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

AMENDMENT NO. 3
to
FORM S-1
REGISTRATION STATEMENT
under
the Securities Act of 1933

Legacy Housing Corporation

(Exact Name of Registrant as Specified in its Charter)

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

Steve Wolosky, Esq.
Spencer G. Feldman, Esq.
Olshan Frome Wolosky LLP
1325 Avenue of the Americas, 15th Floor
New York, New York 10019
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Winston & Strawn LLP
2121 N. Pearl Street, Suite 900
Dallas, Texas 75201
(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

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	\$51,318,750	\$6,219.83(3)

- (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.
- (3) A registration filing fee of \$8,362.80 was previously paid.

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.

EXPLANATORY NOTE

This Amendment No. 3 ("Amendment No. 3") to the Registration Statement on Form S-1 (File No. 333-228288) of Legacy Housing Corporation (the "Registration Statement") is being filed solely for the purpose of including certain exhibits to the Registration Statement as indicated in the Exhibit Index contained in Part II of this Amendment No. 3. This Amendment No. 3 does not modify any provision of the prospectus that forms a part of the Registration Statement. Accordingly, the prospectus and financial statements have been omitted.

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	\$ 6,220
FINRA filing fee	8,198
Nasdaq listing fee	100,000
Underwriter expense reimbursement	175,000
Printing and engraving expenses	66,500
Legal fees and expenses	220,000
Accounting fees and expenses	340,000
Transfer agent and registrar fees	4,500
Miscellaneous	5,832
Total	\$ 926,250

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 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

<u>Exhibit Number</u>	<u>Description</u>
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.
10.1†	2018 Incentive Compensation Plan.

Exhibit Number	Description
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.
10.15†	Employment Agreement, dated as of November 27, 2018, between Legacy Housing Corporation and Curtis D. Hodgson.
10.16†	Employment Agreement, dated as of November 27, 2018, between Legacy Housing Corporation and Kenneth E. Shipley.
10.17*	Loan and Security Agreement, dated December 14, 2011, between Legacy Housing, Ltd. and Capital One, N.A.
10.18*	First Amendment to Loan and Security Agreement, dated December 12, 2013, between Legacy Housing, Ltd. and Capital One, N.A.
10.19*	Second Amendment to Loan and Security Agreement, dated March 31, 2014, between Legacy Housing, Ltd. and Capital One, N.A.
10.20*	Third Amendment to Loan and Security Agreement, dated May 20, 2014, between Legacy Housing, Ltd. and Capital One, N.A.
10.21*	Amendment to Loan and Security Agreement, dated May 12, 2017, between Legacy Housing, Ltd. and Capital One, N.A.
10.22*	Loan Agreement, dated April 4, 2016, by and between Legacy Housing, Ltd. and Veritex Bank.

Exhibit Number	Description
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 Greulich 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).

Unless otherwise indicated, exhibits were previously filed.

† Compensatory plan or agreement.

* Filed herewith.

(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)(1) 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.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 3 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Bedford, State of Texas, on the 12th day of December 2018.

LEGACY HOUSING CORPORATION

/s/ CURTIS D. HODGSON
By: _____
Name: Curtis D. Hodgson
Title: *Co-Chief Executive Officer*

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 3 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ CURTIS D. HODGSON</u> Curtis D. Hodgson	Co-Chief Executive Officer and Director <i>(principal executive officer)</i>	December 12, 2018
<u>/s/ KENNETH E. SHIPLEY*</u> Kenneth E. Shipley	Co-Chief Executive Officer and Director <i>(principal executive officer)</i>	December 12, 2018
<u>/s/ JEFFREY V. BURT</u> Jeffrey V. Burt	Chief Financial Officer <i>(principal financial and accounting officer)</i>	December 12, 2018
*By: <u>/s/ NEAL J. SUIT</u> Neal J. Suit <i>Attorney-in-Fact</i>		

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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 100 Million (100,000,000), of which 90 Million (90,000,000) 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. However, this sole and exclusive forum provision will not apply in those instances where there is exclusive federal jurisdiction, including but not limited to certain actions arising under the Securities Act or the Exchange Act.

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).

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this Corporation on this 11th day of December, 2018.

/s/ Neal J. Suit
Neal J. Suit, Secretary

CAPITAL ONE, N.A. — LOAN NO.

