit any contract or act for approval or ratification at any annual meeting of the stockholders or at any meeting of the stockholders called for the purpose of considering any such contract or act,

and any contract or act that shall be approved or be ratified by the vote of the holders of a majority of the stock of the Corporation that is represented in person or by proxy at such meeting and entitled to vote thereat (provided that a lawful quorum of stockholders be there represented in person or by proxy) shall be as valid and as binding upon the Corporation and upon all the stockholders as though it had been approved or ratified by every stockholder of the Corporation, whether or not the contract or act would otherwise be open to legal attack because of directors' interest or for any other reason.

ARTICLE VI

6.1 Limitation of Personal Liability. To the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL is amended after the effective date hereof to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL as so amended. Any repeal or modification of this Article VI by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification or with respect to events occurring prior to such time.

6.2 Indemnification.

(A) Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as such director, officer, employee, or agent, or in any other capacity while serving as such director, officer, employee, or agent, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than the DGCL permitted the Corporation to provide prior to such amendment), against all expense, liability, and loss (including attorneys' fees, judgments, fines, other expenses and losses, amounts paid or to be paid in settlement, and excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer, employee, or agent, and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that, except as provided in paragraph (B) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board. The right to indemnification conferred in this Article VI shall be a contract right and shall include the right of a director or officer to be paid by the Corporation the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of an undertaking, which undertaking shall itself be sufficient without the need for further evaluation of

any credit aspects of the undertaking or with respect to such advancement, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined by a final, non-appealable order of a court of competent jurisdiction that such director or officer is not entitled to be indemnified under this Article VI or otherwise.

(B) If a claim under paragraph (A) of this Article VI is not paid in full by the Corporation within sixty (60) days after a written claim, together with reasonable evidence as to the amount of such claim, has been received by the Corporation, except in the case of a claim for advancement of expenses (including attorneys' fees), in which case the applicable period shall be twenty (20) days, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and, if successful in whole or in part, the

claimant shall also be entitled to be paid the expense, including attorneys' fees, of prosecuting such suit. It shall be a defense to any such suit, other than a suit brought to enforce a claim for expenses (including attorneys' fees) incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation, that the claimant has not met the standards of conduct that make it permissible under the DGCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including the Board or a committee thereof, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including the Board or a committee thereof, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the suit or create a presumption that the claimant has not met the applicable standard of conduct. In any suit brought by an indemnitee to enforce a right to indemnification or to advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to such indemnification, or to such advancement of expenses, under this Article VII or otherwise shall be on the Corporation.

(C) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article VI shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the certificate of incorporation, bylaw, agreement, or vote of stockholders or disinterested directors, or otherwise.

(D) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee, or agent of the Corporation or another corporation, partnership, joint venture, trust, or other enterprise against any such expense, liability, or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability, or loss under the DGCL.

(E) In the case of a claim for indemnification or advancement of expenses against the Corporation under this Article VI arising out of acts, events, or circumstances for which the claimant, who was at the relevant time serving as a director, officer, employee, or agent of any other entity at the request of the Corporation, may be entitled to indemnification or advancement of expenses pursuant to such other entity's certificate of incorporation, bylaws, or other governing document, or a contractual agreement between the claimant and such entity, the claimant seeking indemnification or advancement of expenses hereunder shall first seek indemnification or advancement of expenses pursuant to any such governing document or agreement. To the extent that amounts to be paid in indemnification or advancement to a

claimant hereunder are paid by such other entity, the claimant's right to indemnification and advancement of expenses hereunder shall be reduced.

(F) Neither any amendment nor repeal of this Article VI, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article VI, shall eliminate or reduce the effect of this Article VI in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article VI, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VII

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under §291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under §279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

ARTICLE VIII

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (A) any derivative action or proceeding brought on behalf of the Corporation, (B) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of the Corporation to the Corporation or the Corporation's stockholders, (C) any action asserting a claim arising pursuant to any provision of the DGCL, or (D) any action asserting a claim governed by the internal affairs doctrine as such doctrine exists under the law of the State of Delaware.

ARTICLE IX

The Corporation reserves the right to restate this Certificate of Incorporation and to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation (including any rights, preferences or other designations of Preferred Stock) in the manner now or hereafter prescribed by law, and all rights and powers conferred herein on stockholders, directors, and officers are subject to this reserved power. Notwithstanding any other provision of this Certificate of Incorporation, and in addition to any other vote that may be required by law or the terms of any series of Preferred Stock, the affirmative vote of the holders of at least 66-2/3% of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, alter or repeal, or adopt any provision of this Certificate of Incorporation inconsistent with the purpose and intent of, Section 4.3 of Article IV, Article V, Article VI or this Article IX (including, without limitation, any such Article as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other Article).

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EXHIBIT 14.2

LEGACY HOUSING CORPORATION

(the "Company")

CODE OF ETHICS FOR THE CEO AND SENIOR FINANCIAL OFFICERS

The Company has a Code of Business Conduct and Ethics applicable to all directors and employees of the Company. The Chief Executive Officer and all senior financial officers, including the Chief Financial Officer and principal accounting officer and Controller are bound by the provisions set forth therein relating to ethical conduct, conflicts of interest, and compliance with law. In addition to the Code of Business Conduct and Ethics, the Chief Executive Officer and senior financial officers are subject to the following additional specific policies:

1. The Chief Executive Officer and all senior financial officers are responsible for full, fair, accurate, timely, and understandable disclosure in the periodic reports required to be filed by the Company with the SEC. Accordingly, it is the responsibility of the Chief Executive Officer and each senior financial officer promptly to bring to the attention of the General Counsel or, if appropriate, to outside counsel, and if applicable, to the Audit Committee any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings or otherwise assist the General Counsel and the Audit Committee in fulfilling their responsibilities.

2. The Chief Executive Officer and each senior financial officer shall promptly bring to the attention of the General Counsel or, if appropriate, to outside counsel, if applicable, and the Audit Committee any information he or she may have concerning (a) significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize, and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.

3. The Chief Executive Officer and each senior financial officer shall promptly bring to the attention of the General Counsel or, if appropriate, to outside counsel, and to the Audit Committee any information he or she may have concerning any violation of this Code or the Company's Code of Business Conduct and Ethics, including any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other employees who have a significant role in the Company's financial reporting, disclosures, or internal controls.

4. The Chief Executive Officer and each senior financial officer shall promptly bring to the attention of the General Counsel or, if appropriate, to outside counsel, and if applicable, and the Audit Committee any information he or she may have concerning evidence of a material violation of the securities or other laws, rules, or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof, or of violation of the Code of Business Conduct and Ethics or of these additional procedures.

5. The Board of Directors or the Audit Committee shall determine, or designate appropriate persons to determine, appropriate actions to be taken in the event of violations of the Code of Business Conduct and Ethics or of these additional procedures by the Chief Executive Officer and the Company's senior financial officers. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to the Code of Business Conduct and Ethics and to these additional procedures, and may include written notices to the individual involved that the Board has determined that there has been a violation, censure by the Board, demotion or re-assignment of the individual involved, suspension with or without pay or benefits (as determined by the Board), and termination of the individual's employment. In determining the appropriate action in a particular case, the Board of Directors or such designee shall take into

account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action, and whether or not the individual in question had committed other violations in the past.

Publicly Available: This Code shall be posted on the Company's website.

Exhibit 16.1

MONTGOMERY COSCIA GREILICH LLP
972.748.0300 p
972.748.0700 f

September 12, 2018

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We have read the statements made by Legacy Housing Corporation (copy attached), which we understand will be filed with the Securities and Exchange Commission, pursuant to your registration statement. We agree with the statements in the first and third paragraphs, except that we had an unresolved disagreement at the time of our termination regarding the proper accounting for the Company's dealer liability, which if not resolved to our satisfaction would have caused us to make reference to the subject matter of the disagreement in our report. This disagreement could have impacted prior years as well.

We are not in a position to agree or disagree with the statements made in the second paragraph of Legacy Housing Corporation's letter.

/s/ MONTGOMERY COSCIA GREILICH LLP
MONTGOMERY COSCIA GREILICH LLP
Plano, Texas

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EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	Name of Parent Company	Subsidiary State of Organization
None		

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Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated September 19, 2018, with respect to the financial statements of Legacy Housing, Ltd. contained in the Registration Statement and Prospectus. We consent to the use of the aforementioned report in the Registration Statement and Prospectus, and to the use of our name as it appears under the caption "Experts."

/s/ GRANT THORNTON LLP

Dallas, Texas
November 8, 2018

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Exhibit 23.3

CONSENT

Pursuant to Rule 438 under the Securities Act of 1933, as amended, the undersigned hereby consents to being named in the Registration Statement on Form S-1 of Legacy Housing Corporation (the "Company") as a person about to become a director of the Company.

Dated: November 3, 2018

/s/ MARK E. BENNETT

Mark E. Bennett

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Exhibit 23.5

CONSENT

Pursuant to Rule 438 under the Securities Act of 1933, as amended, the undersigned hereby consents to being named in the Registration Statement on Form S-1 of Legacy Housing Corporation (the "Company") as a person about to become a director of the Company.

Dated: November 6, 2018

/s/ JOHN A. ISAKSON

John A. Isakson

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EXHIBIT 3.2

AMENDED AND RESTATED BYLAWS
OF
LEGACY HOUSING CORPORATION

A Delaware corporation

(Adopted as of January 1, 2018)

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AMENDED AND RESTATED BYLAWS OF LEGACY HOUSING CORPORATION

A Delaware corporation

ARTICLE 1

OFFICES

Section 1.1. Registered Office. The address of the registered office of the Corporation in Delaware shall be 160 Greentree Drive, Suite 101, Dover, Delaware 19904, County of Kent. The registered agent at such address in charge thereof shall be National Registered Agents, Inc., all of which shall be subject to change from time to time as permitted by law.

Section 1.2. Other Offices. The Corporation may also have an office or offices or place or places of business within or without the State of Delaware as the Board may from time to time designate.

ARTICLE 2

MEETINGS OF STOCKHOLDERS

Section 2.1. Annual Meeting. The annual meeting of the stockholders shall be held at the principal place of business of the Corporation or at such other place within or outside of Delaware (or may not be held at any place, but may instead be held solely by means of remote communication if so decided by the Board in its sole discretion), on such date and at such time as shall be determined from time to time by the Board, for the purpose of electing directors and for transacting other proper business.

Section 2.2. Special Meetings.

(a) Special meetings of the stockholders for any purpose or purposes, other than those required by statute, may be called at any time by the Board, the Chairman of the Board, or the Chief Executive Officer and shall be called by the Corporation upon the request of the stockholders as set forth in Section 2.2(b) below. Except as set forth in this Section 2.2, no other person may call a special meeting of stockholders. Special meetings of the stockholders shall be held at the principal place of business of the Corporation or at such other place within or outside of Delaware (or may not be held at any place, but may instead be held solely by means of remote communication if so decided by the Board in its sole discretion), on such date and at such time as shall be determined from time to time by the Board, for the purpose set forth in the Corporations notice of meeting.

(b) A special meeting of the stockholders shall be called by the Corporation following the receipt by the Secretary of a written request for a special meeting of the stockholders (a "Special Meeting Request") from one or more record stockholders representing ownership of at least thirty-three and one-third percent (33-1/3%) of the outstanding shares of the Corporation's stock entitled to vote (the "Requisite Holders") if such Special Meeting Request complies with the requirements set forth in this Section 2.2(b). A Special Meeting Request shall only be valid if it is signed and dated by each of the Requisite Holders (or their duly authorized

agents) and if such request sets forth all information required in Section 2.3(a)(2). If a Special Meeting Request complies with this Section 2.2, the Board may fix a record date (in accordance with Section 2.5 herein), which shall not precede and shall not be more than ten (10) days after the close of business on the date on which the resolution fixing the record date is adopted by the Board. If the Board, within ten (10) days after the date on which a valid Special Meeting Request is received, fails to adopt a resolution fixing the record date, the record date shall be the close of business on the tenth (10_{th}) day after the first date on which the Special Meeting Request is received by the Secretary. The Board shall also establish the place (if any), date and time of the special meeting of stockholders requested in such Special Meeting Request. The date of any such special meeting shall not be more than ninety (90) days after the Secretary's receipt of the properly submitted Special Meeting Request; provided, however, that in the event that a Special Meeting Request is received after the expiration of the advance notice period set forth in Section 2.3(a)(2), but before the annual meeting of stockholders, the Board may use its discretion to set the date of a special meeting no more than ten (10) days following the annual meeting of stockholders. Only matters that are stated in the Special Meeting Request shall be brought before and acted upon during the special meeting of stockholders called according to the Special Meeting Request; provided, however, that nothing herein shall prohibit the Board from submitting any matters to the stockholders at any special meeting of stockholders called by the stockholders pursuant to this Section 2.2(b). Requisite Holders may revoke a Special Meeting Request by written revocation delivered to the Corporation at any time prior to the special meeting of stockholders; provided, however, the Board shall have the sole discretion to determine whether to proceed with the special meeting of stockholders following such written revocation. Additionally, a Requisite Holder whose signature (or authorized agent's signature) appears on a Special Meeting Request may revoke such Requisite Holder's participation in a Special Meeting Request at any time by written revocation delivered to the Secretary in the same manner as the Special Meeting Request and if, following any such revocation, the remaining Requisite Holders participating in the Special Meeting Request do not represent at least the Requisite Percentage, the Special Meeting Request shall be deemed revoked. Likewise, any reduction in percentage stock ownership of the Requisite Holders below the Requisite Percentage following delivery of the Special Meeting Request to the Secretary shall be deemed to be a revocation of the Special Meeting Request. If written revocations of requests for the special meeting have been delivered to the Secretary and the result is that stockholders (or their agents duly authorized in writing), as of the date of the Special Meeting Request, entitled to cast less than the Requisite Percentage have delivered, and not revoked, requests for a special meeting to the Secretary, the Secretary shall refrain from mailing the notice of the meeting and send to all requesting stockholders who have not revoked such requests a written notice of any revocation of a reqiest for the special meeting or, if the notice of meeting has been mailed, the Secretary shall send to all requesting stockholders

who have not revoked requests for a special meeting a written notice of any revocation of a request for the special meeting and of the Secretary's intention to revoke the notice of the meeting, and shall there thereafter revoke the notice of the meeting at any time before ten days before the commencement of the meeting. Any request for a special meeting received after a revocation by the Secretary of a notice of a meeting shall be considered a request for a new special meeting. A Special Meeting Request shall not be valid (and thus the special meeting of stockholders requested pursuant to the Special Meeting Request will not be held) if (i) the Special Meeting Request relates to an item of business that is not a proper subject for stockholder action under applicable law; or (ii) the Special Meeting Request was made in a manner that involved a violation of Section 14(a) under the Exchange Act and the rules and regulations thereunder. In addition, if none of the Requisite Holders appears or sends a representative to present the business or nomination submitted by the stockholders in the Special Meeting Request to be conducted at the special meeting of stockholders, the Corporation need not conduct any such business or nomination for a vote at such special meeting of stockholders.

Section 2.3. Notice of Stockholder Business and Nominations.

(a) *Annual Meetings of Stockholders*.

(1) At an annual meeting of stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting of stockholders, nominations of persons for election to the Board of the Corporation and the proposal of other business must be brought (A) pursuant to the Corporation's notice of meeting (or any supplement thereto), (B) by or at the direction of the Board or any committee thereof, or (C) by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.3(a) is delivered to the Secretary of the Corporation and on the record date for the determination of stockholders entitled to vote at the annual meeting, who is entitled to vote at the meeting, and who complies with the notice procedures set forth in this Section 2.3(a). For the avoidance of doubt, clause (C) above shall be the exclusive means for a stockholder to make nominations and submit other business (other than matters properly included in the Corporation's notice of meeting of stockholders an proxy statement under Rule 14a-8 of the Exchange Act) before an annual meeting of stockholders.

(2) For any nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of paragraph (a)(1) of this Section 2.3, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation at the Corporation's principal executive offices, and any such proposed business (other than the nominations of persons for election to the Board) must constitute a proper matter for stockholder action at such meeting. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than thirty (30) days prior to such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (A) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of such nominee, (ii) the principal occupation or employment of such nominee, (iii) the class or series and number of shares of stock that are owned beneficially and of record by such nominee as well as any derivative or synthetic

instrument, convertible security, put, option, stock appreciation right, swap or similar contract, agreement, arrangement or understanding the value of or return on which is based on or linked to the value of or return on any shares of stock, (iv) a description of any agreement, arrangement, or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such nominee, whether or not such instrument or right shall be subject to settlement in underlying shares of stock, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such nominee with respect to securities of the Corporation, (v) all information relating to such nominee that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise

required, in each case pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, and (vi) such nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, (i) a brief description of the business desired to be brought before the meeting, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Bylaws, the language of the proposed amendment), (iii) the reasons for conducting such business at the meeting, and (iv) any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and any beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class or series and number of shares of stock that are owned beneficially and of record by such stockholder and such beneficial owner as well as any derivative or synthetic instrument, convertible security, put, option, stock appreciation right, swap or similar contract, agreement, arrangement or understanding the value of or return on which is based on or linked to the value of or return on any shares of stock, (iii) a description of any agreement, arrangement, or understanding with respect to the nomination or proposal between or among such stockholder and/or such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing, including, in the case of a nomination, the nominee, (iv) a description of any agreement, arrangement, or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder and such beneficial owners, whether or not such instrument or right shall be subject to settlement in underlying shares of stock, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to securities of the Corporation, (v) a representation that the stockholder is a holder of record of stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (vi) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group that intends (I) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the outstanding stock required to approve or adopt the proposal or elect the nominee and/or (II) otherwise to solicit proxies or votes from stockholders in support of such proposal or nomination, and (vii) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) At the request of the Board, any person nominated by a stockholder for election or reelection as a director must furnish to the Secretary of the Corporation (A) that information required to be set forth in the

stockholder's notice of nomination of such person as a director as of a date subsequent to the date on which the notice of such person's nomination was given and (B) such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director or audit committee financial expert of the corporation under applicable law, securities exchange rule or regulation, or any publicly-disclosed corporate governance guideline or committee charter of the Corporation and (C) that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee; in the absence of the furnishing of such

information if requested, such stockholder's nomination shall not be considered in proper form pursuant to this Section 2.3.

