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Legacy Housing Earnings Call Q1 2026. Curt Hodgson-'Legal Action. Deportations Hurt. Higher Rates Good. Headwinds-Place to Put. Good and Bad News. The Future. Picture Me with a Machete.' FEA

Experience demonstrates that someone can agree or disagree with almost anyone about almost anything, in or beyond the manufactured housing industry. That is said to frame what follows. [MHPProNews](#) notes that Curtis "Curt" Hodgson has long been willing to make certain statements and admissions that some of his publicly traded peers would, **ahem**, arguably avoid. The [financial report for the first quarter of 2026 for Legacy Housing \(LEGH\)](#), which included their corporate press release and more linked [here](#). There is [ample evidence](#) that this trade media has published more information on [Legacy Housing](#) in recent years than any other trade media in the in the industry, including numerous earnings calls with detailed analyses.

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<https://investors.legacyhousingcorp.com/events/event-details/legacy-housing-corporation-q1-2026-earnings-call>

[Earnings call transcript](#): Legacy Housing Q1 2026 sees EPS rise despite revenue dip

[MHPProNews note: MHPProNews has fixed the obvious typo of Curtis "Curt" Hodgson's name, which AI mistakenly typed below as "Kurt Hodgson." Only the first typo is shown in brackets, but AI glitched on the proper spelling every time on Hodgon's name. Other possible AI glitches will be shown with bracketed MHPProNews notes. One example is "head" should have been "Fed" and "part" should have been "park"].

Transcripts

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Good day and thank you for standing by. Welcome to the Legacy Housing Corporation first quarter 2026 earnings conference call. At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question and answer session. To ask a question during the session, you will need to press star 1-1 on your telephone. You will then hear an automated message advising your hand is raised. To withdraw your question,

please press star 1-1 again. Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, [C]urt Hodgson, Executive Chairman of the Board. Please go ahead.

[Curtis "Curt" Hodgson]

Executive Chairman of the Board

Good morning. This is Kurt Hodgson, Executive Chairman. I'm here with John Langbert, our Chief Financial Officer. Thanks for joining our first quarter 2026 conference call. John will now read the Safe Harbor Disclosure before we get started.

John Langbert

Chief Financial Officer

Before we begin, I'm reminding our listeners that management's prepared remarks today will contain forward-looking statements, which are subject to risks and uncertainties, and management may make additional forward-looking statements in response to your questions. Therefore, the company claims the protection of the safe harbor for forward-looking statements that is contained in the Private Securities Litigation Reform Act of 1995. Actual results may differ from management's current expectations. We refer you to a more detailed discussion of the risks and uncertainties in the company's quarterly report on Form 10-Q filed yesterday with the [Securities] and Exchange Commission and in our most recent annual report on Form 10-K. Any projections as to the company's future performance represent management's estimates as of today's call. Legacy Housing assumes no obligation to update these projections in the future unless otherwise required by applicable law.

Curtis "Curt" Hodgson

Executive Chairman of the Board

Thanks, John. I'll turn the call over to John or back to John now to walk you through the quarter's results, and then I'll come back with some thoughts on the business and a few corporate updates. After that, we'll open the call up to questions and answers. John, thanks.

John Langbert

Chief Financial Officer

Thanks, Curt. Let's get to the numbers. Total net revenue for the quarter was \$34.4 million, down 3.7% from \$35.7 million a year ago. Despite the modest top-line decline, net income