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (as amended, modified or restated from time to time, this “*Agreement*”) dated as of **DECEMBER 14, 2011** (the “*Effective Date*”), will serve to set forth the terms of the Credit Facility (as defined below) by and between **CAPITAL 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 has requested that Lender extend the Credit Facility to Debtor on the terms described in this Agreement; and

WHEREAS, Lender is willing to make the Credit Facility available to Debtor upon and subject to the provisions, terms and conditions set forth in the Loan Documents;

NOW THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. **Definitions.** As used in this Agreement, all exhibits, appendices and schedules hereto, and in any other Loan Documents made or delivered pursuant to this Agreement, the following terms will have the meanings given such terms in this Section 1 or in the provisions, sections or recitals herein:

(a) “*Affiliate*” means, with respect to a specified Person, another Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

(b) “*Borrowing Base*” has the meaning set forth in Section 2(b)(i).

(c) “*Borrowing Base Certificate*” means a Borrowing Base Certificate in form acceptable to Lender.

(d) “*Business Day*” means any day other than a Saturday, Sunday, or any other day on which the Federal Reserve Bank of Dallas, Texas, is closed.

(e) “*Code*” means the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in the State of Texas; provided, that to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different articles or divisions of the Code, the definition of such term contained in Article 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Lender’s lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of Texas, the term “*Code*” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

(f) “*Collateral*” means:

(i) All present and future accounts, chattel paper (including electronic chattel paper), Collateral Documents (and all payment rights thereunder), Collateral Loans, Commercial Tort Claims, commodity accounts, commodity contracts, deposit accounts, documents, financial assets, general intangibles, health care insurance receivables, instruments, Intellectual Property, investment property, letters of credit, letter of credit rights, payment intangibles (including, but not limited to, all payment intangibles relating to the Collateral Loans), securities, security accounts, security entitlements, and tax refunds now or hereafter owned, held, or acquired.

(ii) All books, records, data, plans, manuals, computer software, computer tapes, computer systems, computer disks, computer programs, source codes and object codes containing any information, pertaining directly or indirectly to the Collateral and all rights to retrieve data and other information pertaining directly or indirectly to the Collateral from third parties.

The term “Collateral,” as used herein, shall also include (i) any other property or assets, real or personal, tangible or intangible, now existing or hereafter acquired, of any Obligor that may at any time be or become subject to a security interest or lien in favor of Lender as security for the Indebtedness, and (ii) all **SUPPORTING OBLIGATIONS, PRODUCTS and PROCEEDS** of all of the foregoing (including without limitation, insurance payable by reason of loss or damage to the foregoing property) and any property, assets securities, guaranties or monies of Debtor which may at any time come into the possession of Lender. The designation of proceeds does not authorize Debtor to sell, transfer or otherwise convey any of the foregoing property except in the ordinary course of Debtor’s business or as otherwise provided herein.

(g) “Collateral Documents” means any agreement, contract, chattel paper, instrument, mortgage or security agreement evidencing, relating to or executed in connection with a Collateral Loan or a Collateral Loan Note.

(h) “Collateral Loan” means (i) a term loan secured in whole or in part by manufactured housing owing by a Collateral Loan Obligor pursuant to the Collateral Documents to Debtor; (ii) all rights, including all rights of repayment, under the Collateral Documents and all other agreements, documents and instruments arising from such term loan or relating thereto; and (iii) all proceeds arising from such term loan or relating thereto (including, but not limited to any manufactured housing and other goods acquired by Debtor in the exercise of its rights under the Collateral Documents).

(i) “Collateral Loan Note” means an instrument or chattel paper made by a Collateral Loan Obligor in favor of a Debtor in connection with a Collateral Loan.

(j) “Collateral Loan Obligor” means any Person who shall in any way be obligated to repay a Collateral Loan.

(k) “Commercial Tort Claim” means any commercial tort claim (as such term is defined in the Code) of **FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00)** or more.

(l) “Constituent Documents” means (i) in the case of a corporation, its articles or certificate of incorporation and bylaws; (ii) in the case of a general partnership, its partnership agreement; (iii) in the case of a limited partnership, its certificate of limited partnership and partnership agreement; (iv) in the case of a trust, its trust agreement; (v) in the case of a joint venture, its joint venture agreement; (vi) in the case of a limited liability company, its articles of organization or certificate of formation and operating agreement or regulations; and (vii) in the case of any other entity, its organizational and governance documents and agreements.