(4) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 2.3 to the contrary, in the event that the number of directors to be elected to the Board of the Corporation at the annual meeting is increased effective after the time period for which nominations would otherwise be due under paragraph (a)(2) of this Section 2.3, and there is no public announcement by the Corporation naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.3 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(b) *Special Meetings of Stockholders*.

(1) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (A) by or at the direction of the Board or (B) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.3(b) is delivered to the Secretary of the Corporation and on the record date for the determination of stockholders entitled to vote at the special meeting , who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 2.3(b).

(2) In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder delivers a notice in the form as is required by paragraph (a)(2) of this Section 2.3 to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) *General*.

(1) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in this Section 2.3 shall be eligible to be elected at an annual or special meeting of stockholders to serve as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.3. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty (A) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as

the case may be, in accordance with the procedures set forth in this Section 2.3, and (B) if any proposed nomination or business was not made or proposed in compliance with this Section 2.3, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 2.3, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.3, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders, and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(2) A stockholder providing written notice required by this Section 2.3 shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) the date that is ten (10) business days prior to the meeting and, in the event of any adjournment or postponement thereof, ten (10) business days prior to such adjourned or postponed meeting. In the case of an update and supplement pursuant to clause (i) of this Section 2.3(c)(2), such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of this Section 2.3(c)(2), such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days prior to the date for the meeting, and, in the event of any adjournment or postponement thereof, five (5) business days prior to such adjourned or postponed meeting.

(3) For purposes of this Section 2.3, "public announcement" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press, or other national news service, or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(4) Notwithstanding the foregoing provisions of this Section 2.3, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 2.3; provided, however, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 2.3, and compliance with this Section 2.3 shall be the exclusive means for a stockholder to make nominations or submit other business (other than, as provided in the last sentence of (a)(1), business other than nominations brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in this Section 2.3 shall be deemed to affect any rights (A) of stockholders to request

inclusion of proposals or nominations in the Corporation's proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act, or (B) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the certificate of incorporation

Section 2.4. Notice of Meetings. Notice of all stockholders' meetings shall be given in writing by the Secretary or another officer of the Corporation authorized to give such notice, or (b) in case of a special meeting duly requested by stockholders pursuant to Section 2.2 and for which the Secretary has refused to give notice, by the stockholders entitled to call such meeting. Notice of any stockholders' meeting shall state the date and hour when and the place where it is to be held, if any (or, the means of remote communication, if any, by which stockholders may be deemed to be present in person and vote at such meeting), the record date for determining the stockholders entitled to vote at such meeting if such date is different from the record date for determining the stockholders entitled to notice of such meeting, and, in the case of a special meeting, the purpose or purposes for which such meeting is called. Subject to Section 7.3, and unless otherwise required by law, not more than sixty (60) nor less than ten (10) days prior to any such meeting, such notice shall be given to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting, directed by United States mail, postage prepaid, to such stockholder's address as it appears upon the records of the Corporation.

Section 2.5. Record Date. The Board may fix a date, which date shall not precede the date upon which the resolution fixing such date is adopted by the Board and shall not be more than sixty (60) nor less than ten (10) days preceding any meeting of stockholders, as the record date for the determination of the stockholders entitled to notice of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of such meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which such meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the provisions of Section 213 of the DGCL and this Section 2.5 at the adjourned meeting. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 2.6. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; provided, however, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares of stock registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting, during ordinary business hours, at the

principal place of business of the Corporation. A list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place, if any, of the meeting during the whole time thereof and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. The stock ledger shall be the only evidence as to who are the stockholders entitled to vote in person or by proxy at any meeting of stockholders.

Section 2.7. Voting. Except as may be otherwise required by law, the Certificate of Incorporation, or these Bylaws, (a) every stockholder of record shall be entitled to one (1) vote for each share of stock held of record by such stockholder on the record date for determining the stockholders entitled to vote or act by written consent; (b) in all matters other than a contested election of directors, the affirmative vote of the majority of shares of stock present in person or represented by proxy at a stockholders' meeting having a quorum and entitled to vote on the subject matter shall be the act of the stockholders; and (c) in a contested election of directors, directors shall be elected by a plurality of the votes of the shares of stock present in person or represented by proxy at a stockholders' meeting having a quorum and entitled to vote on the election of directors. No stockholder will be permitted to cumulate votes at any election of directors.

Section 2.8. No Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation and may not be effected by any consent in writing by the stockholders.

Section 2.9. Proxies. At any meeting of the stockholders, any stockholder entitled to vote thereat may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by transmission permitted by law filed in accordance with the procedure established for the meeting, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL. A written proxy may be in the form of a telegram, cablegram, or other means of electronic transmission which sets forth or is submitted with information from which it can be determined that the telegram, cablegram, or other means of electronic transmission was authorized by the person.

Section 2.10. Quorum. Except as may be otherwise required by law or the Certificate of Incorporation, at any meeting of the stockholders, the presence in person or by proxy of the holders of record of shares of stock that would constitute a majority of the votes if all the issued and outstanding shares of stock entitled to vote at such meeting were present and voted shall be necessary to constitute a quorum; provided, however, that, where a separate vote by a class or series of stock is required, a quorum shall consist of the presence in person or by proxy of the holders of record of shares of stock that would constitute a majority of the votes of such class or series if all issued and outstanding shares of stock of such class or series entitled to vote at such meeting were present and voted. In the absence of a quorum and until a quorum is secured, either the chairman of the meeting or a majority of the votes cast at the meeting by stockholders who are present in person or by proxy may adjourn the meeting, from time to time, without further notice if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken. No business shall be transacted at any such adjourned meeting except such as might have been lawfully transacted at the original meeting.

Section 2.11. Adjournment. Any meeting of stockholders may be adjourned at the meeting from time to time, either by the chairman of the meeting, for an announced proper purpose, or by the stockholders, for any purpose, to reconvene at a later time and at the same or some other place, if any, and by the same or other means of remote communication, if any, and, unless otherwise required by law, notice need not be given of any such adjourned meeting if the time and place, if any, or the means of remote communication, if any, thereof are announced at the meeting at which the adjournment is taken. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix a new record date for notice of such adjourned meeting in accordance with the DGCL and section 2.5 herein and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting. No business shall be transacted at any such adjourned meeting except such as might have been lawfully transacted at the original meeting.

Section 2.12. Organization of Meetings. Meetings of stockholders shall be presided over by the chairman of the meeting, who shall be one of the following, here listed in the order of preference: (a) the Chairman of the Board; or (b) in the Chairman's absence, the Chief Executive Officer; or (c) in the Chief Executive Officer's absence, the President; or (d) in the President's absence, a Vice President; or (d) in the absence of the foregoing officers, a chairman chosen by the stockholders at the meeting. The Secretary shall act as secretary of the meeting, but in such officer's absence, the chairman of the meeting shall appoint a secretary of the meeting.

Section 2.13. Conduct of Meetings. Subject to and to the extent permitted by law, the Board may adopt by resolution such rules and regulations for the conduct of meetings of stockholders as it shall deem appropriate. Except to the extent inconsistent with law or such rules and regulations as adopted by the Board, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations, and procedures, and to do all such acts, as in the judgment of such chairman are appropriate for the proper conduct of the meeting. Such rules, regulations, or procedures, whether adopted by the Board or prescribed by the chairman of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting and announcement of the date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders, their duly authorized proxies, or such other persons as the chairman of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; (e) limitations on the time allotted to questions or comments by participants; and (f) appointment of inspectors of election and other voting procedures, including those procedures set out in Section 231 of the DGCL. Unless and to the extent determined otherwise by the Board or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.14. Joint Owners Of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but

the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in Section 217(b) of the DGCL. If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

ARTICLE 3

BOARD OF DIRECTORS

Section 3.1. Number. Except as may be otherwise provided in the Certificate of Incorporation and subject to the rights of holders of any series of Preferred Stock, the entire Board shall consist of one (1) or more directors, the total number thereof shall be authorized first by the incorporator of the Corporation and thereafter from time to time solely by resolution of the Board. Each director shall serve until his or her successor is duly elected and qualified or until his or her death, resignation, or removal. Directors need not be stockholders of the Corporation.

Section 3.2. Resignations and Vacancies.

(a) Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation; provided, however, that if such notice is given by electronic transmission, such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the director. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. Acceptance of such resignation shall not be necessary to make it effective. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, when one or more directors resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

(b) Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, and except as otherwise provided in the DGCL, vacancies occurring on the Board for any reason and newly created directorships resulting from an increase in the authorized number of directors shall be filled only by vote of a majority of the remaining members of the Board, although less than a quorum, or by a sole remaining director, at any meeting of the Board. A person so elected by the Board to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been assigned by the Board and until his or her successor shall be duly elected and qualified, or until such director's earlier death, resignation, or removal.

Section 3.3. Meetings. The Board may by resolution provide for regular meetings to be held at such times and places as it may determine, and such meetings may be held without further notice. Special meetings of the Board may be called by the Chairman, the Chief Executive Officer, the President, or by not less than a majority of the directors then in office. Subject to Section 7.3, notice of the time and place of such meeting shall be given by or at the direction of the person or persons calling the meeting, and shall be delivered personally, telephoned, or sent by electronic mail or facsimile, to each director at least twenty-four (24) hours prior to the time of the meeting, or sent by First Class United States mail, postage prepaid, to each director at such

director's address as shown on the records of the Corporation, in which case such notice shall be deposited in the United States mail no later than the fourth (4th) business day preceding the day of the meeting. Unless otherwise specified in the notice of a special meeting, any and all business may be transacted at such meeting. Meetings of the Board, both regular and special, may be held either within or outside the State of Delaware. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the board of directors, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 3.4. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all the directors or all members of the committee, as the case may be, consent thereto in writing or by electronic transmission, and such writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee, as the case may be.

Section 3.5. Quorum. At any meeting of the Board, the presence of (a) a majority of the directors then in office or (b) one-third (1/3) of the total number of directors, whichever is greater, shall be necessary to constitute a quorum for the transaction of business. Notwithstanding the foregoing, if at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time without further notice if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken.

Section 3.6. Vote Necessary to Act and Participation by Conference Telephone. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board, except as may otherwise be provided by law, the Certificate of Incorporation, or these Bylaws. Participation in a meeting by conference telephone or similar means by which all participating directors can hear each other shall constitute presence in person at such meeting.

Section 3.7 Fees and Compensation of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have the authority to fix the compensation of directors.

Section 3.8. Executive and Other Committees.

(a) The Board may by resolution designate an Executive Committee and/or one or more other committees, each committee to consist of two (2) or more directors, except that the Executive Committee, if any, shall consist of not less than (3) directors. Any such committee, to the extent provided in such resolution or in these Bylaws, shall have and may exercise the powers and authority of the Board in the management of the business and affairs of the Corporation, except in reference to powers or authority expressly forbidden such committee by law, and may authorize the seal of the corporation to be fixed to all papers that may require it.

(b) During the intervals between meetings of the Board, the Executive Committee, unless restricted by resolution of the Board, shall possess and may exercise, under the control and direction of the Board, all of the powers of the Board in the management and control of the business of the Corporation to the fullest extent permitted by law. All action taken by the Executive Committee shall be reported to the Board at its first meeting thereafter and shall be subject to revision or rescission by the Board; provided, however, that rights of third parties shall not be affected by any such action by the Board.

(c) If any member of any such committee other than the Executive Committee is absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member.

(d) Any such committee shall meet at stated times or on notice to all of its own number. It shall fix its own rules of procedure. A majority shall constitute a quorum, but the affirmative vote of a majority of the whole committee shall be necessary to act in every case.

Section 3.9. Indemnification.

(a) Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as such director, officer, employee, or agent, or in any other capacity while serving as such director, officer, employee, or agent, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than the DGCL permitted the Corporation to provide prior to such amendment), against all expense, liability, and loss (including attorneys' fees, judgments, fines, other expenses and losses, amounts paid or to be paid in settlement, and excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer, employee, or agent, and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that, except as provided in paragraph (b) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board. The right to indemnification conferred in this Section 3.9 shall be a contract right and shall include the right of a director or officer to be paid by the Corporation the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of an undertaking, which undertaking shall itself be sufficient without the need for further evaluation of any credit aspects of the undertaking or with respect to such advancement, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined by a final, non-appealable order of a court of competent jurisdiction that such director or officer is not entitled to be indemnified under this Section 3.9 or otherwise.

(b) If a claim under Section 3.9(a) is not paid in full by the Corporation within sixty (60) days after a written claim, together with reasonable evidence as to the amount of such claim, has been received by the Corporation, except in the case of a claim for advancement of expenses (including attorneys' fees), in which case the applicable period shall be twenty (20) days, the claimant may at any time thereafter bring suit against the Corporation to recover the

unpaid amount of the claim, and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense, including attorneys' fees, of prosecuting such suit. It shall be a defense to any such suit, other than a suit brought to enforce a claim for expenses (including attorneys' fees) incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation, that the claimant has not met the standards of conduct that make it permissible under the DGCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including the Board or a committee thereof, independent legal counsel, or the stockholders) to have made a determination prior to the commencement of such suit that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including the Board or a committee thereof, independent legal counsel, or the stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the suit or create a presumption that the claimant has not met the applicable standard of conduct. In any suit brought by an indemnitee to enforce a right to indemnification or to advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to such indemnification, or to such advancement of expenses, under this Section 3.9 or otherwise shall be on the Corporation.

(c) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 3.9 shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaw, agreement, or vote of stockholders or disinterested directors, or otherwise.

(d) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee, or agent of the Corporation or another corporation, partnership, joint venture, trust, or other enterprise against any such expense, liability, or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability, or loss under the DGCL.

(e) In the case of a claim for indemnification or advancement of expenses against the Corporation under this Section 3.9 arising out of acts, events, or circumstances for which the claimant, who was at the relevant time serving as a director, officer, employee, or agent of any other entity at the request of the Corporation, may be entitled to indemnification or advancement of expenses pursuant to such other entity's certificate of incorporation, bylaws, or other governing document, or a contractual agreement between the claimant and such entity, the claimant seeking indemnification or advancement of expenses hereunder shall first seek indemnification or advancement of expenses pursuant to any such governing document or agreement. To the extent that amounts to be paid in indemnification or advancement to a claimant hereunder are paid by such other entity, the claimant's right to indemnification and advancement of expenses hereunder shall be reduced**.**

Section 3.10. Removal. Except as may be otherwise provided in the Certificate of Incorporation and subject to the rights of holders of any series of Preferred Stock, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

Section 3.11. Chairman. The Board shall elect a Chairman from among the directors. The Chairman shall preside at all meetings of the Board and shall perform such other duties as may be directed by resolution of the Board or as otherwise set forth in these Bylaws.

ARTICLE 4

OFFICERS

Section 4.1. Officers Generally. The Corporation shall have the Chief Executive Officer, the President, the Chief Financial Officer, Chief Operating Officer, the Secretary, the Treasurer and one or more Vice Presidents, all of whom shall be chosen by the Board. The Corporation may also have one or more Assistant Secretaries, Assistant Treasurers, and other officers and agents as the Board may deem advisable, all of whom shall be chosen by the Board. The Board may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the Corporation at any one time unless specifically prohibited therefrom by law. All officers shall hold office for one (1) year and until their successors are selected and qualified, unless otherwise specified by the Board; provided, however, that any officer shall be subject to removal at any time by Board and the Board may fill any vacant officer position. The officers shall have such powers and shall perform such duties, executive or otherwise, as from time to time may be assigned to them by the Board and, to the extent not so assigned, as generally pertain to their respective offices, subject to the control of the Board. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board.

Section 4.2. Duties of Officers.

(a) *Chief Executive Officer*. The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board, unless the Chairman of the Board has been appointed and is present. Unless an officer has been appointed Chief Executive Officer of the Corporation, the President shall be the chief executive officer of the Corporation and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Corporation. To the extent that a Chief Executive Officer has been appointed and no President has been appointed, all references in these Bylaws to the President shall be deemed references to the Chief Executive Officer. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board shall designate from time to time.

(b) *President*. The President shall preside at all meetings of the stockholders and at all meetings of the Board (if a director), unless the Chairman of the Board or the Chief Executive Officer has been appointed and is present. Unless another officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the Corporation and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Corporation. The President shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board shall designate from time to time.