grew to \$10.9 million from \$10.3 million, and diluted EPS came in at \$0.46, up from \$0.41 in Q1 of 2015. So revenue was a touch softer, but the bottom line was stronger, and I'll walk through how we got there. Product sales were \$21.6 [billion should be "million"], down 11.3%. We shipped 312 units in the quarter versus 350 a year ago, with average revenue per unit essentially flat at roughly \$69,100. The story underneath the headline number is really a mixed story. Inventory finance sales were down about \$7.6 million, or 68%, as our dealers continued to work through existing inventory on their lots. That decline was largely offset by strength across our other channels. Retail store sales nearly doubled, up 81% to \$6.1 million. Direct sales were up 80% to \$2.7 million, and commercial sales to mobile home parks grew 12% to \$7.6 million. The shift toward retail and direct selling reflects the strategy we've been executing, getting closer to the end consumer and expanding our company-owned distribution. Loan portfolio interest income was \$11.3 million, up 6.2%, with essentially all of that growth coming from our consumer book. The consumer portfolio ended the quarter at \$204.8 million, up modestly from year end. Mobile home park notes finished at \$199.5 million, and dealer inventory finance receivables at \$26.5 million. On the expense side, cost of product sales was down 13.1%, broadly in line with lower volumes, and SG&A came in at \$5.8 million, down 8.3%. The SG&A decline reflects lower payroll, health benefit, and legal costs, partially offset by a higher loan loss provision and modestly higher property taxes. The net result is that even with revenue down a touch, we delivered net income growth of about 6% and EPS growth of around 12%, a function of slightly stronger gross margins, lower SG&A, and a lower effective tax rate. On taxes, our effective rate for the quarter was 16.1% versus 19.3% a year ago and the 21% statutory rate. The benefit reflects two items. First, the Federal Energy Efficient Home Improvement Credit, known as Section 45L, which provides a per-home tax credit for manufacturers who build homes meeting specified energy efficiency standards and which we've qualified for in a substantial portion of our production. Second, a discount on transferable tax credits we purchased during the quarter. As a reminder, the Section 45L credit terminates on June 30th of this year under last year's tax legislation, so we expect our effective rate to move closer to the statutory rate after that. The balance sheet remains in excellent shape. We ended the quarter with \$14.1 million in cash, up from \$8.5 million at year-end, on \$7 million of operating cash flow. Inventory growth of \$50.4 million from \$39.9 million at year end, primarily in finished goods. Curt will speak more about the inventory build and the data center project driving it in a moment. Our \$50 million Prosperity Bank revolver had less than \$1 million drawn at quarter end, leaving roughly \$49 million of available capacity, and we're in compliance with all our financial covenants. Total stockholders' equity finished the quarter at \$539 million, up from \$528.6 million at year-end. We repurchased about 31,000 shares for roughly \$600,000 during the quarter under our new \$10 million authorization that the Board approved in February, leaving approximately \$9.4

million available for future repurchases through February of 2029. The credit quality across our loan portfolios remains solid. At quarter end, more than 97% of both our consumer loans and our mobile home park notes were less than 30 days past due. We did increase loan loss reserves modestly in the quarter, reflecting continued portfolio growth and a slightly more conservative posture given the broader economic backdrop. With that, I'll turn it back to Curt.

Curtis "Curt" Hodgson

Executive Chairman of the Board

Thanks, John. Let me hit a few business topics. like the operating environment, some specific business updates, and a couple items that want a closer look from this quarter. The Q1 environment was a continuation of what I've spoken for in the past, and inflation picked up a little bit during the quarter, and the [Fed] is now holding its benchmark rate steady, and their 30-year mortgage rates are staying above 6%. Sustained higher borrowing costs continue to weigh on our consumer affordability, which affects our end consumers and particularly affects our [park] customers who are just trying to make a return on their investment, and higher interest rates are making it more difficult to do so. Tariffs became a meaningful theme during this quarter, and they continue to affect our cost structure. The Supreme Court ruled in February that the emergency tariffs imposed in 2025 were not authorized, and U.S. and Customs has begun winding down those duties. We are in the process of asking for \$683,000 refund based on that Supreme Court decision. Meanwhile, the U.S. Trade Representative picked off new Section 301 Investigations in March. They could provide a different legal basis for tariffs going forward, And effective April 6, right after our quarter end, additional 232 duties were imposed on things like aluminum, steel, copper, which does affect our cost structures. The bottom line is combined effective care rates on most Chinese origin goods are still meaningful, and we're still absorbing real input cost pressures. On a few other specific items, On retail and dealer activity, the shift towards retail at our own company stores we've been talking about is really showing up this quarter, and I think will continue to improve. Our retail sales are up 81% year over year. Part of that increase came from buying Americasa last year, which we have, which sells our homes, but they also sell three other brands at that location. Across our 14 company-owned retail locations, we call it Heritage Housing, our tiny house outlet, and Americasa, direct access to end consumers continues to be a meaningful part of our strategy. On our finance division, the loan portfolios continue to perform very well. Consumer loan portfolio interest grew. Credit quality is over 97% across all of our portfolios. And we haven't seen any deterioration that would require us to change our reserving posture beyond the modest increases that we've been making. On capital allocation, we restarted share repurchases