(m) “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

(n) “Credit Facility” has the meaning set forth in Section 2(a).

(o) “Dealership” means any Person holding Debtor’s inventory for sale in the ordinary course of business.

(p) “Debt” means as to any Person at any time (without duplication) all items of indebtedness, obligation or liability of a Person, whether mature or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, joint or several, that should be classified as liabilities in accordance with GAAP.

- (q) “Default” means any Event of Default or event which with notice and/or the passage of time would be an Event of Default.
- (r) “Dollars” and “\$” mean lawful money of the United States of America.
- (s) “EBITDA” means, for any Person for any period of determination, an amount equal to (i) net income plus (ii) the sum of the following to the extent deducted from net income: (1) interest expense; plus (2) income taxes; plus (3) depreciation; plus (4) amortization for such period determined and consolidated in accordance with GAAP.
- (t) “Eligible Collateral Loan” has the meaning set forth in Section 2(b)(ii).
- (u) “Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.
- (v) “Event of Default” has the meaning set forth in Section 12.
- (w) “GAAP” means generally accepted accounting principles, applied on a consistent basis, as set forth in Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board and/or their respective successors and which are applicable in the circumstances as of the date in question. Accounting principles are applied on a “consistent basis” when the accounting principles applied in a current period are comparable in all material respects to those accounting principles applied in a preceding period.
- (x) “Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.
- (y) “Guarantor” means any Person, whether one or more, who from time to time guarantees all or any part of the Indebtedness.
- (z) “Guaranty” means a **GUARANTY AGREEMENT**, whether one or more, executed by Guarantor (as the same may be amended, restated or modified from time to time).
- (aa) “Guidelines” means the guidelines relating to the originating and servicing of the Collateral Loans, as approved of by Lender from time to time.
- (bb) “Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, and all other substances or wastes of any nature regulated pursuant to any Environmental Law.
- (cc) “Indebtedness” means (i) all indebtedness, obligations and liabilities 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 or any draft, acceptance, guaranty, endorsement, letter of credit, assignment, purchase, overdraft, discount, indemnity agreement, (2) any agreement (including related confirmations and schedules) between Debtor and Lender 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 limitation all reasonable attorneys' fees, and (v) all renewals, extensions, modifications and rearrangements of the indebtedness and obligations described in (i), (ii), (iii) and (iv) above.

(dd) "Intellectual Property" means the copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, or other intellectual property or assets now owned or hereafter acquired by Debtor.

(ee) "Loan Documents" means this Agreement, the Note, the Guaranty and the other agreements, instruments and documents evidencing, securing, governing, guaranteeing or pertaining to the Loans.

(ff) "Loans" means all advances under the Credit Facility as established pursuant to the Loan Documents from time to time.

(gg) "Material Adverse Effect" means a material adverse effect on (i) the business, assets, property, operations, condition (financial or otherwise), or prospects, of an Obligor (individually or taken as a whole), (ii) the ability of an Obligor to pay or perform the Indebtedness, (iii) any of the rights of or benefits available to Lender under the Loan Documents, or (iv) the validity or enforceability of the Loan Documents.

(hh) "Note" means, collectively, any promissory note evidencing all or part of the Indebtedness from time to time (as any such Note may be amended, modified or restated from time to time).

(ii) "Obligors" means Debtor, Guarantor or any other Person who guaranteed or is otherwise obligated to pay or perform all or any portion of Indebtedness.

(jj) "Permitted Encumbrances" means the following encumbrances: (i) liens for taxes, assessments or governmental charges or levies not yet due and payable or liens for taxes, assessments or governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves have been established in accordance with GAAP; (ii) liens in respect of property of a Person imposed by law which were incurred in the ordinary course of business and which have not arisen to secure Debt for borrowed money, such as carriers', materialmen's, warehousemen's and mechanics' liens, statutory and common law landlord's liens, and other similar liens arising in the ordinary course of business, and which either (1) do not in the aggregate materially detract from the value of such property or materially impair the use thereof in the operation of the business of a Person, or (2) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property subject to such lien; (iii) liens created by or pursuant to the Loan Documents; (iv) liens in existence on the Effective Date which are listed, and the property subject thereto described, on Schedule I, without giving effect to any extensions or renewals thereof; (v) liens arising from judgments, decrees, awards or attachments in circumstances not constituting an Event of Default; (vi) liens (1) incurred or deposits made in the ordinary course of business in connection with general insurance maintained by a Person, (2) incurred or deposits made in the ordinary course of business of a Person in connection with workers' compensation, unemployment insurance and other types of social security, and (3) to secure the performance by any Person of tenders, statutory obligations (other than excise taxes), surety, stay, customs and appeal bonds, statutory bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) to the extent incurred in the ordinary course of business; and (vii) licenses, sublicenses, leases or subleases granted to third Persons in the ordinary course of business not interfering in any material respect with the business of a Person.