(c) *Chief Financial Officer*. The Chief Financial Officer shall keep or cause to be kept the books of account of the Corporation in a thorough and proper manner and shall render statements of the financial affairs of the Corporation in such form and as often as required by the Board or the President. The Chief Financial Officer, subject to the order of the Board, shall have the custody of all funds and securities of the Corporation. The Chief Financial Officer shall

perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board or the President shall designate from time to time. To the extent that a Chief Financial Officer has been appointed and no Treasurer has been appointed, all references in these Bylaws to the Treasurer shall be deemed references to the Chief Financial Officer. The President may direct the Treasurer, if any, or any Assistant Treasurer, or the Controller or any Assistant Controller to assume and perform the duties of the Chief Financial

Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each Controller and Assistant Controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board or the President shall designate from time to time.

(d) *Chief Operating Officer*. The Chief Operating Officer shall preside at all meetings of the stockholders and at all meetings of the Board (if a director), unless the Chairman of the Board, the Chief Executive Officer or the President has been appointed and is present. The Chief Operating Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board, Chief Executive Officer or President shall designate from time to time.

(e) *Secretary*. The Secretary shall attend all meetings of the stockholders and of the Board and shall record all acts and proceedings thereof in the minute book of the Corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board shall designate from time to time. The President may direct any Assistant Secretary or other officer to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board or the President shall designate from time to time.

(f) *Treasurer*. Unless another officer has been appointed Chief Financial Officer of the Corporation, the Treasurer shall be the chief financial officer of the Corporation and shall keep or cause to be kept the books of account of the Corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board, the Chief Executive Officer or the President, and, subject to the order of the Board, shall have the custody of all funds and securities of the Corporation. The Treasurer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board, the Chief Executive Officer or the President shall designate from time to time.

(g) *Vice Presidents*. The Vice Presidents may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board or the Chief Executive Officer, or, if the Chief Executive Officer has not been appointed or is absent, the President shall designate from time to time.

(h) *Other Officers*. Other officers of the Corporation shall have such powers and shall perform such duties as may be assigned by the Board.

Section 4.3. Authority to Sign. The Board may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the Corporation any corporate instrument or document, or to sign on behalf of the Corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the Corporation. All checks and drafts drawn on banks or other depositaries on funds to the credit of the Corporation or in special accounts of the Corporation shall be signed by such person or persons as the Board shall authorize so to do. Unless authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the

Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 4.4. Voting Of Securities Owned By The Corporation. All stock and other securities of other corporations owned or held by the Corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board, or, in the absence of such authorization, by the Chairman of the Board, the Chief Executive Officer, the President, or any Vice President.

ARTICLE 5

STOCK

Section 5.1. Certificates. Shares of stock shall be represented by certificates, provided that the Board may provide by resolution that some or all of any or all classes or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of record of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, the Chief Operating Officer or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of shares of stock owned by such holder. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.

Section 5.2. Lost, Stolen, or Destroyed Stock Certificates; Issuance of New Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 5.3. Transfers. Transfers of record of shares of stock of the Corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares. The Corporation shall have power to enter

into and perform any agreement with any number of stockholders of any one or more classes of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 5.4. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other

person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE 6

DIVIDENDS

Section 6.1. Declaration Of Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 6.2. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Board shall think conducive to the interests of the corporation, and the Board may modify or abolish any such reserve in the manner in which it was created.

ARTICLE 7

GENERAL MATTERS

Section 7.1. Seal. The corporate seal shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board.

Section 7.2. Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board.

Section 7.3. Waiver of Notice of Meetings of Stockholders, Directors, and Committees. Any waiver of notice given by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, and does object, at the beginning of such meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of the Board need be specified in a waiver of notice.

Section 7.4. Amendments to the Bylaws. Subject to the provisions of the Certificate of Incorporation, the Board is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series

of stock of the Corporation required by law or by the Certificate of Incorporation, any amendment or modification of Section 2.2, Section 2.3, Section 2.7, Section 2.8, Section 3.1, Section 3.2, Section 3.9, Section 3.10 and this Section 7.4 shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE 8

CONSTRUCTION AND DEFINED TERMS

Section 8.1. Construction. As appropriate in context, whenever the singular number is used in these Bylaws, the same includes the plural, and whenever the plural number is used in these Bylaws, the same includes the singular. As used in these Bylaws, each of the neuter, masculine, and feminine genders includes the other two genders. As used in these Bylaws, "include," "includes," and "including" shall be deemed to be followed by "without limitation".

Section 8.2. Defined Terms. As used in these Bylaws,

"**Affiliates**" and "**associates**" shall have the meanings set forth in Rule 405 under the Securities Act.

"Board" means the board of directors of the Corporation.

"Bylaws" means these bylaws of the Corporation, as the same may be amended from time to time.

"Certificate of Incorporation" means the Certificate of Incorporation of the Corporation, as the same may be amended from time to time.

"Common Stock" means the common stock of the Corporation, par value $0.001 per share.

"Corporation" means Legacy Housing Corporation.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"DGCL" means the General Corporation Law of the State of Delaware, as the same may be amended from time to time.

"Securities Act" means the Securities Act of 1933, as amended.

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EXHIBIT 4.1

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

001 *****[ ]*****

LEGACY HOUSING CORPORATION
AUTHORIZED CAPITAL 100,000,000 SHARES, COMMON STOCK, PAR VAULE $0.001 PER SHARE

SEE REVERSE SIDE FOR CERTAIN DEFINITIONS.

[ ]
*****[ ] ([ ])*****

Date: , 20

Curtis D. Hodgson, Co-Chief Executive Officer and Secretary

Kenneth E. Shipley, Co-Chief Executive Officer and Treasurer

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EXHIBIT 10.1

LEGACY HOUSING CORPORATION

2018 INCENTIVE COMPENSATION PLAN

LEGACY HOUSING CORPORATION

2018 INCENTIVE COMPENSATION PLAN

1. *Purpose*. The purpose of this LEGACY HOUSING CORPORATION 2018 INCENTIVE COMPENSATION PLAN (the "Plan") is to assist Legacy Housing Corporation, a Delaware corporation (the "Company") and its Related Entities (as hereinafter defined) in attracting, motivating, retaining and rewarding high-quality executives and other employees, officers, directors, consultants and other persons who provide services to the Company or its Related Entities by enabling such persons to acquire or increase a proprietary interest in the Company in order to strengthen the mutuality of interests between such persons and the Company's shareholders, and providing such persons with performance incentives to expend their maximum efforts in the creation of shareholder value.

2. *Definitions*. For purposes of the Plan, the following terms shall be defined as set forth below, in addition to such terms defined in Section 1 hereof.

(a) "Award" means any Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award, Share granted as a bonus or in lieu of another award, Dividend Equivalent, Other Stock-Based Award or Performance Award, together with any other right or interest, granted to a Participant under the Plan.

(b) "Award Agreement" means any written agreement, contract or other instrument or document evidencing any Award granted by the Committee hereunder.

(c) "Beneficiary" means the person, persons, trust or trusts that have been designated by a Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Plan upon such Participant's death or to which Awards or other rights are transferred if and to the extent permitted under Section 10(b) hereof. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive such benefits.

(d) "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act and any successor to such Rule.

(e) "Board" means the Company's Board of Directors.

(f) "Cause" shall, with respect to any Participant have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, "Cause" shall have the equivalent meaning or the same meaning as "cause" or "for cause" set forth in any employment, consulting, or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such agreement or any such definition in such agreement, such term shall mean (i) the failure by the Participant to perform, in a reasonable manner, his or her duties as assigned by the Company or a Related Entity, (ii) any violation or breach by the Participant of his or her employment, consulting or other similar agreement with the Company or a Related Entity, if any, (iii) any violation or breach by the Participant of any non-competition, non-solicitation, non-disclosure and/or other similar agreement with the Company or a Related Entity, (iv) any act by the Participant of dishonesty or bad faith with respect to the Company or a Related Entity, (v) use of alcohol, drugs or other similar substances in a manner that adversely affects the Participant's work performance, or (vi) the commission by the Participant of any act, misdemeanor, or crime reflecting unfavorably upon the Participant or the Company or any Related Entity. The good faith determination by the Committee of whether the Participant's Continuous Service was terminated by the Company for "Cause" shall be final and binding for all purposes hereunder.

(g) "Change in Control" means a Change in Control as defined with related terms in Section 9(b) of the Plan.

(h) "Code" means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

(i) "Committee" means a committee designated by the Board to administer the Plan; provided, however, that if the Board fails to designate a committee or if there are no longer any members on the

committee so designated by the Board, then the Board shall serve as the Committee. The Committee shall consist of at least two directors, and each member of the Committee shall be (i) a "non-employee director" within the meaning of Rule 16b-3 (or any successor rule) under the Exchange Act, unless administration of the Plan by "non-employee directors" is not then required in order for exemptions under Rule 16b-3 to apply to transactions under the Plan, (ii) an "outside director" within the meaning of Section 162(m) of the Code, and (iii) "Independent."

(j) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(k) "Continuous Service" means the uninterrupted provision of services to the Company or any Related Entity in any capacity of Employee, Director, Consultant or other service provider. Continuous Service shall not be considered to be interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entities, or any successor entities, in any capacity of Employee, Director, Consultant or other service provider, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director, Consultant or other service provider (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(l) "Covered Employee" means an Eligible Person who is a "covered employee" within the meaning of Section 162(m)(3) of the Code, or any successor provision thereto.

(m) "Deferred Stock" means a right to receive Shares, including Restricted Stock, cash or a combination thereof, at the end of a specified deferral period.

(n) "Deferred Stock Award" means an Award of Deferred Stock granted to a Participant under Section 6(e) hereof.

(o) "Director" means a member of the Board or the board of directors of any Related Entity.

(p) "Disability" means a permanent and total disability (within the meaning of Section 22(e) of the Code), as determined by a medical doctor satisfactory to the Committee.

(q) "Discounted Option" means any Option awarded under Section 6(b) hereof with an exercise price that is less than the Fair Market Value of a Share on the date of grant.

(r) "Discounted Stock Appreciation Right" means any Stock Appreciation Right awarded under Section 6(c) hereof with an exercise price that is less than the Fair Market Value of a Share on the date of grant.

(s) "Dividend Equivalent" means a right, granted to a Participant under Section 6(g) hereof, to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares, or other periodic payments.

(t) "Effective Date" means the effective date of the Plan, which shall be January , 2018.

(u) "Eligible Person" means each officer, Director, Employee, Consultant and other person who provides services to the Company or any Related Entity. The foregoing notwithstanding, only employees of the Company, or any parent corporation or subsidiary corporation of the Company (as those terms are defined in Sections 424(e) and (f) of the Code, respectively), shall be Eligible Persons for purposes of receiving any Incentive Stock Options. An Employee on leave of absence may be considered as still in the employ of the Company or a Related Entity for purposes of eligibility for participation in the Plan.

(v) "Employee" means any person, including an officer or Director, who is an employee of the Company or any Related Entity. The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(w) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(x) "Fair Market Value" means the fair market value of Shares, Awards or other property as determined by the Committee, or under procedures established by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of a Share as of any given date shall be the closing sale price per Share reported on a consolidated basis for stock listed on the principal stock exchange or market on which Shares are traded on the date as of which such value is being determined or, if there is no sale on that date, then on the last previous day on which a sale was reported.

(y) "Good Reason" shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, "Good Reason" shall have the equivalent meaning or the same meaning as "good reason" or "for good reason" set forth in any employment, consulting or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such agreement or any such definition in such agreement, such term shall mean (i) the assignment to the Participant of any duties inconsistent in any material respect with the Participant's position, authority, duties or responsibilities as assigned by the Company or a Related Entity, or any other action by the Company or a Related Entity which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose any action not taken in bad faith and which is remedied by the Company or a Related Entity promptly after receipt of notice thereof given by the Participant, or any action taken with the consent of the Participant; or (ii) any material failure by the Company or a Related Entity to comply with its obligations to the Participant as agreed upon, other than any failure not occurring in bad faith and which is remedied by the Company or a Related Entity promptly after receipt of notice thereof given by the Participant.

(z) "Incentive Stock Option" means any Option intended to be designated as an incentive stock option within the meaning of Section 422 of the Code or any successor provision thereto.

(aa) "Independent," when referring to either the Board or members of the Committee, shall have the same meaning as used in the rules of the American Stock Exchange or any national securities market on which any securities of the Company are listed for trading, and if not quoted or listed for trading, by the rules of the American Stock Exchange.

(bb) "Incumbent Board" means the Incumbent Board as defined in Section 9(b)(ii) of the Plan.

(cc) "Option" means a right granted to a Participant under Section 6(b) hereof, to purchase Shares or other Awards at a specified price during specified time periods.

(dd) "Optionee" means a person to whom an Option is granted under this Plan or any person who succeeds to the rights of such person under this Plan.

(ee) "Option Proceeds" means the cash actually received by the Company for the exercise price in connection with the exercise of Options that are exercised after the Effective Date of the Plan, plus the maximum tax benefit that could be realized by the Company as a result of the exercise of such Options, which tax benefit shall be determined by multiplying (i) the amount that is deductible for Federal income tax purposes as a result of any such option exercise (currently, equal to the amount upon which the Participant's withholding tax obligation is calculated), times (ii) the maximum Federal corporate income tax rate for the year of exercise. With respect to Options, to the extent that a Participant pays the exercise price and/or withholding taxes with Shares, Option Proceeds shall not be calculated with respect to the amounts so paid in Shares.

(ff) "Other Stock-Based Awards" means Awards granted to a Participant under Section 6(i) hereof.

(gg) "Outside Director" means a member of the Board who is not an Employee.

(hh) "Participant" means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.

(ii) "Performance Award" shall mean any Award of Performance Shares or Performance Units granted pursuant to Section 6(h).

(jj) "Performance Period" means that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.

(kk) "Performance Share" means any grant pursuant to Section 6(h) of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

(ll) "Performance Unit" means any grant pursuant to Section 6(h) of a unit valued by reference to a designated amount of property (including cash) other than Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

(mm) "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a "group" as defined in Section 13(d) thereof.

(nn) "Related Entity" means any Subsidiary, and any business, corporation, partnership, limited liability company or other entity designated by Board in which the Company or a Subsidiary holds a substantial ownership interest, directly or indirectly.

(oo) "Restricted Stock" means any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such risks of forfeiture and other restrictions as the Committee, in its sole discretion, may impose (including any restriction on the right to vote such Share and the right to receive any dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

(pp) "Restricted Stock Award" means an Award granted to a Participant under Section 6(d) hereof.

(qq) "Rule 16b-3" means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(rr) "Shareholder Approval Date" means the date on which this Plan is approved shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Code Sections 162(m) (if applicable) and 422, Rule 16b-3 under the Exchange Act (if applicable), applicable requirements under the rules of any stock exchange or automated quotation system on which the Shares may be listed on quoted, and other laws, regulations and obligations of the Company applicable to the Plan.

(ss) "Shares" means the shares of common stock of the Company, par value $.001 per share, and such other securities as may be substituted (or resubstituted) for Shares pursuant to Section 10(c) hereof.

(tt) "Stock Appreciation Right" means a right granted to a Participant under Section 6(c) hereof.

(uu) "Subsidiary" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% or more of the assets on liquidation or dissolution.

(vv) "Substitute Awards" shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company acquired by the Company or any Related Entity or with which the Company or any Related Entity combines.

3. *Administration.*

(a) Authority of the Committee. The Plan shall be administered by the Committee, except to the extent the Board elects to administer the Plan, in which case the Plan shall be administered

by only those directors who are Independent Directors, in which case references herein to the "Committee" shall be deemed to include references to the Independent members of the Board. The Committee shall have full and final authority, subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants, grant Awards, determine the type, number and other terms and conditions of, and all other matters relating to, Awards, prescribe Award Agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award Agreements and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee

may deem necessary or advisable for the administration of the Plan. In exercising any discretion granted to the Committee under the Plan or pursuant to any Award, the Committee shall not be required to follow past practices, act in a manner consistent with past practices, or treat any Eligible Person or Participant in a manner consistent with the treatment of other Eligible Persons or Participants.

(b) *Manner of Exercise of Committee Authority*. The Committee, and not the Board, shall exercise sole and exclusive discretion on any matter relating to a Participant then subject to Section 16 of the Exchange Act with respect to the Company to the extent necessary in order that transactions by such Participant shall be exempt under Rule 16b-3 under the Exchange Act. Any action of the Committee shall be final, conclusive and binding on all persons, including the Company, its Related Entities, Participants, Beneficiaries, transferees under Section 10(b) hereof or other persons claiming rights from or through a Participant, and shareholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or managers of the Company or any Related Entity, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions as the Committee may determine to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company and will not cause Awards intended to qualify as "performance-based compensation" under Code Section 162(m) to fail to so qualify. The Committee may appoint agents to assist it in administering the Plan.

(c) *Limitation of Liability*. The Committee and the Board, and each member thereof, shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or Employee, the Company's independent auditors, Consultants or any other agents assisting in the administration of the Plan. Members of the Committee and the Board, and any officer or Employee acting at the direction or on behalf of the Committee or the Board, shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

4. *Shares Subject to Plan*.