this quarter under the new \$10 million authorization. And with our stock continuing to trade near book value, we view buybacks as a sensible use of our capital alongside reinvestment in the business.

Let me talk a minute about the workforce housing orders for the last two calls I've mentioned. During this quarter, we received non-refundable deposits of about \$8 million from customers for large workforce housing orders. We started production on those orders in the first quarter, but had not made any deliveries from those orders in the first quarter. Now that we're in the second quarter, I expect 200 to 300 units to be delivered on those fairly high margin deposits we have in place. We should recognize substantially all of these workforce housing orders that we have in the calendar year 2026.

Another topic I'd like to spend a minute on is the [AmeriCasa] litigation. We filed a lawsuit last month, in March I guess it was, our claims related to misrepresentations and omissions made in that acquisition. And we're only in the litigation. I'm not exactly sure where it led up, but the litigation was necessary because the acquisition we made last year was not panning out as we expected, and I think it's because of things that were either not disclosed or erroneously disclosed during the due diligence period. But the litigation is not really material to our consolidated financial position or our liquidity or even our operations. We're continuing to evaluate the facts and circumstances regarding that acquisition. And I just want everybody to know that it isn't going to be the savior to the company. But on the other hand, it's not going to be very deleterious either.

So, Let's see now. We have one other item that's worth flagging. In 2024, we came to an agreement with borrowers under which we received clear tie to the two mobile home communities and a new 48.6% on a short-term \$48.6 million promissory note. varying 7.9 per inches. This note matures in July. We've been in contact with the borrower, and they've now made all required payments under that bridge loan, if you will. And we are now talking to them about where now, Brown Kyle, talking about taking a partial payment and renewing it. We're talking about what possible lending that we are willing to do on a going forward basis. And we still believe that there won't be any negative effect for this note. But we are in the process of negotiating, and you never know how it might turn out.

A couple of other closing thoughts that are really short. Q1 was a solid quarter, especially in light of the management transition that happened. In the fourth quarter. Net income was up over 6%, and I diluted earnings per share basis. It was up 12%, somewhat because of our share repurchases, and somewhat by the exit of executives that no longer have stock options. Our balance sheet is in great shape, \$14 million of cash, making no debt, and I'm proud to say \$539 million of stockholders' equity and an undrawn revolver. People look at

us and say, my gosh, you have a clean balance sheet. We also are a one-entity company, no subsidiaries. And I think that is a very attractive place to be.

The workforce housing orders are encouraging, especially here in Texas. The strength in our retail and direct sales reflects the strategy that we've been pursuing. Loan portfolios continue to be stable and a growing earnings engine. Georgia continues to be a big question mark. We've managed to keep it running, but we don't have any workforce housing orders yet in Georgia, so we're relying on the old-fashioned selling to dealers and selling to parks and selling to our company stores. That does not have enough volume to keep us running at profitable productions. As I've said before, Legacy has never had a quarter to the loss in our entire history. The Q1 of 2026 has kept that streak going, as will Q2. We're conservatively capitalized, focused on long-term value creation, confident in our ability to weather some near-storm volatility of positioning for long-term growth as housing affordability becomes more and more important to U.S. consumers and policymakers, especially if interest rates remain at 6% or above.

Operator, that concludes our prepared remarks. Please open up the line for questions and answers.