(kk) "Permitted Real Property Debt" means any Debt for borrowed money which is secured by real property described on Schedule II attached hereto.

(ll) “Person” means any individual, corporation, limited liability company, business trust, association, company, partnership, joint venture, Governmental Authority, or other entity, and shall include such Person’s heirs, administrators, personal representatives, executors, successors and assigns.

(mm) “Servicing Agent” means **KENDOR FINANCIAL, LTD.** and any other third-party bonded servicing agent acceptable to Lender in its reasonable discretion who shall service the Collateral Loans pursuant to a written agreement between Debtor, Lender and such servicing agent (such agreement being a “Servicing Agreement”).

(nn) “Subsidiary” means any entity (i) of which at least a majority of the ownership, equity or voting interest is at the time directly or indirectly owned or controlled by a Person and/or its Subsidiaries, and (ii) which is treated as a subsidiary in accordance with GAAP.

(oo) “Tangible Net Worth” means, at any particular time, all amounts which, in conformity with GAAP, would be included as equity on a balance sheet of a Person; provided, however, there shall be excluded therefrom: (i) any amount of which the equity of such Person appears as an asset on such Person’s balance sheet, (ii) goodwill, including any amounts, however designated, that represent the excess of the purchase price paid for assets or stock over the value assigned thereto, (iii) patents, trademarks, trade names, and copyrights, (iv) deferred expenses, (v) loans and advances to any equity holder, director, officer, or employee of the Person or any affiliate of such Person, and (vi) all other assets which are properly classified as intangible assets.

All words and phrases used herein shall have the meaning specified in the Code except to the extent such meaning is inconsistent with this Agreement. All definitions contained in this Agreement are equally applicable to the singular and plural forms of the terms defined. The words “hereof”, “herein” and “hereunder” and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Any accounting term used in the Loan Documents shall have, unless otherwise specifically provided therein, the meaning customarily given such term in accordance with GAAP, and all financial computations thereunder shall be computed, unless otherwise specifically provided therein, in accordance with GAAP consistently applied; provided, that all financial covenants and calculations in the Loan Documents shall be made in accordance with GAAP as in effect on the Effective Date unless Debtor and Lender shall otherwise specifically agree in writing. That certain items or computations are explicitly modified by the phrase “in accordance with GAAP” shall in no way be construed to limit the foregoing.

2. Credit Facility.

(a) Nature of Credit Facility. Subject to the terms and conditions set forth in this Agreement and the other Loan Documents, Lender hereby agrees to make loans to Debtor under a revolving credit facility (the “Credit Facility”) in an aggregate sum not to exceed the lesser of: (i) an amount equal to the Borrowing Base, or (ii) **TWENTY MILLION AND NO/100 DOLLARS (\$20,000,000.00)**, from time to time during the period commencing on the Effective Date and continuing until 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”). If at any time the sum of the aggregate principal amount of Loans outstanding hereunder exceeds the lesser of the Borrowing Base or the maximum Dollar amount stated above, such amount shall be deemed an “Overadvance.” Debtor shall immediately repay the amount of such Overadvance plus all accrued and unpaid interest thereon upon written demand from Lender. Notwithstanding anything contained herein to the contrary, an Overadvance shall be considered a Loan and shall bear interest at the interest rates set forth in the Note and be secured by this Agreement. Subject to the terms and conditions hereof, Debtor may borrow, repay and reborrow funds under the Credit Facility.

(b) Certain Defined Terms Relating to the Credit Facility. With respect to Loans under Credit Facility, the following terms shall have the following meanings:

(i) “Borrowing Base” means a sum equal to up to **FIFTY PERCENT (50.00%)** of the balance of Debtor’s Eligible Collateral Loans, minus any sum owing from Debtor to any Dealership

related to any Eligible Collateral Loan, from time to time; provided, however, Lender shall have the right to create and adjust eligibility standards and related reserves from time to time in its reasonable credit judgment with respect to Debtor's Eligible Collateral Loans.