(a) *Limitation on Overall Number of Shares Available for Delivery Under Plan*. Subject to adjustment as provided in Section 10(c) hereof, the total number of Shares reserved and available for delivery under the Plan shall be [10,000,000]. Any Shares delivered under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

(b) *Application of Limitation to Grants of Award.* No Award may be granted if the number of Shares to be delivered in connection with such an Award or, in the case of an Award relating to Shares but settled only in cash (such as cash-only Stock Appreciation Rights), the number of Shares to which such Award relates, exceeds the number of Shares remaining available for delivery under the Plan,

minus the number of Shares deliverable in settlement of or relating to then outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of Shares actually delivered differs from the number of Shares previously counted in connection with an Award.

(c) Availability of Shares Not Delivered under Awards and Adjustments to Limits.

(i) If any Shares subject to an Award are forfeited, expire or otherwise terminate without issuance of such Shares, or any Award is settled for cash or otherwise does not result in the issuance of all or a portion of the Shares subject to such Award or award, the Shares shall, to the extent of such forfeiture, expiration, termination, cash settlement or non-issuance, again be available for Awards under the Plan, subject to Section 4(c)(v) below.

(ii) In the event that any Option or other Award granted hereunder is exercised through the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, or withholding tax liabilities arising from such option or other award are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, then only the number of Shares issued net of the Shares tendered or withheld shall be counted for purposes of determining the maximum number of Shares available for grant under the Plan.

(iii) Shares reacquired by the Company on the open market using Option Proceeds shall be available for Awards under the Plan. The increase in Shares available pursuant to the repurchase of Shares with Option Proceeds shall not be greater than the amount of such proceeds divided by the Fair Market Value of a Share on the date of exercise of the Option giving rise to such Option Proceeds.

(iv) Substitute Awards shall not reduce the Shares authorized for grant under the Plan or authorized for grant to a Participant in any period. Additionally, in the event that a company acquired by the Company or any Related Entity or with which the Company or any Related Entity combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for delivery pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for delivery under the Plan; provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

(v) Any Shares that again become available for delivery pursuant to this Section 4(c) shall be added back as one (1) Share.

(vi) Notwithstanding anything in this Section 4(c) to the contrary and solely for purposes of determining whether Shares are available for the delivery of Incentive Stock Options, the maximum aggregate number of shares that may be granted under this Plan shall be determined without regard to any Shares restored pursuant to this Section 4(c) that, if taken into account, would cause the Plan to fail the requirement under Code Section 422 that the Plan designate a maximum aggregate number of shares that may be issued.

5. *Eligibility; Per-Person Award Limitations.* Awards may be granted under the Plan only to Eligible Persons. Subject to adjustment as provided in Section 10(c), in any fiscal year of the Company during any part of which the Plan is in effect, no Participant may be granted (i) Options or Stock Appreciation Rights with respect to more than [2,000,000] Shares or (ii) Restricted Stock, Deferred Stock, Performance Shares and/or Other Stock-Based Awards with respect to more than [2,000,000] Shares. In addition, the maximum dollar value payable to any one Participant with respect to Performance Units is (x) $3,000,000 with respect to any 12-month

Performance Period, and (y) with respect to any Performance Period that is more than 12 months, $3,000,000 multiplied by the number of full years in the Performance Period.

6. *Specific Terms of Awards*.

(a) *General*. Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 10(e)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of the Participant's Continuous Service and terms permitting a Participant to make elections relating to his or her Award. The Committee shall retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under the Plan. Except in cases in which the Committee is authorized to require other forms of consideration under the Plan, or to the extent other forms of consideration must be paid to satisfy the requirements of applicable law, no consideration other than services may be required for the grant (but not the exercise) of any Award.

(b) *Options.* The Committee is authorized to grant Options to any Eligible Person on the following terms and conditions:

(i) Exercise Price. Other than in connection with Substitute Awards, the exercise price per Share purchasable under an Option shall be determined by the Committee, provided that such exercise price shall not, in the case of Incentive Stock Options, be less than 100% of the Fair Market Value of a Share on the date of grant of the Option and shall not, in any event, be less than the par value of a Share on the date of grant of the Option. If an Employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and an Incentive Stock Option is granted to such employee, the exercise price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no less than 110% of the Fair Market Value a Share on the date such Incentive Stock Option is granted.

(ii) Time and Method of Exercise. The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Options shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the methods by which the exercise price may be paid or deemed to be paid (including in the discretion of the Committee a cashless exercise procedure), the form of such payment, including, without limitation, cash, Shares, other Awards or awards granted under other plans of the Company or a Related Entity, or other property (including notes or other contractual obligations of Participants to make payment on a deferred basis provided that such deferred payments are not in violation of the Sarbanes-Oxley Act of 2002, or any rule or regulation adopted thereunder or any other

applicable law), and the methods by or forms in which Shares will be delivered or deemed to be delivered to Participants.

(iii) Incentive Stock Options. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options (including any Stock Appreciation Right issued in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority

granted under the Plan be exercised, so as to disqualify either the Plan or any Incentive Stock Option under Section 422 of the Code, unless the Participant has first requested, or consents to, the change that will result in such disqualification. Thus, if and to the extent required to comply with Section 422 of the Code, Options granted as Incentive Stock Options shall be subject to the following special terms and conditions:

(A) the Option shall not be exercisable more than ten years after the date such Incentive Stock Option is granted; provided, however, that if a Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and the Incentive Stock Option is granted to such Participant, the term of the Incentive Stock Option shall be (to the extent required by the Code at the time of the grant) for no more than five years from the date of grant; and

(B) The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the Shares with respect to which Incentive Stock Options granted under the Plan and all other option plans of the Company (and any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) during any calendar year exercisable for the first time by the Participant during any calendar year shall not (to the extent required by the Code at the time of the grant) exceed $100,000.

(c) *Stock Appreciation Rights*. The Committee may grant Stock Appreciation Rights to any Eligible Person in conjunction with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option (a "Tandem Stock Appreciation Right"), or without regard to any Option (a "Freestanding Stock Appreciation Right"), in each case upon such terms and conditions as the Committee may establish in its sole discretion, not inconsistent with the provisions of the Plan, including the following:

(i) *Right to Payment*. A Stock Appreciation Right shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one Share on the date of exercise over (B) the grant price of the Stock Appreciation Right as determined by the Committee. The grant price of a Stock Appreciation Right shall not be less than 100% of the Fair Market Value of a Share on the date of grant, in the case of a Freestanding Stock Appreciation Right, or less than the associated Option exercise price, in the case of a Tandem Stock Appreciation Right.

(ii) *Other Terms*. The Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a Stock Appreciation Right may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Stock Appreciation Rights shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which

Shares will be delivered or deemed to be delivered to Participants, whether or not a Stock Appreciation Right shall be in tandem or in combination with any other Award, and any other terms and conditions of any Stock Appreciation Right.

(iii) *Tandem Stock Appreciation Rights.* Any Tandem Stock Appreciation Right may be granted at the same time as the related Option is granted or, for Options that are not Incentive Stock Options, at any time thereafter before exercise or expiration of such Option. Any Tandem Stock Appreciation Right related to

an Option may be exercised only when the related Option would be exercisable and the Fair Market Value of the Shares subject to the related Option exceeds the exercise price at which Shares can be acquired pursuant to the Option. In addition, if a Tandem Stock Appreciation Right exists with respect to less than the full number of Shares covered by a related Option, then an exercise or termination of such Option shall not reduce the number of Shares to which the Tandem Stock Appreciation Right applies until the number of Shares then exercisable under such Option equals the number of Shares to which the Tandem Stock Appreciation Right applies. Any Option related to a Tandem Stock Appreciation Right shall no longer be exercisable to the extent the Tandem Stock Appreciation Right has been exercised, and any Tandem Stock Appreciation Right shall no longer be exercisable to the extent the related Option has been exercised.

(d) *Restricted Stock Awards*. The Committee is authorized to grant Restricted Stock Awards to any Eligible Person on the following terms and conditions:

(i) *Grant and Restrictions*. Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, or as otherwise provided in this Plan, covering a period of time specified by the Committee (the "Restriction Period"). The terms of any Restricted Stock Award granted under the Plan shall be set forth in a written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award Agreement relating to a Restricted Stock Award, a Participant granted Restricted Stock shall have all of the rights of a shareholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee). During the Restriction Period, subject to Section 10(b) below, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant.

(ii) *Forfeiture*. Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable Restriction Period, the Participant's Restricted Stock that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited and reacquired by the Company; provided that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to Restricted Stock Awards shall be waived in whole or in part in the event of terminations resulting from specified causes.

(iii) *Certificates for Stock*. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iv) *Dividends and Splits*. As a condition to the grant of a Restricted Stock Award, the Committee may require or permit a Participant to elect that any cash dividends paid on a Share of Restricted Stock be automatically reinvested in additional Shares of Restricted Stock or applied to the purchase of additional Awards under the Plan. Unless otherwise determined by the Committee, Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Shares or other property have been distributed.

(e) *Deferred Stock Award*. The Committee is authorized to grant Deferred Stock Awards to any Eligible Person on the following terms and conditions:

(i) *Award and Restrictions*. Satisfaction of a Deferred Stock Award shall occur upon expiration of the deferral period specified for such Deferred Stock Award by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, a Deferred Stock Award shall be subject to such restrictions (which may include a risk of forfeiture) as the Committee may impose, if any, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine. A Deferred Stock Award may be satisfied by delivery of Shares, cash equal to the Fair Market Value of the specified number of Shares covered by the Deferred Stock, or a combination thereof, as determined by the Committee at the date of grant or thereafter. Prior to satisfaction of a Deferred Stock Award, a Deferred Stock Award carries no voting or dividend or other rights associated with Share ownership.

(ii) *Forfeiture*. Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the Deferred Stock Award), the Participant's Deferred Stock Award that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited; provided that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to a Deferred Stock Award shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of any Deferred Stock Award.

(iii) *Dividend Equivalents*. Unless otherwise determined by the Committee at date of grant, any Dividend Equivalents that are granted with respect to any Deferred Stock Award shall be either (A) paid with respect to such Deferred Stock Award at the dividend payment date in cash or in Shares of unrestricted stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such Deferred Stock Award and the amount or value thereof automatically deemed reinvested in additional Deferred Stock, other Awards or other investment vehicles, as the Committee shall determine or permit the Participant to elect.

(f) *Bonus Stock and Awards in Lieu of Obligations*. The Committee is authorized to grant Shares to any Eligible Persons as a bonus, or to grant Shares or other Awards in lieu of obligations to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, provided that, in the case of Eligible Persons subject to Section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Committee to the extent necessary to ensure that acquisitions of Shares or other Awards are exempt from liability under Section 16(b) of the Exchange Act. Shares or Awards granted hereunder shall be subject to such other terms as shall be determined by the Committee.

(g) *Dividend Equivalents*. The Committee is authorized to grant Dividend Equivalents to any Eligible Person entitling the Eligible Person to receive cash, Shares, other Awards, or other property equal in value to the dividends paid with respect to a specified number of Shares, or other periodic payments. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Shares, Awards, or other investment vehicles, and subject to such restrictions on transferability and risks of forfeiture, as the Committee may specify.

(h) *Performance Awards*. The Committee is authorized to grant Performance Awards to any Eligible Person payable in cash, Shares, or other Awards, on terms and conditions established by the Committee, subject to the provisions of Section 8 if and to the extent that the Committee shall, in its sole discretion, determine that an Award shall be subject to those provisions. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. Except as provided in Section 9 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria set forth in Section 8(b), or in the case of an Award that the Committee determines shall not be subject to Section 8 hereof, any other criteria that the Committee, in its sole discretion, shall determine should be used for that purpose. The amount of the Award to be distributed shall be conclusively determined by the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis.

(i) *Other Stock-Based Awards*. The Committee is authorized, subject to limitations under applicable law, to grant to any Eligible Person such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan. Other Stock-Based Awards may be granted to Participants either alone or in addition to other Awards granted under the Plan, and such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan. The Committee shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(i) shall be purchased for such consideration (including, without limitation, loans from the Company or a Related Entity provided that such loans are not in violation of the Sarbanes Oxley Act of 2002, or any rule or regulation adopted thereunder or any other applicable law) paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards or other property, as the Committee shall determine.

7. *Certain Provisions Applicable to Awards.*

(a) *Stand-Alone, Additional, Tandem and Substitute Awards*. Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Related Entity, or any business entity to be acquired by the Company or a Related Entity, or any other right of a Participant to receive payment from the Company or any Related Entity. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award or award, the Committee shall require the surrender of such other Award or award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under

other plans of the Company or any Related Entity, in which the value of Stock subject to the Award is equivalent in value to the cash compensation (for example, Deferred Stock or Restricted Stock), or in which the exercise price, grant price or purchase price of the Award in the nature of a right that may be exercised is equal to the Fair Market Value of the underlying Stock minus the value of the cash compensation surrendered (for example, Options or Stock Appreciation Right granted with an exercise price or grant price "discounted" by the amount of the cash compensation surrendered).

(b) *Term of Awards*. The term of each Award shall be for such period as may be determined by the Committee; provided that in no event shall the term of any Option or Stock Appreciation Right exceed a period of ten years (or in the case of an Incentive Stock Option such shorter term as may be required under Section 422 of the Code).

(c) *Form and Timing of Payment Under Awards; Deferrals*. Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Related Entity upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Shares, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. Any installment or deferral provided for in the preceding sentence shall, however, be subject to the Company's compliance with the provisions of the Sarbanes-Oxley Act of 2002, the rules and regulations adopted by the U.S. Securities and Exchange Commission thereunder, and all applicable rules of the Nasdaq Stock Market or any national securities exchange on which the Company's securities are listed for trading and, if not listed for trading on either the Nasdaq Stock Market or a national securities exchange, then the rules of the Nasdaq Stock Market. The settlement of any Award may be accelerated, and cash paid in lieu of Shares in connection with such settlement, in the discretion of the Committee or upon occurrence of one or more specified events (in addition to a Change in Control). Installment or deferred payments may be required by the Committee (subject to Section 10(e) of the Plan, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award Agreement) or permitted at the election of the Participant on terms and conditions established by the Committee. Payments may include, without limitation, provisions for the payment or crediting of a reasonable interest rate on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Shares.

(d) *Exemptions from Section 16(b) Liability*. It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16 pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of this Plan or any Award Agreement does not comply with the requirements of Rule 16b-3 then applicable to any such transaction, such provision shall be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under Section 16(b).

8. *Code Section 162(m) Provisions.*

(a) *Covered Employees.* The Committee, in its discretion, may determine at the time an Award is granted to an Eligible Person who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, that the provisions of this Section 8 shall be applicable to such Award.

(b) *Performance Criteria*. If an Award is subject to this Section 8, then the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as

applicable, shall be contingent upon achievement of one or more objective performance goals. Performance goals shall be objective and shall otherwise meet the requirements of Section 162(m) of the Code and regulations thereunder including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being "substantially uncertain." One or more of the following business criteria for the Company, on a consolidated basis, and/or for Related Entities, or for business or geographical units of the

Company and/or a Related Entity (except with respect to the total shareholder return and earnings per share criteria), shall be used by the Committee in establishing performance goals for such Awards: (1) earnings per share; (2) revenues or margins; (3) cash flow; (4) operating margin; (5) return on net assets, investment, capital, or equity; (6) economic value added; (7) direct contribution; (8) net income; pretax earnings; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings after interest expense and before extraordinary or special items; operating income; income before interest income or expense, unusual items and income taxes, local, state or federal and excluding budgeted and actual bonuses which might be paid under any ongoing bonus plans of the Company; (9) working capital; (10) management of fixed costs or variable costs; (11) identification or consummation of investment opportunities or completion of specified projects in accordance with corporate business plans, including strategic mergers, acquisitions or divestitures; (12) total shareholder return; and (13) debt reduction. Any of the above goals may be determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Committee including, but not limited to, the Standard & Poor's 500 Stock Index or a group of companies that are comparable to the Company. The Committee may exclude the impact of an event or occurrence which the Committee determines should appropriately be excluded, including without limitation (i) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (ii) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management, or (iii) a change in accounting standards required by generally accepted accounting principles.

(c) *Performance Period; Timing For Establishing Performance Goals*. Achievement of performance goals in respect of such Performance Awards shall be measured over a Performance Period no shorter than 12 months and no longer than five years, as specified by the Committee. Performance goals shall be established not later than 90 days after the beginning of any Performance Period applicable to such Performance Awards, or at such other date as may be required or permitted for "performance-based compensation" under Code Section 162(m).

(d) *Adjustments*. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with Awards subject to this Section 8, but may not exercise discretion to increase any such amount payable to a Covered Employee in respect of an Award subject to this Section 8. The Committee shall specify the circumstances in which such Awards shall be paid or forfeited in the event of termination of Continuous Service by the Participant prior to the end of a Performance Period or settlement of Awards.

(e) *Committee Certification*. No Participant shall receive any payment under the Plan unless the Committee has certified, by resolution or other appropriate action in writing, that the performance criteria and any other material terms previously established by the Committee or set forth in the Plan, have been satisfied to the extent necessary to qualify as "performance based compensation" under Code Section 162(m).

9. *Change in Control.*

(a) *Effect of "Change in Control."* Subject to Section 9(a)(iv), and if and only to the extent provided in the Award Agreement, or to the extent otherwise determined by the Committee, upon the occurrence of a "Change in Control," as defined in Section 9(b):

(i) Any Option or Stock Appreciation Right that was not previously vested and exercisable as of the time of the Change in Control, shall become immediately vested and exercisable, subject to applicable restrictions set forth in Section 10(a) hereof.