Operator

Conference Operator

Thank you. As a reminder, to ask a question, please press star 1-1 on your telephone and wait for your name to be announced. To withdraw your question, please press star 1-1 again. Please stand by while we compile the Q&A roster. And our first question comes from Alex Regale of Texas Capital Securities. Your line is open.

Alex Regale

Analyst, Texas Capital Securities

Good afternoon, Curt and John. Great to hear from you both. Curt, I always appreciate your broader perspective on the economy and broader housing market trends. I'm curious, in your views, how you think that has changed over the last three months.

Curtis "Curt" Hodgson

Executive Chairman of the Board

Well, You know, on the 10,000 foot view, Alex, our demographics are not all that healthy. For the first year in history last year, we had more people moving out of the country than moving into the country, and our birth rate is below two. So on a 10,000 foot view, we don't need a lot of new bedrooms. We already have all we need. The growth is basically

geographically very particular. We got growth in states like Texas and Florida, and we don't have growth in states like you know, Indiana and Ohio. Fortunately, we do business south of the Mason-Dixon line. So we still have a growing demographic in the states that we do business. And as an aside, Kenny and I got into this business in 1980. And from 1980 to 1982, you young men that weren't living through it have read the history books. That was the highest interest rate environment in the history of our company. Where the prime rate of interest got all the way, I believe it was to 18%. And those were very good years in the mobile home business, because high interest rates locks consumers out of traditional site-built housing. Buying a \$500,000 house at a 10% mortgage rate is prohibitive to almost anybody in this economy, which brings them down, just as it did in 1980 to 1982, to things that we sell. So, higher interest rates are not a bad fact to the manufactured housing industry. If anything, they're a good fact. But we still struggle on where you're going to put them. We don't have a lot of vacant spaces in big cities. We don't have very many mobile home parks coming online, although, as you know, we're trying to do things in Texas. But we don't have a good answer to where we're going to put them. Lots of headwinds. And the industry itself has not grown in and filling that void, and they haven't grown on providing a neighborhood solution as the traditional home builders have, of which I know you follow many of them. So even now that we have what should be tailwinds, we haven't done a very good job as an industry of imitating the site-built housing people and selling community solutions as opposed to, say, a Jim Walters solution, for those of you that are my age. But we're just providing housing. Somebody else has to put in the garage. Somebody else has to put in the landscape. Somebody else has to put in the spring system and the fence. We basically are providing part of the solution, but not all the solutions. Whereas when you follow your site builders, they are solving almost all of the neighborhood problems. And we're trying to morph into that with our, you know, the huge development outside of Austin. Which has got a lot of good news this week, if anybody was paying attention. Within four miles of our location, we have thousands of jobs that have just been announced in the future. So, that particular location, I'm very confident of, and we've made very little progress on our other land holdings. I know I went above and beyond answering your question, but at least I did answer your question. Anything else, Alex?

Alex Regale

Analyst, Texas Capital Securities

Yes, that was very helpful. Historically, the company has seen some positive seasonality after tap season. you know, since we're past that, can you kind of comment on demand in April and early May?

Curtis "Curt" Hodgson

Executive Chairman of the Board

Sure. I mean, I don't know. We can stomach much more demand in Texas. With all our orders we already have in place, we're probably already out to August or September. We'd have to find somebody in the line to take more orders. And we did get a little seasonality bump in Georgia the way we were able to turn those figures back on and But we don't have much backlog in Georgia. So without the data centers and without, you know, the oil field boom, which Georgia doesn't participate in hardly at all in either of those, good old-fashioned mobile home business, the street dealers and the parks, is rather tough. And I don't mind going on record on this thing. And I think followers of my peer group are already figuring it out based on the punishment that they gave the stock prices this week. But I did notice before the call that Our stock was actually up on what I consider fair but not great reports. But we're in good shape as a company, and our next two quarters should be pretty doggone impressive based on houses already built that were starting to shift to these major, major customers in Texas. So that's what I see. To answer your question, in summary, traditional demand is not great. But nontraditional demand, like data centers and oil fields, is as good as I've seen it ever since we hit Katrina in 2005. So, a lot of good news, but a little bit of bad news.