(ii) "*Eligible Collateral Loan*" means a Collateral Loan that satisfies the following eligibility characteristics, subject to any exceptions thereto approved in writing by Lender in its sole discretion:

(1) The Collateral Loan was originated by Debtor and arose from the extension of credit which arose from the sale and delivery of goods or the rendering of services in the ordinary course of Debtor's business;

(2) Debtor has good and marketable title to such Collateral Loan and the Collateral Documents evidencing such loan and sufficient right to pledge, assign and deliver the Collateral Loan and the Collateral Loan Documents free and clear from all liens whatsoever, and no Person has any right to receive any proceeds with respect to the Collateral Loan;

(3) The Collateral Loan is evidenced by a Collateral Loan Note and (A) provides for level monthly payments or level monthly principal payments that fully amortize the amount financed over the original term and interest at the rate per annum specified in the Collateral Loan Note, or (B) if the Collateral Loan Note is a balloon note, such Collateral Loan Note has aged for less than **SIXTY (60)** days past due at the time the Collateral Loan Note is pledged as Collateral hereunder, and in either case, the Collateral Loan Note is not a workout of a prior Collateral Loan Note;

(4) Each Collateral Loan Note constitutes "chattel paper," an "instrument," an "account" or a "general intangible," each as defined in the Code;

(5) The Collateral Documents with respect to a Collateral Loan require the Collateral Loan Obligor to obtain insurance covering the related collateral secured thereby, insuring against loss and damage due to fire and other risks generally covered by comprehensive and coverage (A) in an amount at least equal to the lesser of (i) the maximum insurable value of the collateral, or (ii) the outstanding principal balance due from the Collateral Loan Obligor under such Collateral Loan Note and (B) naming Debtor as loss payee;

(6) The Collateral Documents represent an authentic, valid, subsisting, legitimate, non-fraudulent obligation of the underlying Collateral Loan Obligor, enforceable against the Collateral Loan Obligor in accordance with the terms of the Collateral Documents for the amount outstanding under the Collateral Loan Note without offset, counterclaim or defense (whether actual or alleged);

(7) At origination and at all times thereafter the Collateral Loan complies materially and substantially with the Guidelines;

(8) The Collateral Loan and the Collateral Documents relating thereto and the servicing of such Collateral Loan complies in all respects with all applicable laws, including, but not limited to, debt collection, truth in lending and credit disclosure laws and regulations and all applicable state and federal usury laws;

(9) The Collateral Loan Obligor under any Collateral Loan is not to Debtor's knowledge, (A) for residency purposes anything other than a legal resident of the United States, or (B) a Governmental Authority, and unconditional payments under the Collateral Loan Note are to be made in Dollars;

(10) The Collateral Documents do not restrict or prohibit the sale, transfer or assignment of such Collateral Loan by Debtor;

(11) At the time of the origination of a Collateral Loan, neither the Collateral Loan Obligor nor any guarantor thereof is employed by, related to or affiliated with Debtor or its Affiliates;

(12) The Collateral Loan has not been (A) modified, renewed or extended (except in accordance with written terms acceptable to Lender in its sole discretion) on the date such Collateral Loan is pledged as Collateral under this Agreement and (B) after being pledged as Collateral under this Agreement, modified, renewed or extended (except in accordance with written terms acceptable to Lender in its sole discretion);

(13) The Collateral Loan is serviced by a Servicing Agent in accordance with the Guidelines;

(14) Payment of the Collateral Loan is secured by a first priority lien on the collateral described in the Collateral Documents related thereto, free and clear of any liens of other Person;

(15) The Collateral Loan has been pledged to Lender and Lender has a perfected first priority lien in the Collateral Loan not subject to any other liens or claims of any kind;

(16) All payments received under a Collateral Loan Note have been applied to the indebtedness arising under the Collateral Loan Note; provided that, only the amount of any payment received but not yet applied shall be ineligible, and only to the extent of such amount;

(17) There is not a delinquency of longer than **SIXTY (60)** days in any payment required to be made under such Collateral Loan; and

(18) The Collateral Loan Obligor with respect to such Collateral Loan (A) has not filed a petition for bankruptcy or any other relief under the Bankruptcy Code or any other law relating to bankruptcy, insolvency, reorganization or relief of debtors, made an assignment for the benefit of creditors, had filed against it any petition or other application for relief under the Bankruptcy Code or any such other law, and (B) has not died or been declared incompetent.