(ii) Any restrictions, deferral of settlement, and forfeiture conditions applicable to a Restricted Stock Award, Deferred Stock Award or an Other Stock-Based Award subject only to future service requirements granted under the Plan shall lapse and such Awards shall be deemed fully vested as of the time of the Change in Control, except to the extent of any waiver by the Participant and subject to applicable restrictions set forth in Section 10(a) hereof.

(iii) With respect to any outstanding Award subject to achievement of performance goals and conditions under the Plan, the Committee may, in its discretion, deem such performance goals and conditions as having been met as of the date of the Change in Control.

(iv) Notwithstanding the foregoing, if in the event of a Change in Control the successor company assumes or substitutes for an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award, then each outstanding Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award shall not be accelerated as described in Sections 9(a)(i), (ii) and (iii). For the purposes of this Section 9(a)(iv), an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award shall be considered assumed or substituted for if following the Change in Control the award confers the right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting a Change in Control by holders of Shares for each Share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the transaction constituting a Change in Control is not solely common stock of the successor company or its parent or subsidiary, the Committee may, with the consent of the successor company or its parent or subsidiary, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award, for each Share subject thereto, will be solely common stock of the successor company or its parent or subsidiary substantially equal in fair market value to the per share consideration received by holders of Shares in the transaction constituting a Change in Control. The determination of such substantial equality of value of consideration shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding.

(b) *Definition of "Change in Control."* Unless otherwise specified in an Award Agreement, a "Change in Control" shall mean the occurrence of any of the following:

(i) The acquisition by any Person of Beneficial Ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company

entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities) (the foregoing Beneficial Ownership hereinafter being referred to as a "Controlling Interest"); provided, however, that for purposes of this Section 9(b), the following acquisitions shall not constitute or result in a Change of Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary; or (z) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) below; or

(ii) During any period of two (2) consecutive years (not including any period prior to the Effective Date) individuals who constitute the Board on the Effective Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its Subsidiaries (each a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination or any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest) beneficially owns, directly or indirectly, fifty percent (50%) or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the Board of Directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

10. *General Provisions.*

(a) *Compliance With Legal and Other Requirements*. The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Shares or payment of other benefits under any Award until completion of such registration or qualification of such Shares or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which the Shares or other Company securities are listed or quoted, or compliance with any other obligation of the Company, as the Committee, may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Shares or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

(b) *Limits on Transferability; Beneficiaries*. No Award or other right or interest granted under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party, or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights (other than Incentive Stock Options and Stock Appreciation Rights in tandem therewith) may be transferred to one or more Beneficiaries or other transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee pursuant to the express terms of an Award Agreement (subject to any terms and conditions which the Committee may impose thereon). A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award Agreement applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) *Adjustments.*

(i) *Adjustments to Awards.* In the event that any extraordinary dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Shares and/or such other securities of the Company or any other issuer such that a substitution, exchange, or adjustment is determined by the Committee to be appropriate, then the Committee shall, in such manner as it may deem equitable, substitute, exchange or adjust any or all of (A) the number and kind of Shares which may be delivered in connection with Awards granted thereafter, (B) the number and kind of Shares by which annual per-person Award limitations are measured under Section 5 hereof, (C) the number and kind of Shares subject to or deliverable in respect of outstanding Awards, (D) the exercise price, grant price or purchase price relating to any Award and/or make provision for payment of cash or other property in respect of any outstanding Award, and (E) any other aspect of any Award that the Committee determines to be appropriate.

(ii) *Adjustments in Case of Certain Corporate Transactions.* In the event of any merger, consolidation or other reorganization in which the Company does not survive, or in the event of any Change in Control, any outstanding Awards may be dealt with in accordance with any of the following approaches, as determined by the agreement effectuating the transaction or, if and to the extent not so determined, as determined by the Committee: (a) the continuation of the outstanding Awards by the Company, if the Company is a surviving corporation, (b) the assumption or substitution for, as those terms are defined in Section 9(b)(iv) hereof, the outstanding Awards by the surviving corporation or its

parent or subsidiary, (c) full exercisability or vesting and accelerated expiration of the outstanding Awards, or (d) settlement of the value of the outstanding Awards in cash or cash equivalents or other property followed by cancellation of such Awards (which value, in the case of Options or Stock Appreciation Rights, shall be measured by the amount, if any, by which the Fair Market Value of a Share exceeds the exercise or grant price of the Option or Stock Appreciation Right as of the effective date of the transaction). The Committee shall give written notice of any proposed transaction referred to in this Section 10(c)(ii) a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after the approval of such transaction), in order that Participants may have a reasonable period of time prior to the closing date of such transaction within which to exercise any Awards that are then exercisable (including any Awards that may become exercisable upon the closing

date of such transaction). A Participant may condition his exercise of any Awards upon the consummation of the transaction.

(iii) *Other Adjustments.* The Committee (and the Board if and only to the extent such authority is not required to be exercised by the Committee to comply with Section 162(m) of the Code) is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Performance Awards, or performance goals relating thereto) in recognition of unusual or nonrecurring events (including, without limitation, acquisitions and dispositions of businesses and assets) affecting the Company, any Related Entity or any business unit, or the financial statements of the Company or any Related Entity, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any Related Entity or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant; provided that no such adjustment shall be authorized or made if and to the extent that such authority or the making of such adjustment would cause Options, Stock Appreciation Rights, Performance Awards granted pursuant to Section 8(b) hereof to Participants designated by the Committee as Covered Employees and intended to qualify as "performance-based compensation" under Code Section 162(m) and the regulations thereunder to otherwise fail to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder.

(d) *Taxes*. The Company and any Related Entity are authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company or any Related Entity and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis in the discretion of the Committee.

(e) *Changes to the Plan and Awards*. The Board may amend, alter, suspend, discontinue or terminate the Plan, or the Committee's authority to grant Awards under the Plan, without the consent of shareholders or Participants, except that any amendment or alteration to the Plan shall be subject to the approval of the Company's shareholders not later than the annual meeting next following such Board action if such shareholder approval is required by any federal or state law or regulation (including, without limitation, Rule 16b-3 or Code Section 162(m)) or the rules of any stock exchange or automated quotation system on which the Shares may then be listed or quoted), and the Board may otherwise, in its discretion, determine to submit other such changes to the Plan to shareholders for approval; provided that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any previously granted and

outstanding Award. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award Agreement relating thereto, except as otherwise provided in the Plan; provided that, without the consent of an affected Participant, no such Committee or the Board action may materially and adversely affect the rights of such Participant under such Award.

(f) *Limitation on Rights Conferred Under Plan*. Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a Related Entity; (ii) interfering in any way with the right of the Company or a Related Entity to terminate any Eligible Person's or Participant's Continuous Service

at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and Employees, or (iv) conferring on a Participant any of the rights of a shareholder of the Company unless and until the Participant is duly issued or transferred Shares in accordance with the terms of an Award.

(g) *Unfunded Status of Awards; Creation of Trusts*. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Shares pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Committee may authorize the creation of trusts and deposit therein cash, Shares, other Awards or other property, or make other arrangements to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee may specify and in accordance with applicable law.

(h) *Code Section 409A*. It is intended that any amounts payable under this Plan shall either be exempt from Section 409A of the Code or shall comply with Section 409A (including Treasury regulations and other published guidance related thereto) so as not to subject the Employee to payment of any other additional tax, penalty or interest imposed under Section 409A of the Code. The provisions of this Plan shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Section 409A of the Code yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Employee. Notwithstanding the foregoing, the Company makes no representations regarding the tax treatment of any payments hereunder, and the Employee shall be responsible for any and all applicable taxes on the severance payments provided by the Plan.

(i) *Nonexclusivity of the Plan*. Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable including incentive arrangements and awards which do not qualify under Section 162(m) of the Code.

(j) *Payments in the Event of Forfeitures; Fractional Shares*. Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash or other consideration, the Participant shall be repaid the amount of such cash or other consideration. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(k) *Governing Law*. The validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to principles of conflict of laws, and applicable federal law.

(l) *Non-U.S. Laws*. The Committee shall have the authority to adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or its Subsidiaries may operate to assure the viability of the benefits from Awards granted to Participants performing services in such countries and to meet the objectives of the Plan.

(m) *Plan Effective Date and Shareholder Approval; Termination of Plan*. The Plan shall become effective on the Effective Date, subject to subsequent approval, within 12 months of its adoption by the Board, by shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Code Sections 162(m) (if applicable) and 422, Rule 16b-3 under the Exchange Act (if applicable), applicable requirements under the rules of any stock exchange or automated quotation system on which the Shares may be listed or quoted, and other laws, regulations, and obligations of the Company applicable to the Plan. Awards may be granted subject to shareholder approval, but may not be exercised or otherwise settled in the event the shareholder approval is not obtained. The Plan shall terminate at the earliest of (a) such time as no Shares remain available for issuance under the Plan, (b) termination of this Plan by the Board, or (c) the tenth anniversary of the Effective Date. Awards outstanding upon expiration of the Plan shall remain in effect until they have been exercised or terminated, or have expired.

Adopted January 2018

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EXHIBIT 10.2

CAPITAL ONE, N.A. - LOAN NO.

PROMISSORY NOTE

$20,0000,000.00 DECEMBER 14, 2011

FOR VALUE RECEIVED, LEGACY HOUSING, LTD, a Texas limited partnership *("Debtor"),* unconditionally promises to pay to the order of CAPITAL ONE, N.A., a national association (together with its successors and assigns, *"Lender"),* without setoff, at its offices at 600 N. Pearl Street, Suite 2500, Dallas (Dallas County), TX 75201, or at such other place as may be designated by Lender, the principal amount of TWENTY MILLION AND N0/100 DOLLARS ($20,000,000.00), or so much thereof as may be advanced from time to time in inm1ediately available funds, together with interest computed daily on the outstanding principal balance hereunder, at an annual interest rate (the *"Rate"),* and in accordance with the payment schedule indicated below. This PROMISSORY NOTE (this *"Note")* is executed pursuant to and evidences the loan funded by Lender pursuant to that certain LOAN AND SECURITY AGREEMENT dated as of even date herewith, between Debtor and Lender (as the amended, modified or restated from time to time, the *"Loan Agreement"),* to which reference is made for a statement of the collateral, rights and obligations of Debtor and Lender in relation thereto; but neither this reference to the Loan Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of Debtor to pay unpaid principal of and interest on this Note when due. Capitalized terms not otherwise defined herein shall have the same meanings as in the Loan Agreement.

1. Rate. Prior to the Maturity Date, the Rate shall be the LESSER of (a) the MAXIMUM RATE, or (b) TWO AND ONE-HALF OF ONE PERCENT (2.50%) plus the LIBO RATE, provided that the LIBO Rate shall be subject to a floor of ONE AND ONE-HALF OF ONE PERCENT (1.50%). From after the Maturity Date, the Rate shall be equal to the Maturity Rate. *"LIBO Rate"* means the London Inter-Bank Offered Rate for United States Dollars established by the British Bankers Association for interest periods of ONE (1) month. Lender will tell

Debtor the current LIBO Rate upon Debtor's request. Debtor understands that Lender may make loans based on other rates as well. If the LIBO Rate referenced in the preceding sentences is not available, the Rate will be determined by Lender. The LIBO Rate shall be adjusted from time to time in Lender's sole discretion for then applicable reserve requirements, deposit insurance assessment rates, marginal emergency, supplemental, special and other reserve percentages, and other regulatory costs. Notwithstanding any provision of this Note or any other agreement or commitment between Debtor and Lender, whether written or oral, express or implied, Lender shall never be entitled to charge, receive or collect, nor shall amounts received hereunder be credited so that Lender shall be paid, as interest a sum greater than interest at the Maximum Rate. It is the intention of the parties that this Note, and all instruments securing the payment of this Note or executed or delivered in collection therewith, shall comply with applicable law. If Lender ever contracts for, charges, receives or collects anything of value which is deemed to be interest under applicable law, and if the occurrence of any circumstance or contingency, whether acceleration of maturity of this Note, prepayment of this Note, delay in advancing proceeds of this Note or any other event, should cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum Rate shall be applied to the reduction of the unpaid principal balance of this Note or any other indebtedness owed to Lender by Debtor, and if this Note and such other indebtedness are paid in full, any remaining excess shall be paid to Debtor. In determining whether the interest exceeds interest at the Maximum Rate, the total amount of interest shall be spread, prorated and amortized throughout the entire term of this Note until its payment in full. The term *"Maximum Rate"* as used in this Note means the maximum nonusurious rate of interest per annum permitted by whichever of applicable United States federal law or Texas law permits the higher interest rate, including to the extent permitted by applicable law, any amendments thereof hereafter or any new law hereafter coming into effect to the extent a higher Maximum Rate is permitted thereby. Ifat any time the Rate shall exceed the Maximum Rate, the Rate shall be automatically limited to the Maximum Rate until the total amount of interest accrued hereunder equals the amount of interest which would have accrued if there had been no limitation to the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code, as amended, (the *"Act")* is relevant to Lender for purposes of determining the Maximum Rate, the parties elect to determine the Maximum Rate under the Act pursuant to the "weekly ceiling" from time to time in effect, as referred to and defined in §303.001-303.016 of the Act; subject, however, to any right Lender subsequently may have under applicable law to change the method of determining the Maximum Rate.

2. Accrual Method. Interest on the Indebtedness evidenced by this Note shall be computed on the basis of a THREE HUNDRED SIXTY (360) day year and shall accrue on the actual number of days elapsed for any whole or partial month in which interest is being calculated. In computing the number of days during which interest accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall be included unless repayment is credited prior to the close of business on the Business Day received as provided herein. ·

3. Rate Change Date. The Rate will change as of the FIRST (1st) Business Day of each month.

4. Payment Schedule. Except as expressly provided herein to the contrary, all payments on this Note shall be applied in the following order of priority: (a) the payment or reimbursement of any expenses, costs or obligations (other than the outstanding principal balance hereof and interest hereon) for which either Debtor shall be obligated or Lender shall be entitled pursuant to the provisions of this Note or the other Loan Documents, (b) the payment of accrued but unpaid interest hereon, and (c) the payment of all or any portion of the principal balance hereof then outstanding hereunder, in the direct order of maturity. If a Default exists under any of the other Loan Documents, then Lender may, at the sole option of Lender, apply any such payments, at any time and from time to time, to any of the items specified in clauses (a), (b) or (c) above without regard to the order of priority otherwise specified herein and any application to the outstanding principal balance hereof may be made in either direct or

inverse order of maturity. If any payment of principal or interest on this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. The outstanding principal balance of this Note, plus accrued and unpaid interest thereon shall be due and payable on the earlier of (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents; (ii) DECEMBER 14, 2013; or (iii) such other date as may be established by a written instrument between Debtor and Lender, from time to time (the *"Maturity Date ").* Accrued and unpaid interest on the outstanding principal balance of this Note shall be due and payable monthly commencing on JANUARY 1, 2012, and continuing on the same day of each month thereafter and on the Maturity Date.

5. Delinquency Charge. To the extent permitted by law, a delinquency charge will be imposed in an amount not to exceed FIVE PERCENT (5,00%) of any payment that is more than TEN (10) days late.

6. Waivers, Consents and Covenants. Debtor, any endorser or guarantor hereof, or any other party hereto (individually an *"Obligo1''* and collectively *"Obligors")* and each of them jointly and severally: (a) waives presentment, demand, protest, notice of demand, notice of intent to accelerate, notice of acceleration of maturity, notice of protest, notice of nonpayment, notice of dishonor, and any other notice required to be given under the law to any Obligor in connection with the delivery, acceptance, performance, default or enforcement of this Note, any indorsement or guaranty of this Note, or any other documents executed in connection with this Note or any other Loan Documents now or hereafter executed in connection with any obligation of Debtor to Lender; (b) consents to all delays, extensions, renewals or other modifications of this Note or the Loan Documents, or waivers of any term hereof or of the Loan Documents, or release or discharge by Lender of any of Obligors, or release, substitution or exchange of any security for the payment hereof, or the failure to act on the part of Lender, or any indulgence shown by Lender (without notice to or further assent from any of Obligors); (c) agrees that no such action, failure to act or failure to exercise any right or remedy by Lender shall in any way affect or impair the obligations of any Obligors or be construed as a waiver by Lender of, or otherwise affect, any of Lender's rights under this Note, under any indorsement or guaranty of this Note or under any of the Loan Documents; and (d) agrees to pay, on demand, all costs and expenses of collection or defense of this Note or of any indorsement or guaranty hereof and/or the enforcement or defense of Lender's rights with respect to, or the administration, supervision, preservation, or protection of, or realization upon, any property securing payment hereof, including, without limitation, reasonable attorney's fees, including fees related to any suit, mediation or arbitration proceeding, out of court payment agreement, trial, appeal, bankruptcy proceedings or other proceeding, in such amount as may be determined reasonable by any arbitrator or court, whichever is applicable.