Alex Regale

Analyst, Texas Capital Securities

And then, one last question. As it relates to the workforce housing order that you have, that's fantastic. But kind of turning the page, how do future prospects look, and when might we hear about other sort of big orders into this market?

Curtis "Curt" Hodgson

Executive Chairman of the Board

In Texas, we're working several big orders. I mean, huge orders. And, you know, none of them have turned into a deposit yet, but we're working that angle. So the big seven companies that are involved in data centers, are making a multi-trillion dollar commitment to this space. The stimulus that was given to the economy after COVID, the U.S. government, because in size, the stimulus that these seven are giving the economy is comparable to the stimulus that the U.S. government gave a few years back in COVID, which was significant stimulus. So, let's take a data center manufacturer. He is putting on his balance sheet an asset, but he's putting on my balance sheet income, as well as everybody in the construction business in this region. So, the fact that income is going to be up for everybody in this region is a pretty remarkable amount of stimulus. There's a little bit of that going on on a nationwide basis, including Georgia, and even on a worldwide

basis. But in our market, Texas and Louisiana, there is so much data center business that is actually going to happen by these seven companies investing mega capital. I think we're good probably all the way through 27 and maybe beyond that. So business is good in Texas. That's all I can tell you.

Alex Regale

Analyst, Texas Capital Securities

Good to hear.

Operator

Conference Operator

Thank you very much. Thank you. And as a reminder, if you have a question, please press star 1-1. And our next question comes from Mark Smith of Lake Street. Your line is open.

Alex Regale

Analyst, Texas Capital Securities

Hi, guys.

Mark Smith

Analyst, Lake Street Securities

I want to ask just for a little more detail, if you can, Curt, on this workforce housing deal, just maybe any more insight you can give us on kind of the size and maybe the timing of revenue recognition as we work through the year. Yeah, I can do that.

Curtis "Curt" Hodgson

Executive Chairman of the Board

I would guess... that we have already had somewhere around 600 units with deposit in this category out of Texas, which was about half of our entire production last year in Texas, maybe even more than half. The orders actually started in December. . So that's kind of where we're at. And remember, to Alice's question, Mark, I tipped my other hand and said we are in the process of taking even more orders. I mean, think of the double whammy we have here, Mark. We got data center all over the state of Texas, and . I don't know if you can tell me when the Iran war is going to be over and what's going to happen to oil prices. I might have a different opinion. . We're not uniquely qualified. There's 34 operating plants in the state of Texas. But we're all going to rise together, and . Again, the theme remains the same. If you've been following these calls, I know you've been on them, Mark. All I'm doing

is backing up what I already predicted two calls ago with real numbers. We're in good shape for a long time, and it's going to show up beginning in Q2. Blossom in Q3 and Q4. And we may have three of the best quarters coming up in front of us. But I don't like to over-promise and under-deliver. You've known me for probably eight or nine years, and you know that I'm pretty conservative in these projections. But I know what's in tact, and it would be nonsensical for me to not reveal it. .

Mark Smith

Analyst, Lake Street Securities

Okay. Okay. The other one was just, it was pretty impressive cut in SG&A this quarter, and I know there's obviously been some changes there, but if you could just talk maybe about the sustainability of SG&A, if there's other further cuts, or maybe if we, you know, with the orders coming in, of course, and stuff that you need to add.

Curtis "Curt" Hodgson

Executive Chairman of the Board

I'm waiting for this as a video call, because you see a . I've just begun to cut SG&A, and Not everybody is supportive of that. But come on now. We're basically, we have \$500 million worth of money invested in paper. That doesn't take any SG&A or hardly any. And . So I would expect to see further declines in SG&A. And I don't know how much we can get it down to because, as John correctly pointed out, SG&A is not just, fails, general and administrative. It includes things like warranty. It includes things like reserves and provisions for loan losses. This all gets put in SG&A. But from a pure people and expense, the S to the G and the A, I would expect further declines. I don't know what auditor you'd require for loan provisions that I think are nonsensical. And I don't know what but skeletons are going to come up in the warranty department from yesterday year because we built some stuff that has been a legal issue. So part of our SG&A is still going to go down, while part of it may not. I would expect maybe a 10% reduction by the end of the year in SG&A. Okay.