(c) **Funding.** Lender reserves the right to require not less than **ONE (1)** Business Day prior notice of each Loan under the Credit Facility, specifying the aggregate amount of such Loan together with any documentation relating thereto as Lender may reasonably request; including, but not limited to, a Borrowing Base Certificate. Debtor shall give Lender notice of each Loan under the Credit Facility by no later than 1:00 p.m. (Dallas, Texas time). Lender at its option may accept telephonic requests for such Loan, provided that such acceptance shall not constitute a waiver of Lender's right to require delivery of a written request in connection with subsequent Loans. Lender shall have no liability to Debtor for any loss or damage suffered by Debtor as a result of Lender's honoring of any requests, execution of any instructions, authorizations or agreements or reliance on any reports communicated to it telephonically, by facsimile or electronically and purporting to have been sent to Lender by Debtor and Lender shall have no duty to verify the origin of any such communication or the identity or authority of the Person sending it. Subject to the terms and conditions of this Agreement, each Loan under this Section shall be made available to Debtor by depositing the same, in immediately available funds, in an account of Debtor designated by Debtor or by paying the proceeds of such Loan to a third party designated by Debtor.

(d) **Use of Proceeds.** The Loans under the Credit Facility shall be used by Debtor for working capital in the ordinary course of business and to fund growth in its retail loan portfolio.

(e) **Fees.** Debtor agrees to pay to Lender an unused facility fee on the daily average unused amount of the Credit Facility for the period from and including the Effective Date to and including the Maturity Date, at the rate of **ONE QUARTER OF ONE PERCENT (0.25%)** per annum based on a **THREE HUNDRED SIXTY (360)** day year and the actual number of days elapsed. Such fee shall be due and payable as of the **FIRST (1st)** day of each calendar quarter in arrears.

3. **Note, Rate and Computation of Interest.** The Credit Facility shall be evidenced by a Note duly executed by Debtor and payable to the order of Lender, in form and substance acceptable to Lender. All payments of principal, interest, and other amounts to be made by Debtor under this Agreement and the other Loan Documents shall be made to the Lender at the offices of Lender as set forth herein in Dollars and immediately available funds, without setoff, deduction, or counterclaim, and free and clear of all taxes at the time and in the manner provided in the Note.

4. **Collateral.**

(a) **Grant of Security Interest.** As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Indebtedness, Debtor hereby pledges to and 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. If Debtor at any time holds or acquires a Commercial Tort Claim, Debtor shall notify Lender in writing within **FIVE (5)** Business Days of such occurrence with the details thereof and grant to Lender a security interest therein or lien thereon and in the proceeds thereof, in form and substance satisfactory to Lender. If the security interest granted hereby in any rights of Debtor under any contract or other agreement included in the Collateral is expressly prohibited by such contract, then the security interest hereby granted therein nonetheless remains effective to the extent allowed by Article 9 of the Code or other applicable law but is otherwise limited by that prohibition

(b) **Debtor Remains Liable.** Notwithstanding anything to the contrary contained herein, (i) Debtor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its respective duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by Lender of any of its rights hereunder shall not release Debtor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (iii) Lender shall not have any obligation or liability under any of the contracts and agreements included in the Collateral by reason of this Agreement, nor shall Lender be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

(c) **Intellectual Property.** All material Intellectual Property owned or used by Debtor (if any) is listed, together with application or registration numbers, where applicable, on Schedule III. Debtor owns, or is licensed to use, all intellectual property necessary to conduct its business as currently conducted except for such intellectual property the failure of which to own or license could not reasonably be expected to have a Material Adverse Effect. Debtor will maintain the patenting and registration of all intellectual property with the United States Patent and Trademark Office, the United States Copyright Office, or other appropriate Governmental Authority and Debtor will promptly patent or register, as the case may be, all new intellectual property and notify Lender in writing **FIVE (5)** Business Days prior to filing any such new patent or registration.