7. Prepayments. Debtor shall have the right to prepay, at any time and from time to time, without fee, premium or penalty (except as noted below), any portion of the outstanding principal balance hereof, provided that Debtor shall provide FIVE (5) days prior written notice to Lender of prepayment of the entire Note. Any such prepayment shall also include (a) any and all accrued but unpaid interest on the amount of principal being so

prepaid through and including the date of prepayment, plus any other sums which have become due to Lender under the other Loan Documents on or before the date of prepayment, but which have not been fully paid and (b) any Funding Indemnification. Prepayments of principal will be applied in inverse order of maturity. *"Funding !11de11111ification"* means an amount (which shall be payable on demand by Lender) necessary to promptly compensate Lender for, and hold it harmless from, any loss, cost or expense incurred by it as a result of any payment or prepayment of any part of the Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise), including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such portion or from fees payable to terminate the deposits from

which such funds were obtained. Debtor shall also pay any customary administrative fees charged by Lender in connection with the foregoing. For purposes of calculating amounts payable by Debtor to Lender hereunder, Lender shall be deemed to have funded the Loan by a matching deposit or other borrowing in the London inter-bank market for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

8. Remedies Upon Default. Whenever there is a Default under the Loan Documents (a) the entire balance outstanding hereunder and all other obligations of any Obligor to Lender (however acquired or evidenced) shall, at the option of Lender, become immediately due and payable and any obligation of Lender to permit further borrowing under this Note shall immediately cease and terminate, (b) Lender shall have all rights and remedies available to it under the Mortgage and other Loan Documents, and/or (c) to the extent permitted by law, the Rate of interest on the· unpaid principal shall be increased at Lender's discretion up to the Maximum Rate, or if none, EIGHTEEN PERCENT (18.00%) per am (the *"Maturity Rate").* The provisions herein for a Maturity Rate shall not be deemed to extend the time for any payment hereunder or to constitute a "grace period" giving Obligors a right to cure any default. At Lender's option, any accrued and unpaid interest, fees or charges may, for purposes of computing and accruing interest on a daily basis after the due date of this Note or any installment thereof, be deemed to be a part of the principal balance, and interest shall accrue on a daily compounded basis after such date at the Maturity Rate provided in this Note until the entire outstanding balance of principal and interest is paid in full. Upon a Default, Lender is hereby authorized at any time, at its option and without notice or demand, to set off and charge against any deposit accounts of any Obligor (as well as any money, instruments, securities, documents, chattel paper, credits, claims, demands, income and any other property, rights and interests of any Obligor), which at any time shall come into the possession or custody or under the control of Lender or any of its agents, affiliates or correspondents, any and all obligations due hereunder.

9. Waiver. The failure at any time of Lender to exercise any of its options or any other rights hereunder shall not constitute a waiver thereof, nor shall it be a bar to the exercise of any of its options or rights at a later date. All rights and remedies of Lender shall be cumulative and may be pursued singly, successively or together, at the option of Lender. The acceptance by Lender of any partial payment shall not constitute a waiver of any default or of any of Lender's rights under this Note. No waiver of any of its rights hereunder, and no modification or amendment of this Note, shall be deemed to be made by Lender unless the same shall be in writing, duly signed on behalf of Lender; each such waiver shall apply only with respect to the specific instance involved, and shall in no way impair the rights of Lender or the obligations of Obligors to Lender in any other respect at any other time.

10. Applicable Law, Venue and Jurisdiction. Debtor agrees that this Note shall be deemed to have been made in the State of Texas at Lender's address indicated at the beginning of this Note and shall be governed by, and construed in accordance with, the laws of the State of Texas and is performable in the City and County of Texas indicated at the begim1ing of this Note (the *"Venue Site").* In any litigation in com1ection with or to enforce this Note or any indorsement or guaranty of this Note or any Loan Documents, Obligors, and each of them, irrevocably consent to and confer personal jurisdiction on the courts of the State of Texas or the United States courts located within the Venue Site.

11. Partial Invalidity. The unenforceability or invalidity of any provision of this Note shall not affect the enforceability or validity of any other provision herein and the invalidity or unenforceability of any provision of this Note or of the Loan Documents to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

12. Binding Effect. This Note shall be binding upon and inure to the benefit of Debtor, Obligors and Lender and their respective successors, assigns, heirs and personal representatives, provided, however, that no obligations of Debtor or Obligors hereunder can be assigned without prior written consent of Lender.

13, Controlling Document. To the extent that this Note conflicts with or is in any way incompatible with any other document related specifically to the loan evidenced by this Note, this Note shall control over any other such document, and if this Note does not address an issue, then each other such document shall control to the extent that it deals most specifically with an issue.

14. Commercial Purpose. DEBTOR REPRESENTS TO LENDER THAT THE PROCEEDS OF TIDS LOAN ARE TO BE USED PRIMARILY FOR BUSINESS, COMMERCIAL OR AGRICULTURAL PURPOSES. DEBTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD, AND AGREES TO BE BOUND BY, ALL TERMS AND CONDITIONS OF THIS NOTE.

15. Collection. If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceeding at law or in equity or in bankruptcy, receivership or other court proceedings, Debtor agrees to pay all costs of collection, including, but not limited to, court costs and reasonable attorneys' fees.

16. Notice of Balloon Payment. At maturity (whether by acceleration or otherwise), Debtor must repay the entire principal balance of this Note and unpaid interest then due. Lender is under no obligation to refinance the outstanding principal balance of this Note (if any) at that time. Debtor will, therefore, be required to make payment out of other assets Debtor may own; or Debtor will have to find a lender willing to lend Debtor the money at prevailing market rates, which may be higher than the interest rate on the outstanding principal balance of this Note. If Obligors have guaranteed payment of this Note, Obligors may be required to perform under such guaranty.

17. Waiver of Jury Trial. DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF THIS NOTE OR ANY OF THE LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF TIDS NOTE OR THE OTHER LOAN DOCUMENTS.

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EXECUTED as of the date first written above.

DEBTOR:

LEGACY HOUSING, LTD

By: GPLH, LC
Its: General Partner

By: /s/ Curtis C. Hodgson
Name: Curtis Hodgson
Title: Manager

ADDRESS:

4801 Mark IV Parkway
Fort Worth, TX 76106

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EXHIBIT 10.3

CAPITAL ONE, N.A. — LOAN NO.

AMENDED AND RESTATED PROMISSORY NOTE

$30,000,000.00 **DECEMBER 12, 2013**

FOR VALUE RECEIVED, **LEGACY HOUSING, LTD.**, a Texas limited partnership ("*Debtor*"), unconditionally promises to pay to the order of **CAPITAL ONE, N.A.**, a national association (together with its successors and assigns, "*Lender*"), without setoff, at its offices at 600 N. Pearl Street, Suite 2500, Dallas (Dallas County), TX 75201, or at such other place as may be designated by Lender, the principal amount of **THIRTY MILLION AND NO/100 DOLLARS ($30,000,000.00)**, or so much thereof as may be advanced from time to time in immediately available funds, together with interest computed daily on the outstanding principal balance hereunder, at an annual interest rate (the "*Rate*"), and in accordance with the payment schedule indicated below. This **AMENDED AND RESTATED PROMISSORY NOTE** (this "*Note*") is executed pursuant to and evidences the loan funded by Lender pursuant to that certain **LOAN AND SECURITY AGREEMENT** dated as of **DECEMBER 14, 2011**, between Debtor and Lender (as the amended, modified or restated from time to time, the "*Loan Agreement*"), to which reference is made for a statement of the collateral, rights and obligations of Debtor and Lender in relation thereto; but neither this reference to the Loan Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of Debtor to pay unpaid principal of and interest on this Note when due. Capitalized terms not otherwise defined herein shall have the same meanings as in the Loan Agreement.

1. Rate. Prior to the Maturity Date or an Event of Default, the Rate shall be the **LESSER** of (a) the **MAXIMUM RATE**, or (b) **TWO PERCENT (2.00%)** plus the **LIBOR RATE**. From after the Maturity Date, the Rate shall be equal to the Maturity Rate. "*LIBO Rate*" means the London Inter-Bank Offered Rate for United States Dollars established by the British Bankers Association for interest periods of **ONE (1)** month. Lender will tell Debtor the current LIBO Rate upon Debtor's request. Debtor understands that Lender may make loans based on other rates as well. If the LIBO Rate referenced in the preceding sentences is not available, the Rate will be determined by Lender. The LIBO Rate shall be adjusted from time to time in Lender's sole discretion for then applicable reserve requirements, deposit insurance assessment rates, marginal emergency, supplemental, special and other reserve percentages, and other regulatory costs. Notwithstanding any provision of this Note or any other agreement or commitment between Debtor and Lender, whether written or oral, express or implied, Lender shall never be entitled to charge, receive or collect, nor shall amounts received hereunder be credited so that Lender shall be paid, as interest a sum greater than interest at the Maximum Rate. It is the intention of the parties that this Note, and all instruments securing the payment of this Note or executed or delivered in connection therewith, shall comply with applicable law. If Lender ever contracts for, charges, receives or collects anything of value which is deemed to be interest under applicable law, and if the occurrence of any circumstance or contingency, whether acceleration of maturity of this Note, prepayment of this Note, delay in advancing proceeds of this Note or any other event, should cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum

Rate shall be applied to the reduction of the unpaid principal balance of this Note or any other indebtedness owed to Lender by Debtor, and if this Note and such other indebtedness are paid in full, any remaining excess shall be paid to Debtor. In determining whether the interest exceeds interest at the Maximum Rate, the total amount of interest shall be spread, prorated and amortized throughout the entire term of this Note until its payment in full. The term "*Maximum Rate*" as used in this Note means the maximum nonusurious rate of interest per annum permitted by whichever of applicable United States federal law or Texas law permits the higher interest rate, including to the extent permitted by applicable law, any amendments thereof hereafter or any new law hereafter coming into effect to the extent a higher Maximum Rate is permitted thereby. If at any time the Rate shall exceed the Maximum Rate, the Rate shall be automatically limited to the Maximum Rate until the total amount of interest accrued hereunder equals the amount of interest which would have accrued if there had been no limitation to the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code, as amended, (the "*Act*") is relevant to Lender for purposes of determining the Maximum Rate, the parties elect to determine the Maximum Rate under the Act pursuant to the "weekly ceiling" from time to time in effect, as referred to and defined in §303.001-303.016 of the Act; subject, however, to any right Lender subsequently may have under applicable law to change the method of determining the Maximum Rate. Notwithstanding the foregoing, if Debtor and Lender now or hereafter enter into a Swap Agreement in connection with this Note, **THEN**, Lender in its reasonable discretion may adjust, to coordinate with its and industry practices pursuant to the Swap Agreement, interest rate periods, interest payment dates and Business Days under this Note. In

such circumstances the remainder of this Section and this Note shall continue to apply without change. "*Swap Agreement*" means any International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement and Schedule thereto, and any confirmations or other related documents or agreements thereunder pertaining to interest rate swaps or similar products, or any other documents or instruments pertaining to interest rate swaps or similar products, in each case if entered into with or through Lender or any of its affiliates.

2. **Accrual Method**. Interest on the Indebtedness evidenced by this Note shall be computed on the basis of a **THREE HUNDRED SIXTY (360)** day year and shall accrue on the actual number of days elapsed for any whole or partial month in which interest is being calculated. In computing the number of days during which interest accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall be included unless repayment is credited prior to the close of business on the Business Day received as provided herein.

3. **Rate Change Date**. The Rate will change as of the **FIRST (1st)** Business Day of each month.

4. **Payment Schedule**. Except as expressly provided herein to the contrary, all payments on this Note shall be applied in the following order of priority: (a) the payment or reimbursement of any expenses, costs or obligations (other than the outstanding principal balance hereof and interest hereon) for which either Debtor shall be obligated or Lender shall be entitled pursuant to the provisions of this Note or the other Loan Documents, (b) the payment of accrued but unpaid interest hereon, and (c) the payment of all or any portion of the principal balance hereof then outstanding hereunder, in the direct order of maturity. If a Default exists under any of the other Loan Documents, then Lender may, at the sole option of Lender, apply any such payments, at any time and from time to time, to any of the items specified in clauses (a), (b) or (c) above without regard to the order of priority otherwise specified herein and any application to the outstanding principal balance hereof may be made in either direct or inverse order of maturity. If any payment of principal or interest on this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. The outstanding principal balance of this Note, plus accrued and unpaid interest thereon shall be due and payable on the earlier of (i) the acceleration of the

Indebtedness pursuant to the terms of the Loan Documents; or (ii) **DECEMBER 12, 2016** (the earliest of such dates being the "*Maturity Date*"). Accrued and unpaid interest on the outstanding principal balance of this Note shall be due and payable monthly commencing on **JANUARY 1, 2014**, and continuing on the same day of each month thereafter and on the Maturity Date.

5. Delinquency Charge. To the extent permitted by law, a delinquency charge will be imposed in an amount not to exceed **FIVE PERCENT (5.00%)** of any payment that is more than **TEN (10)** days late.

6. Waivers, Consents and Covenants. Debtor, any indorser or guarantor hereof, or any other party hereto (individually an "*Obligor*" and collectively "*Obligors*") and each of them jointly and severally: (a) waives presentment, demand, protest, notice of demand, notice of intent to accelerate, notice of acceleration of maturity, notice of protest, notice of nonpayment, notice of dishonor, and any other notice required to be given under the law to any Obligor in connection with the delivery, acceptance, performance, default or enforcement of this Note, any indorsement or guaranty of this Note, or any other documents executed in connection with this Note or any other Loan Documents now or hereafter executed in connection with any obligation of Debtor to Lender; (b) consents to all delays, extensions, renewals or other modifications of this Note or the Loan Documents, or waivers of any term hereof or of the Loan Documents, or release or discharge by Lender of any of Obligors, or release, substitution or exchange of any security for the payment hereof, or the failure to act on the part of Lender, or any indulgence shown by Lender (without notice to or further assent from any of Obligors); (c) agrees that no such action, failure to act or failure to exercise any right or remedy by Lender shall in any way affect or impair the obligations of any Obligors or be construed as a waiver by Lender of, or otherwise affect, any of Lender's rights under this Note, under any indorsement or guaranty of this Note or under any of the Loan Documents; and (d) agrees to pay, on demand, all costs and expenses of collection or defense of this Note or of any indorsement or guaranty hereof and/or the enforcement or defense of Lender's rights with respect to, or the administration, supervision, preservation, or protection of, or realization upon, any property securing payment hereof, including, without limitation, reasonable attorney's fees, including fees related to any suit, mediation or arbitration proceeding, out of court payment agreement, trial, appeal, bankruptcy proceedings or other proceeding, in such amount as may be determined reasonable by any arbitrator or court, whichever is applicable.

7. Prepayments. Debtor shall have the right to prepay, at any time and from time to time, without fee, premium or penalty (except as noted below), any portion of the outstanding principal balance hereof, provided that Debtor shall provide **FIVE (5)** days prior written notice to Lender of prepayment of the entire Note. Any such prepayment shall also include (a) any and all accrued but unpaid interest on the amount of principal being so prepaid through and including the date of prepayment, plus any other sums which have become due to Lender under the other Loan Documents on or before the date of prepayment, but which have not been fully paid and (b) any Funding Indemnification. Prepayments of principal will be applied in inverse order of maturity. "*Funding Indemnification*" means an amount (which shall be payable on demand by Lender) necessary to promptly compensate Lender for, and hold it harmless from, any loss, cost or expense incurred by it as a result of any payment or prepayment of any part of the Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise), including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such portion or from fees payable to terminate the deposits from which such funds were obtained. Debtor shall also pay any customary administrative fees charged by Lender in connection with the foregoing. For purposes of calculating amounts payable by Debtor to Lender hereunder, Lender shall be deemed to have funded the Loan by a matching deposit or other borrowing in the London inter-bank market for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

8. **Remedies Upon Default**. Whenever there is a Default under the Loan Documents (a) the entire balance outstanding hereunder and all other obligations of any Obligor to Lender (however acquired or evidenced) shall, at the option of Lender, become immediately due and payable and any obligation of Lender to permit further borrowing under this Note shall immediately cease and terminate, (b) Lender shall have all rights and remedies available to it under the Loan Agreement and other Loan Documents, and/or (c) to the extent permitted by law, the Rate of interest on the unpaid principal shall be increased at Lender's discretion up to the Maximum Rate, or if none, **EIGHTEEN PERCENT (18.00%)**per annum (the "*Maturity Rate*"). The provisions herein for a Maturity Rate shall not be deemed to extend the time for any payment hereunder or to constitute a "grace period" giving Obligors a right to cure any default. At Lender's option, any accrued and unpaid interest, fees or charges may, for purposes of computing and accruing interest on a daily basis after the due date of this Note or any installment thereof, be deemed to be a part of the principal balance, and interest shall accrue on a daily compounded basis after such date at the Maturity Rate provided in this Note until the entire outstanding balance of principal and interest is paid in full. Upon a Default, Lender is hereby authorized at any time, at its option and without notice or demand, to set off and charge against any deposit accounts of any Obligor (as well as any money, instruments, securities, documents, chattel paper, credits, claims, demands, income and any other property, rights and interests of any Obligor), which at any time shall come into the possession or custody or under the control of Lender or any of its agents, affiliates or correspondents, any and all obligations due hereunder.

9. **Waiver**. The failure at any time of Lender to exercise any of its options or any other rights hereunder shall not constitute a waiver thereof, nor shall it be a bar to the exercise of any of its options or rights at a later date. All rights and remedies of Lender shall be cumulative and may be pursued singly, successively or together, at the option of Lender. The acceptance by Lender of any partial payment shall not constitute a waiver of any default or of any of Lender's rights under this Note. No waiver of any of its rights hereunder, and no modification or amendment of this Note, shall be deemed to be made by Lender unless the same shall be in writing, duly signed on behalf of Lender; each such waiver shall apply only with respect to the specific instance involved, and shall in no way impair the rights of Lender or the obligations of Obligors to Lender in any other respect at any other time.