Mark Smith

Analyst, Lake Street Securities

And then you spoke earlier about inflationary pressures, tariffs, whatnot. You know, do you think your SG&A cuts and then is there – is that enough to make up for maybe some of the inflationary pressures that you could see? And is there anywhere that you can cut within the COGS to get the product costs down?

Curtis "Curt" Hodgson

Executive Chairman of the Board

Yeah, but I got to go back to 10,000 for a few. So the problem in the industry is all of the major manufacturers have been trying to build a cheaper product. And any time they can take \$10 out, they consider it a triumph. I mean, the natural result of that is a product isn't all that desirable. It doesn't have basic features like, say, medicine. And we've taken a different tack. We're going to not build the cheapest product possible. It goes to the middle of the market. And just recently, we've begun to prove that theory out at the retail level with our own company stores. . So I kind of advanced around your question. and I'm not even sure I can remember what the question was because I got off on a different subject. The low-end nature of our product is not where I think this market needs to go. This market needs to do more like the [cycle = site built] housing and sell more of a turnkey solution to housing and get off the idea that the guy has to buy his own medicine cabinet, if you know what I mean. But that's That, I think, was a little probative of what you asked, but maybe I went too far. I don't know.

Mark Smith

Analyst, Lake Street Securities

Let me know. Anything, Mark? No, that hit a lot of it. Maybe just another part of it to ask is just with changes in immigration and kind of your own workforce, are you seeing pressure on labor and your ability to kind of hit new production goals?

Curtis "Curt" Hodgson

Executive Chairman of the Board

As a younger generation would say, Mark, 100%. I mean, deportations have hurt our sales to the Spanish market. And I think that that's unfortunate, but it's okay. The interesting fact is our retail portfolio, which is 70% Hispanic, is behaving incredibly well. But we haven't experienced a big uptick in retail sales, a little bit. I would say we're now repossessing in roughly 4% per year. But that is the historical norm in this industry. When we were reporting at only 2% per year, it was because there was a quantum leap in prices during COVID, and everybody was right side up in what they owed on their mobile home. But those increases in prices ended four years ago. So in four years, we've had no substantial increase in prices in this industry since COVID. And because the loans made then at 22, 23, 24, and 25, we have consumers that aren't, you know, well covered by the value of their of their mobile home and i think that's the reason why uh repossessions are increasing back to historical norms deportations are not affecting our loan portfolio but they are affecting the sentiment

of people and whether they want to buy a mobile home you know with this threat that some family member may be deported they all want to go back home with them so yeah it has affected who we sell to retail and how we sell to them. But it has not affected our portfolio. I think that does answer your question.

Mark Smith

Analyst, Lake Street Securities

Correct. That does. Thank you.

Operator

Conference Operator

Thank you. I'm showing no further questions at this time. I'd like to turn it back to Kurt Hodgson for closing remarks.

Curtis "Curt" Hodgson

Executive Chairman of the Board

Sure. Thanks, everybody who joined the call today. I appreciate your interest in our company, and that ends the call from my perspective.

Operator

Conference Operator

This concludes today's conference call. Thank you for participating, and you may now disconnect.

Disclaimer

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--- MHPProNews once more notes that it made several corrections of apparent typos in the transcript above. It may still have errors, including the typo by **EarningsCall, LLC's** AI that spelled certainly as "certainly" in their disclaimer above. In fairness, we get typos too. ---

Part II. Additional MHPProNews [Facts-Evidence-Analysis \(FEA\)](#) and More from Sources as Shown.

In no particular order of importance.

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