(d) **Additional Documents.** To secure full and complete payment and performance of the Indebtedness, Debtor shall execute and deliver or cause to be executed and delivered all of the Loan Documents reasonably required by Lender covering the Collateral. Debtor shall execute and cause to be executed such further documents and instruments, as Lender, in its reasonable discretion, deems necessary or desirable to create, evidence, preserve, and perfect its liens and security interests in the Collateral. In the event any of the Loan Documents evidencing or securing the Indebtedness misrepresents or inaccurately reflects the correct terms and/or provisions of the Indebtedness, each Obligor shall upon request by Lender and in order to correct such mistake, execute such new documents or initial corrected, original documents as Lender may deem reasonably necessary to remedy said errors or mistakes. Each Obligor shall execute such other documents as Lender shall deem reasonably necessary to correct any defects or deficiencies in the Loan Documents. Any Obligor's failure to execute such documents as requested shall constitute an Event of Default under this Agreement.

(e) **Setoff.** As further security for the Indebtedness, Debtor grants to Lender a first lien and contractual right of set-off in and to all money and property of Debtor now or at any time hereafter coming within the custody or control of Lender, including (without limitation) all certificates of deposit and other

accounts, whether such certificates of deposit and/or accounts have matured or not, and whether the exercise of such right of set-off results in loss of interest or other penalty under the terms of the certificate of deposit or account agreement. It is further agreed that Lender shall have a first lien on all deposits and other sums at any time credited by or due from Lender to Debtor as security for the payment of the Indebtedness, and Lender, at its option after the occurrence of a Default may without notice and without any liability, hold all or any part of any such deposits or other sums until all amounts owing under the Loan Documents have been paid in full, and/or Lender may apply or set-off all or any part of any such deposits or other sums credited by or due from Lender to or against any sums due under the Loan Documents in any manner and in any order of preference which Lender, in its sole discretion, chooses. The rights and remedies of Lender hereunder are in addition to any other rights and remedies (including, without limitation, other rights of setoff) which Lender may have.

(f) **Satisfaction of Indebtedness.** Until the Indebtedness has been indefeasibly paid and fully satisfied (other than contingent indemnification obligations to the extent no unsatisfied claim has been asserted) and the commitments of Lender under the Credit Facility have been terminated, Lender shall be entitled to retain the security interests in the Collateral granted under the Loan Documents and the ability to exercise all rights and remedies available to Lender under the Loan Documents and applicable laws.

5. **Conditions Precedent.**

(a) **Initial Loan.** The obligation of Lender to make the initial Loan under the Credit Facility, is subject to the condition precedent that Lender shall have received on or before the day of such Loan all of the following in form and substance satisfactory to Lender, or the following conditions shall have been satisfied satisfactory to Lender, as applicable:

(i) **Resolutions.** Resolutions of the governing body of each Obligor that is not a natural Person certified by an authorized officer or representative of such Obligor which authorize the execution, delivery, and performance of the Loan Documents that such Obligor is a party to;

(ii) **Incumbency Certificate.** A certificate of incumbency certified by an authorized officer or representative of each Obligor that is not a natural person certifying the names of the individuals or other Persons authorized to sign the Loan Documents to which any Obligor that is not a natural Person is to be a party (including the certificates contemplated herein) together with specimen signatures of such Persons;

(iii) **Constituent Documents.** The Constituent Documents of each Obligor that is not a natural Person certified to Lender as being true and correct as of the Effective Date;

(iv) **Governmental Certificates.** Certificates of the appropriate government officials of the state of organization of each Obligor that is not a natural Person and any state such Obligor is currently doing business as to the existence, qualification and good standing of such Obligor, dated no more than **TEN (10)** days prior to the Effective Date;

(v) **Loan Documents.** The Loan Documents executed by each Obligor party thereto;

(vi) **Financial Statements.** Audited financial statements of Debtor covering the year 2010.

(vii) **Financing Statements.** Code financing statements covering the Collateral shall have been filed with such filing offices as Lender may request;

(viii) **Insurance Matters.** Copies of insurance certificates describing all insurance policies as may be required by Lender from time-to-time;

(ix) **Lien Search.** The results of a Code or other lien search showing all financing statements and other documents or instruments on file against Debtor in such locations as Lender may reasonably request, such search to be as of a date no more than **TEN (10)** days prior to the Effective Date;

(x) **Fees and Expenses.** Evidence that the costs and expenses of Lender (including reasonable attorneys' fees) and all fees owing to Lender, shall have been paid in full by Debtor;

(xi) **Certain Amounts Owing to Debtor.** Debtor shall cause the Collateral Loans and the Collateral Documents to have been pledged to Lender in form and content satisfactory to Lender;

(xii) **Due Diligence.** Lender shall have (at Debtor's cost and expense) completed its business, legal and collateral due diligence audit with respect to Debtor and the Collateral Loans (including the Collateral Loan portfolio) and the results thereof shall be acceptable to Lender, in its sole and absolute discretion; and

(xiii) **Other Matters.** Such other documents and agreements as may be required by Lender in its reasonable discretion.