10. **Applicable Law, Venue and Jurisdiction**. Debtor agrees that this Note shall be deemed to have been made in the State of Texas at Lender's address indicated at the beginning of this Note and shall be governed by, and construed in accordance with, the laws of the State of Texas and is performable in the City and County of Texas indicated at the beginning of this Note (the "*Venue Site*"). In any litigation in connection with or to enforce this Note or any indorsement or guaranty of this Note or any Loan Documents, Obligors, and each of them, irrevocably consent to and confer personal jurisdiction on the courts of the State of Texas or the United States courts located within the Venue Site.

11. **Partial Invalidity**. The unenforceability or invalidity of any provision of this Note shall not affect the enforceability or validity of any other provision herein and the invalidity or unenforceability of any provision of this Note or of the Loan Documents to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

12. **Binding Effect**. This Note shall be binding upon and inure to the benefit of Debtor, Obligors and Lender and their respective successors, assigns, heirs and personal representatives, provided, however, that no obligations of Debtor or Obligors hereunder can be assigned without prior written consent of Lender.

13. **Controlling Document**. To the extent that this Note conflicts with or is in any way incompatible with any other document related specifically to the loan evidenced by this Note, this Note shall control over any

other such document, and if this Note does not address an issue, then each other such document shall control to the extent that it deals most specifically with an issue.

14. Commercial Purpose. DEBTOR REPRESENTS TO LENDER THAT THE PROCEEDS OF THIS LOAN ARE TO BE USED PRIMARILY FOR BUSINESS, COMMERCIAL OR AGRICULTURAL PURPOSES. DEBTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD, AND AGREES TO BE BOUND BY, ALL TERMS AND CONDITIONS OF THIS NOTE.

15. Collection. If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceeding at law or in equity or in bankruptcy, receivership or other court proceedings, Debtor agrees to pay all costs of collection, including, but not limited to, court costs and reasonable attorneys' fees.

16. Notice of Balloon Payment. At maturity (whether by acceleration or otherwise), Debtor must repay the entire principal balance of this Note and unpaid interest then due. Lender is under no obligation to refinance the outstanding principal balance of this Note (if any) at that time. Debtor will, therefore, be required to make payment out of other assets Debtor may own; or Debtor will have to find a lender willing to lend Debtor the money at prevailing market rates, which may be higher than the interest rate on the outstanding principal balance of this Note. If Obligors have guaranteed payment of this Note, Obligors may be required to perform under such guaranty.

17. Amendment and Restatement. This Note is executed and delivered by Debtor to amend and restate in its entirety that certain **PROMISSORY NOTE** dated as of **DECEMBER 14, 2011** in the original notational amount of **TWENTY MILLION AND NO/100 DOLLARS ($20,000,000.00)**, executed and delivered by Debtor and payable to the order of Lender (the "*Original Note*"). Neither the execution nor delivery of this Note or the amendment and restatement of the Original Note constitutes a novation or payment of any part of the indebtedness evidenced by the Original Note.

18. Waiver of Jury Trial. DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF THIS NOTE OR ANY OF THE LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THIS NOTE OR THE OTHER LOAN DOCUMENTS.

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EXECUTED as of the date first written above.

DEBTOR:

LEGACY HOUSING, LTD

By: GPLH, LC
Its: General Partner

By: /s/ Curtis Hodgson
Name: Curtis Hodgson

ADDRESS:

4801 Mark IV Parkway
Fort Worth, TX 76106

Title: Manager

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EXHIBIT 10.4

CAPITAL ONE, N.A. — LOAN NO.

SECOND AMENDED AND RESTATED PROMISSORY NOTE

$35,000,000.00 **MARCH 31, 2014**

FOR VALUE RECEIVED, **LEGACY HOUSING, LTD**, a Texas limited partnership ("*Debtor*"), unconditionally promises to pay to the order of **CAPITAL ONE, N.A.**, a national association (together with its successors and assigns, "*Lender*"), without setoff, at its offices at 600 N. Pearl Street, Suite 2500, Dallas (Dallas County), TX 75201, or at such other place as may be designated by Lender, the principal amount of **THIRTY-FIVE MILLION AND NO/100 DOLLARS ($35,000,000.00)**, or so much thereof as may be advanced from time to time in immediately available funds, together with interest computed daily on the outstanding principal balance hereunder, at an annual interest rate (the "*Rate*"), and in accordance with the payment schedule indicated below. This **SECOND AMENDED AND RESTATED PROMISSORY NOTE** (this "*Note*") is executed pursuant to and evidences the loan funded by Lender pursuant to that certain **LOAN AND SECURITY AGREEMENT** dated as of **DECEMBER 14, 2011**, between Debtor and Lender (as the amended, modified or restated from time to time, the "*Loan Agreement*"), to which reference is made for a statement of the collateral, rights and obligations of Debtor and Lender in relation thereto; but neither this reference to the Loan Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of Debtor to pay unpaid principal of and interest on this Note when due. Capitalized terms not otherwise defined herein shall have the same meanings as in the Loan Agreement.

1. Rate. Prior to the Maturity Date or an Event of Default, the Rate shall be the **LESSER** of (a) the **MAXIMUM RATE**, or (b) **TWO PERCENT (2.00%)** plus the **LIBOR RATE**. From after the Maturity Date, the Rate shall be equal to the Maturity Rate. "*LIBO Rate*" means the London Inter-Bank Offered Rate for United States Dollars established by the British Bankers Association for interest periods of **ONE (1)** month. Lender will tell Debtor the current LIBO Rate upon Debtor's request. Debtor understands that Lender may make loans based on other rates as well. If the LIBO Rate referenced in the preceding sentences is not available, the Rate will be determined by Lender. The LIBO Rate shall be adjusted from time to time in Lender's sole discretion for then applicable reserve requirements, deposit insurance assessment rates, marginal emergency, supplemental, special and other reserve percentages, and other regulatory costs. Notwithstanding any provision of this Note or any other agreement or commitment between Debtor and Lender, whether written or oral, express or implied, Lender shall never be entitled to charge, receive or collect, nor shall amounts received hereunder be credited so that Lender shall be paid, as interest a sum greater than interest at the Maximum Rate. It is the intention of the parties that this Note, and all instruments securing the payment of this Note or executed or delivered in connection therewith, shall comply with applicable law. If Lender ever contracts for, charges, receives or collects anything of value which is deemed to be interest under applicable law, and if the occurrence of any circumstance or contingency, whether acceleration of maturity of this Note, prepayment of this Note, delay in advancing proceeds of this Note or any other event, should

cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum Rate shall be applied to the reduction of the unpaid principal balance of this Note or any other indebtedness owed to Lender by Debtor, and if this Note and such other indebtedness are paid in full, any remaining excess shall be paid to Debtor. In determining whether the interest exceeds interest at the Maximum Rate, the total amount of interest shall be spread, prorated and amortized throughout the entire term of this Note until its payment in full. The term "*Maximum Rate*" as used in this Note means the maximum nonusurious rate of interest per annum permitted by whichever of applicable United States federal law or Texas law permits the higher interest rate, including to the extent permitted by applicable law, any amendments thereof hereafter or any new law hereafter coming into effect to the extent a higher Maximum Rate is permitted thereby. If at any time the Rate shall exceed the Maximum Rate, the Rate shall be automatically limited to the Maximum Rate until the total amount of interest accrued hereunder equals the amount of interest which would have accrued if there had been no limitation to the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code, as amended, (the "*Act*") is relevant to Lender for purposes of determining the Maximum Rate, the parties elect to determine the Maximum Rate under the Act pursuant to the "weekly ceiling" from time to time in effect, as referred to and defined in §303.001-303.016 of the Act; subject, however, to any right Lender subsequently may have under applicable law to change the method of determining the Maximum Rate. Notwithstanding the foregoing, if Debtor and Lender now or hereafter enter into a Swap Agreement in connection with this Note, **THEN**, Lender in its reasonable discretion may adjust, to coordinate with its and industry practices pursuant to the Swap Agreement, interest rate periods, interest payment dates and Business Days under this Note. In

such circumstances the remainder of this Section and this Note shall continue to apply without change. "*Swap Agreement*" means any International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement and Schedule thereto, and any confirmations or other related documents or agreements thereunder pertaining to interest rate swaps or similar products, or any other documents or instruments pertaining to interest rate swaps or similar products, in each case if entered into with or through Lender or any of its affiliates.

2. **Accrual Method**. Interest on the Indebtedness evidenced by this Note shall be computed on the basis of a **THREE HUNDRED SIXTY (360)** day year and shall accrue on the actual number of days elapsed for any whole or partial month in which interest is being calculated. In computing the number of days during which interest accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall be included unless repayment is credited prior to the close of business on the Business Day received as provided herein.

3. **Rate Change Date**. The Rate will change as of the **FIRST (1st)** Business Day of each month.

4. **Payment Schedule**. Except as expressly provided herein to the contrary, all payments on this Note shall be applied in the following order of priority: (a) the payment or reimbursement of any expenses, costs or obligations (other than the outstanding principal balance hereof and interest hereon) for which either Debtor shall be obligated or Lender shall be entitled pursuant to the provisions of this Note or the other Loan Documents, (b) the payment of accrued but unpaid interest hereon, and (c) the payment of all or any portion of the principal balance hereof then outstanding hereunder, in the direct order of maturity. If a Default exists under any of the other Loan Documents, then Lender may, at the sole option of Lender, apply any such payments, at any time and from time to time, to any of the items specified in clauses (a), (b) or (c) above without regard to the order of priority otherwise specified herein and any application to the outstanding principal balance hereof may be made in either direct or inverse order of maturity. If any payment of principal or interest on this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. The outstanding principal balance of this

Note, plus accrued and unpaid interest thereon shall be due and payable on the earlier of (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents; or (ii) **DECEMBER 12, 2016** (the earliest of such dates being the "*Maturity Date*"). Accrued and unpaid interest on the outstanding principal balance of this Note shall be due and payable monthly commencing on **APRIL 1, 2014**, and continuing on the same day of each month thereafter and on the Maturity Date.

5. Delinquency Charge. To the extent permitted by law, a delinquency charge will be imposed in an amount not to exceed **FIVE PERCENT (5.00%)** of any payment that is more than **TEN (10)** days late.

6. Waivers, Consents and Covenants. Debtor, any indorser or guarantor hereof, or any other party hereto (individually an "*Obligor*" and collectively "*Obligors*") and each of them jointly and severally: (a) waives presentment, demand, protest, notice of demand, notice of intent to accelerate, notice of acceleration of maturity, notice of protest, notice of nonpayment, notice of dishonor, and any other notice required to be given under the law to any Obligor in connection with the delivery, acceptance, performance, default or enforcement of this Note, any indorsement or guaranty of this Note, or any other documents executed in connection with this Note or any other Loan Documents now or hereafter executed in connection with any obligation of Debtor to Lender; (b) consents to all delays, extensions, renewals or other modifications of this Note or the Loan Documents, or waivers of any term hereof or of the Loan Documents, or release or discharge by Lender of any of Obligors, or release, substitution or exchange of any security for the payment hereof, or the failure to act on the part of Lender, or any indulgence shown by Lender (without notice to or further assent from any of Obligors); (c) agrees that no such action, failure to act or failure to exercise any right or remedy by Lender shall in any way affect or impair the obligations of any Obligors or be construed as a waiver by Lender of, or otherwise affect, any of Lender's rights under this Note, under any indorsement or guaranty of this Note or under any of the Loan Documents; and (d) agrees to pay, on demand, all costs and expenses of collection or defense of this Note or of any indorsement or guaranty hereof and/or the enforcement or defense of Lender's rights with respect to, or the administration, supervision, preservation, or protection of, or realization upon, any property securing payment hereof, including, without limitation, reasonable attorney's fees, including fees related to any suit, mediation or arbitration proceeding, out of court payment agreement, trial, appeal, bankruptcy proceedings or other proceeding, in such amount as may be determined reasonable by any arbitrator or court, whichever is applicable.

7. Prepayments. Debtor shall have the right to prepay, at any time and from time to time, without fee, premium or penalty (except as noted below), any portion of the outstanding principal balance hereof, provided that Debtor shall provide **FIVE (5)** days prior written notice to Lender of prepayment of the entire Note. Any such prepayment shall also include (a) any and all accrued but unpaid interest on the amount of principal being so prepaid through and including the date of prepayment, plus any other sums which have become due to Lender under the other Loan Documents on or before the date of prepayment, but which have not been fully paid and (b) any Funding Indemnification. Prepayments of principal will be applied in inverse order of maturity. "*Funding Indemnification*" means an amount (which shall be payable on demand by Lender) necessary to promptly compensate Lender for, and hold it harmless from, any loss, cost or expense incurred by it as a result of any payment or prepayment of any part of the Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise), including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such portion or from fees payable to terminate the deposits from which such funds were obtained. Debtor shall also pay any customary administrative fees charged by Lender in connection with the foregoing. For purposes of calculating amounts payable by Debtor to Lender hereunder, Lender shall be deemed to have funded the Loan by a matching deposit or other borrowing in the London inter-bank market for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

8. **Remedies Upon Default**. Whenever there is a Default under the Loan Documents (a) the entire balance outstanding hereunder and all other obligations of any Obligor to Lender (however acquired or evidenced) shall, at the option of Lender, become immediately due and payable and any obligation of Lender to permit further borrowing under this Note shall immediately cease and terminate, (b) Lender shall have all rights and remedies available to it under the Loan Agreement and other Loan Documents, and/or (c) to the extent permitted by law, the Rate of interest on the unpaid principal shall be increased at Lender's discretion up to the Maximum Rate, or if none, **EIGHTEEN PERCENT (18.00%)**per annum (the "*Maturity Rate*"). The provisions herein for a Maturity Rate shall not be deemed to extend the time for any payment hereunder or to constitute a "grace period" giving Obligors a right to cure any default. At Lender's option, any accrued and unpaid interest, fees or charges may, for purposes of computing and accruing interest on a daily basis after the due date of this Note or any installment thereof, be deemed to be a part of the principal balance, and interest shall accrue on a daily compounded basis after such date at the Maturity Rate provided in this Note until the entire outstanding balance of principal and interest is paid in full. Upon a Default, Lender is hereby authorized at any time, at its option and without notice or demand, to set off and charge against any deposit accounts of any Obligor (as well as any money, instruments, securities, documents, chattel paper, credits, claims, demands, income and any other property, rights and interests of any Obligor), which at any time shall come into the possession or custody or under the control of Lender or any of its agents, affiliates or correspondents, any and all obligations due hereunder.

9. **Waiver**. The failure at any time of Lender to exercise any of its options or any other rights hereunder shall not constitute a waiver thereof, nor shall it be a bar to the exercise of any of its options or rights at a later date. All rights and remedies of Lender shall be cumulative and may be pursued singly, successively or together, at the option of Lender. The acceptance by Lender of any partial payment shall not constitute a waiver of any default or of any of Lender's rights under this Note. No waiver of any of its rights hereunder, and no modification or amendment of this Note, shall be deemed to be made by Lender unless the same shall be in writing, duly signed on behalf of Lender; each such waiver shall apply only with respect to the specific instance involved, and shall in no way impair the rights of Lender or the obligations of Obligors to Lender in any other respect at any other time.

10. **Applicable Law, Venue and Jurisdiction**. Debtor agrees that this Note shall be deemed to have been made in the State of Texas at Lender's address indicated at the beginning of this Note and shall be governed by, and construed in accordance with, the laws of the State of Texas and is performable in the City and County of Texas indicated at the beginning of this Note (the "*Venue Site*"). In any litigation in connection with or to enforce this Note or any indorsement or guaranty of this Note or any Loan Documents, Obligors, and each of them, irrevocably consent to and confer personal jurisdiction on the courts of the State of Texas or the United States courts located within the Venue Site.

11. **Partial Invalidity**. The unenforceability or invalidity of any provision of this Note shall not affect the enforceability or validity of any other provision herein and the invalidity or unenforceability of any provision of this Note or of the Loan Documents to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

12. **Binding Effect**. This Note shall be binding upon and inure to the benefit of Debtor, Obligors and Lender and their respective successors, assigns, heirs and personal representatives, provided, however, that no obligations of Debtor or Obligors hereunder can be assigned without prior written consent of Lender.

13. **Controlling Document**. To the extent that this Note conflicts with or is in any way incompatible with any other document related specifically to the loan evidenced by this Note, this Note shall control over any

other such document, and if this Note does not address an issue, then each other such document shall control to the extent that it deals most specifically with an issue.

14. Commercial Purpose. DEBTOR REPRESENTS TO LENDER THAT THE PROCEEDS OF THIS LOAN ARE TO BE USED PRIMARILY FOR BUSINESS, COMMERCIAL OR AGRICULTURAL PURPOSES. DEBTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD, AND AGREES TO BE BOUND BY, ALL TERMS AND CONDITIONS OF THIS NOTE.

15. Collection. If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceeding at law or in equity or in bankruptcy, receivership or other court proceedings, Debtor agrees to pay all costs of collection, including, but not limited to, court costs and reasonable attorneys' fees.

16. Notice of Balloon Payment. At maturity (whether by acceleration or otherwise), Debtor must repay the entire principal balance of this Note and unpaid interest then due. Lender is under no obligation to refinance the outstanding principal balance of this Note (if any) at that time. Debtor will, therefore, be required to make payment out of other assets Debtor may own; or Debtor will have to find a lender willing to lend Debtor the money at prevailing market rates, which may be higher than the interest rate on the outstanding principal balance of this Note. If Obligors have guaranteed payment of this Note, Obligors may be required to perform under such guaranty.

17. Amendment and Restatement. This Note is executed and delivered by Debtor to amend and restate in its entirety that certain **AMENDED AND RESTATED PROMISSORY NOTE** dated as of **DECEMBER 12, 2013** in the original notational amount of **THIRTY MILLION AND NO/100 DOLLARS ($30,000,000.00)**, executed and delivered by Debtor and payable to the order of Lender (the "*First A&R Note*"). Neither the execution nor delivery of this Note or the amendment and restatement of the First A&R Note constitutes a novation or payment of any part of the indebtedness evidenced by the First A&R Note.

18. Waiver of Jury Trial. DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF THIS NOTE OR ANY OF THE LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THIS NOTE OR THE OTHER LOAN DOCUMENTS.

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EXECUTED as of the date first written above.

DEBTOR:

LEGACY HOUSING, LTD

By: GPLH, LC
Its: General Partner

By: /s/ Curtis Hodgson
Name: Curtis Hodgson

ADDRESS:

4801 Mark IV Parkway
Fort Worth, TX 76106

Title: Manager

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EXHIBIT 10.5

CAPITAL ONE, N.A. -LOAN NO.

THIRD AMENDED AND RESTATED PROMISSORY NOTE

$45,000,000.00 MAY 12, 2017

FOR VALUE RECEIVED, LEGACY HOUSING, LTD, a Texas limited partnership *("Debtor"),* unconditionally promises to pay to the order of CAPITAL ONE, N.A., a national association (together with its successors and assigns, *"Lender"),* without setoff, at its offices at 600 N. Pearl Street, Suite 2500, Dallas (Dallas County), TX 75201, or at such other place as may be designated by Lender, the principal amount of FORTY-FIVE MILLION AND N0/100 DOLLARS ($45,000,000.00), or so much thereof as may be advanced from time to time in immediately available funds, together with interest computed daily on the outstanding principal balance hereunder, at an annual interest rate (the *"Rate"),* and in accordance with the payment schedule indicated below. This THIRD AMENDED AND RESTATED PROMISSORY NOTE (this *"Note")* is executed pursuant to and evidences the loan funded by Lender pursuant to that certain LOAN AND SECURITY AGREEMENT dated as of DECEMBER 14, 2011, between Debtor and Lender (as the amended, modified or restated from time to time, the *"Loan Agreement'),* to which reference is made for a statement of the collateral, rights and obligations of Debtor and Lender in relation thereto; but neither this reference to the Loan Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of Debtor to pay unpaid principal of and interest on this Note when due. Capitalized terms not otherwise defined herein shall have the same meanings as in the Loan Agreement.

1. Rate. Prior to the Maturity Date or an Event of Default, the Rate shall be the LESSER of: (a) the MAXIMUM RATE; or (b) TWO AND FORTY ONE-HUNDREDTHS OF ONE PERCENT (2.40%) plus the LIBO RATE. From after the Maturity Date, the Rate shall be equal to the Maturity Rate. *"LIBO Rate"* means the London Inter-Bank Offered Rate for United States Dollars established by the British Bankers Association for interest periods of ONE (1) month as specified on Reuters Screen LIBORO I. Lender will tell Debtor the current LIBO Rate upon Debtor's request. Debtor understands that Lender may make loans based on other rates as well. If the LIBO Rate referenced in the preceding sentences is not available, the Rate will be determined by Lender. The LIBO Rate shall be adjusted from time to time in Lender's sole discretion for then applicable reserve requirements, deposit insurance assessment rates, marginal emergency, supplemental, special and other reserve percentages, and other regulatory costs. Notwithstanding any provision of this Note or any other agreement or commitment between Debtor and Lender, whether written or oral, express or implied, Lender shall never be entitled to charge, receive or collect, nor shall amounts received hereunder be credited so that Lender shall be paid, as interest a sum greater than interest at the Maximum Rate. It is the intention of the patties that this Note, and all instruments securing the payment of this Note or executed or delivered in connection therewith, shall comply with applicable law. If Lender ever contracts for, charges, receives or collects anything of value which is deemed to be interest under applicable law, and if the occurrence of any circumstance or contingency, whether acceleration of maturity of this Note, prepayment of this

Note, delay in advancing proceeds of this Note or any other event, should cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum Rate shall be applied to the reduction of the unpaid principal balance of this Note or any other indebtedness owed to Lender by Debtor, and if this Note and such other indebtedness are paid in full, any remaining excess shall be paid to Debtor. In dete1mining whether the interest exceeds interest at the Maximum Rate, the total amount of interest shall be spread, prorated and amortized throughout the entire term of this Note until its payment in full. The term *"Maximum Rate"* as used in this Note means the maximum nonusurious rate of interest per annum permitted by whichever of applicable United States federal law or Texas law permits the higher interest rate, including to the extent permitted by applicable law, any amendments thereof hereafter or any new law hereafter coming into effect to the extent a higher Maximum Rate is permitted thereby. If at any time the Rate shall exceed the Maximum Rate, the Rate shall be automatically limited to the Maximum Rate until the total amount of interest accrued hereunder equals the amount of interest which would have accrued if there had been no limitation to the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code, as amended, (the *"Act')* is relevant to Lender for purposes of dete1mining the Maximum Rate, the patties elect to determine the Maximum Rate under the Act pursuant to the "weekly ceiling" from time to time in effect, as referred to and defined in §303.001-303.016 of the Act; subject, however, to any right Lender subsequently may have under applicable law to change the method of determining the Maximum Rate. Notwithstanding the foregoing, if Debtor and Lender now or hereafter enter into a Swap Agreement in connection

with this Note, THEN, Lender in its reasonable discretion may adjust, to coordinate with its and industry practices pursuant to the Swap Agreement, interest rate periods, interest payment dates and Business Days under this Note. In such circumstances the remainder of this Section and this Note shall continue to apply without change. *"Swap Agreement'* means any International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement and Schedule thereto, and any confirmations or other related documents or agreements thereunder pe1taining to interest rate swaps or similar products, or any other documents or instruments pe1taining to interest rate swaps or similar products, in each case if entered into with or through Lender or any of its affiliates.

2. Accrual Method. Interest on the Indebtedness evidenced by this Note shall be computed on the basis of a THREE HUNDRED SIXTY (360) day year and shall accrue on the actual number of days elapsed for any whole or partial month in which interest is being calculated. In computing the number of days during which interest accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall be included unless repayment is credited prior to the close of business on the Business Day received as provided herein.

3. Rate Change Date. The Rate will change as of the FIRST (1st) Business Day of each month.)

4. Payment Schedule. Except as expressly provided herein to the contrary, all payments on this Note shall be applied in the following order of priority : (a) the payment or reimbursement of any expenses, costs or obligations (other than the outstanding principal balance hereof and interest hereon) for which either Debtor shall be obligated or Lender shall be entitled pursuant to the provisions of this Note or the other Loan Documents; (b) the payment of accrued but unpaid interest hereon ; and (c) the payment of all or any portion of the principal balance hereof then outstanding hereunder, in the direct order of maturity. If a Default exists under any of the other Loan Documents, then Lender may, at the sole option of Lender, apply any such payments, at any time and from time to time, to any of the items specified in clauses (a), (b) or (c) above without regard to the order of priority otherwise specified herein and any application to the outstanding principal balance hereof may be made in either direct or inverse order of maturity. If any payment of principal or interest on this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. The outstanding principal balance of this

Note, plus accrued and unpaid interest thereon shall be due and payable on the earlier of: (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents; or (ii) MAY 11, 2020 (the earliest of such dates being the *"Maturity Date").* Accrued and unpaid interest on the outstanding principal balance of this Note shall be due and payable monthly commencing on JUNE 1, 2017, and continuing on the same day of each month thereafter and on the Maturity Date.

5. Delinquency Charge. To the extent permitted by law, a delinquency charge will be imposed in an amount not to exceed FIVE PERCENT (5.00%) of any payment that is more than TEN (10) days late.

6. Waivers, Consents and Covenants. Debtor, any indorser or guarantor hereof, or any other patty hereto (individually an *"Obligor"* and collectively *"Obligors")* and each of them jointly and severally: (a) waives presentment, demand, protest, notice of demand, notice of intent to accelerate, notice of acceleration of maturity, notice of protest, notice of nonpayment, notice of dishonor, and any other notice required to be given under the law to any Obligor in connection with the delivery, acceptance, performance, default or enforcement of this Note, any indorsement or guaranty of this Note, or any other documents executed in connection with this Note or any other Loan Documents now or hereafter executed in connection with any obligation of Debtor to Lender; (b) consents to all delays, extensions, renewals or other modifications of this Note or the Loan Documents, or waivers of any term hereof or of the Loan Documents, or release or discharge by Lender of any of Obligors, or release, substitution or exchange of any security for the payment hereof, or the failure to act on the part of Lender, or any indulgence shown by Lender (without notice to or further assent from any of Obligors); (c) agrees that no such action, failure to act or failure to exercise any right or remedy by Lender shall in any way affect or impair the obligations of any Obligors or be construed as a waiver by Lender of, or otherwise affect, any of Lender 's rights under this Note, under any indorsement or guaranty of this Note or under any of the Loan Documents; and (d) agrees to pay, on demand, all costs and expenses of collection or defense of this Note or of any indorsement or guaranty hereof and/or the enforcement or defense of Lender's rights with respect to, or the administration, supervision, preservation, or protection of, or realization upon, any property securing payment hereof, including, without limitation, reasonable attorney's fees, including fees related to any suit, mediation or arbitration proceeding, out of court payment

agreement, trial, appeal, bankruptcy proceedings or other proceeding, in such amount as may be determined reasonable by any arbitrator or court, whichever is applicable.

7. Prepayments. Debtor shall have the right to prepay, at any time and from time to time, without fee, premium or penalty (except as noted below), any portion of the outstanding principal balance hereof, provided that Debtor shall provide FIVE (5) days prior written notice to Lender of prepayment of the entire Note. Any such prepayment shall also include: (a) any and all accrued but unpaid interest on the amount of principal being so prepaid through and including the date of prepayment, plus any other sums which have become due to Lender under the other Loan Documents on or before the date of prepayment, but which have not been fully paid; and (b) any Funding Indemnification. Prepayments of principal will be applied in inverse order of maturity. *"Funding Indemnification "* means an amount (which shall be payable on demand by Lender) necessary to promptly compensate Lender for, and hold it harmless from: (i) any loss, cost or expense incurred by it as a result of any payment or prepayment of any part of the Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise), including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such p01tion; (ii) fees payable to terminate the deposits from which such funds were obtained; and (iii) certain charges, fees and penalties charged pursuant to any Swap Agreement. Debtor shall also pay any customary administrative fees charged by Lender in connection with the foregoing. For purposes of calculating amounts payable by Debtor to Lender hereunder, Lender shall be deemed to

have funded the Loan by a matching deposit or other borrowing in the London inter-bank market for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

8. Remedies Upon Default. Whenever there is a Default under the Loan Documents: (a) the entire balance outstanding hereunder and all other obligations of any Obligor to Lender (however acquired or evidenced) shall, at the option of Lender, become immediately due and payable and any obligation of Lender to permit further borrowing under this Note shall immediately cease and terminate; (b) Lender shall have all rights and remedies available to it under the Loan Agreement and other Loan Documents; and/or (c) to the extent permitted by law, the Rate of interest on the unpaid principal shall be increased at Lender's discretion up to the Maximum Rate, or if none, EIGHTEEN PERCENT (18.00%) per annum (the *"Maturity Rate").* The provisions herein for a Maturity Rate shall not be deemed to extend the time for any payment hereunder or to constitute a "grace period" giving Obligors a right to cure any default. At Lender's option, any accrued and unpaid interest, fees or charges may, for purposes of computing and accruing interest on a daily basis after the due date of this Note or any installment thereof, be deemed to be a part of the principal balance, and interest shall accrue on a daily compounded basis after such date at the Maturity Rate provided in this Note until the entire outstanding balance of principal and interest is paid in full. Upon a Default, Lender is hereby authorized at any time, at its option and without notice or demand, to set off and charge against any deposit accounts of any Obligor (as well as any money, instruments, securities, documents, chattel paper, credits, claims, demands, income and any other prope1ty, rights and interests of any Obligor), which at any time shall come into the possession or custody or under the control of Lender or any of its agents, affiliates or c01Tespondents, any and all obligations due hereunder.

9. Waiver. The failure at any time of Lender to exercise any of its options or any other rights hereunder shall not constitute a waiver thereof, nor shall it be a bar to the exercise of any of its options or rights at a later date. All rights and remedies of Lender shall be cumulative and may be pursued singly, successively or together, at the option of Lender. The acceptance by Lender of any partial payment shall not constitute a waiver of any default or of any of Lender's rights under this Note. No waiver of any of its rights hereunder, and no modification or amendment of this Note, shall be deemed to be made by Lender unless the same shall be in writing, duly signed on behalf of Lender; each such waiver shall apply only with respect to the specific instance involved, and shall in no way impair the rights of Lender or the obligations of Obligors to Lender in any other respect at any other time.

10. Applicable Law, Venue and Jurisdiction. Debtor agrees that this Note shall be deemed to have been made in the State of Texas at Lender's address indicated at the beginning of this Note and shall be governed by, and construed in accordance with, the laws of the State of Texas and is performable in the City and County of Texas indicated at the beginning of this Note (the *"Venue Site").* In any litigation in connection with or to enforce this Note or any indorsement or guaranty of this Note or any Loan Documents, Obligors, and each of them, irrevocably consent to and confer personal jurisdiction on the courts of the State of Texas or the United States courts located within the Venue Site.

11. Partial Invalidity. The unenforceability or invalidity of any provision of this Note shall not affect the enforceability or validity of any other provision herein and the invalidity or unenforceability of any provision of this Note or of the Loan Documents to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

12. Binding Effect. This Note shall be binding upon and inure to the benefit of Debtor, Obligors and Lender and their respective successors, assigns, heirs and personal representatives, provided, however, that no obligations of Debtor or Obligors hereunder can be assigned without prior written consent of Lender.

13. Controlling Document. To the extent that this Note conflicts with or is in any way incompatible with any other document related specifically to the loan evidenced by this Note, this Note shall control over any other such document, and if this Note does not address an issue, then each other such document shall control to the extent that it deals most specifically with an issue.

14. Commercial Purpose. DEBTOR REPRESENTS TO LENDER THAT THE PROCEEDS OF THIS LOAN ARE TO BE USED PRIMARILY FOR BUSINESS, COMMERCIAL OR AGRICULTURAL PURPOSES. DEBTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD, AND AGREES TO BE BOUND BY, ALLTERMS AND CONDITIONS OF THIS NOTE.

15. Collection. If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceeding at law or in equity or in bankruptcy, receivership or other court proceedings, Debtor agrees to pay all costs of collection, including, but not limited to, court costs and reasonable attorneys' fees.

16. Notice of Balloon Payment. At maturity (whether by acceleration or otherwise), Debtor must repay the entire principal balance of this Note and unpaid interest then due. Lender is under no obligation to refinance the outstanding principal balance of this Note (if any) at that time. Debtor will, therefore, be required to make payment out of other assets Debtor may own; or Debtor will have to find a lender willing to lend Debtor the money at prevailing market rates, which may be higher than the interest rate on the outstanding principal balance of this Note. If Obligors have guaranteed payment of this Note, Obligors may be required to perform under such guaranty.

17. Amendment and Restatement. This Note is executed and delivered by Debtor to amend and restate in its entirety that ce11ain SECOND AMENDED AND RESTATED PROMISSORY NOTE dated as of MARCH 31, 2014 in the original notational amount of THIRTY-FIVE MILLION AND N0/100 DOLLARS ($35,000,000.00), executed and delivered by Debtor and payable to the order of Lender (the *"Second A&R Note").* Neither the execution nor delivery of this Note or the amendment and restatement of the Second A&R Note constitutes a novation or payment of any pai1of the indebtedness evidenced by the Second A&R Note.

18. Waiver of Jury Trial. DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF THIS NOTE OR ANY OF THE LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THIS NOTE OR THE OTHER LOAN DOCUMENTS.

19. Cross Reference; Swap Agreement. This Note may now or hereafter be in conjunction with a Swap Agreement, and any letter agreement pursuant thereto (together with any and all documents relating thereto), as amended, modified, restated, renewed or replaced from time to time, containing covenants and other terms to which reference is hereby made, and the terms of which, if violated, shall constitute an Event of Default.

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EXECUTED as of the date first written above.

DEBTOR: ***ADDRESS:***

LEGACY HOUSING, LTD

4801 Mark IV Parkway
Fort Worth, TX 76106

By: GPLH, L C
Its: General Partner

By: /s/ Curtis Hodgson
Name: Curtis Hodgson
Title: Manager

The report above is linked from the *Daily Business News* on *MHProNews* market report linked below.

http://www.MHProNews.com/blogs/daily-business-news/legacy-housing-files-for-ipo-plus-manufactured-housing-industry-market-updates