(b) **All Loans.** The obligation of Lender to make any Loan shall be subject to the following additional conditions precedent:

(i) **Request for Loan.** Lender shall have received in accordance with this Agreement, a request for a Loan in form and content satisfactory to Lender in its reasonable discretion dated as of the date of request and executed by an authorized officer of Debtor;

(ii) **No Event of Default, Etc.** No Default or event which could reasonably be expected to have a Material Adverse Effect shall have occurred and be continuing, or would result from or after giving effect to such Loan; and

(iii) **Representations and Warranties.** All of the representations and warranties contained in the Loan Documents shall be true and correct in material respects on and as of the date of such Loan with the same force and effect as if such representations and warranties had been made on and as of such date.

6. **Representations and Warranties.** Each Obligor hereby represents and warrants, and upon each request for a Loan represents and warrants to Lender as follows:

(a) **Existence.** Each Obligor that is not a natural person (i) is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization; (ii) has all requisite power and authority to own its assets and carry on its business as now being or as proposed to be conducted; and (iii) is qualified to do business in all jurisdictions in which the nature of its business makes such qualification necessary and where failure to so qualify would have a Material Adverse Effect. Each Obligor has the power and authority to execute, deliver, and perform its obligations under the Loan Documents to which it is or may become a party. The federal tax identification number and state organizational number for Debtor are set forth below:

Federal Tax Identification Number	State Filing Number
20-2897516	TX0800497321

(b) **Binding Obligations.** The execution, delivery, and performance of the Loan Documents by each Obligor have been duly authorized by all necessary action by such Obligor, and constitute legal, valid and binding obligations of such Obligor, enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors' rights and except to the extent specific remedies may generally be limited by equitable principles.

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(c) **No Consent.** The execution, delivery and performance of the Loan Documents, and the consummation of the transactions contemplated thereby, do not (i) conflict with, result in a violation of, or constitute a default under (1) any provision of the Constituent Documents (if any) or other instrument binding upon any Obligor, (2) any law, governmental regulation, court decree or order applicable to any Obligor, or (3) any contractual obligation, agreement, judgment, license, order or permit applicable to or binding upon any Obligor, (ii) require the consent, approval or authorization of any third party, or (iii) result in or require the creation of any lien, charge or encumbrance upon any property or asset of any Obligor except as may be expressly contemplated in the Loan Documents.

(d) **Financial Condition.** Each financial statement of each Obligor supplied to Lender truly discloses and fairly presents such Person's financial condition as of the date of each such statement. There has been no material adverse change in such financial condition or results of operations of any Obligor subsequent to the date of the most recent financial statement supplied to Lender.

(e) **Operation of Business.** Debtor possesses all contracts, licenses, permits, franchises, patents, copyrights, trademarks, and tradenames, or rights thereto, necessary to conduct its businesses substantially as now conducted and as presently proposed to be conducted, and Debtor and is not in violation of any valid rights of others with respect to any of the foregoing, except any violations that could not reasonably be expected to have a Material Adverse Effect.

(f) **Litigation and Judgments.** There is no action, suit, investigation, or proceeding before or by any Governmental Authority or arbitrator pending, or to the knowledge of any Obligor, threatened against or affecting such Obligor that would, if adversely determined, have a Material Adverse Effect. There are no outstanding judgments against any Obligor.

(g) **Rights in Properties; Liens.** Debtor has good and indefeasible title to the Collateral, and none of the Collateral is subject to any lien, except Permitted Encumbrances.

(h) **Debt.** Debtor has no Debt other than the Permitted Indebtedness.

(i) **Disclosure.** No statement, information, report, representation, or warranty made by any Obligor in the Loan Documents or furnished to Lender in connection with the Loan Documents or any of the transactions contemplated hereby contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to any Obligor which could reasonably be expected to have a Material Adverse Effect that has not been disclosed in writing to Lender.

(j) **Agreements.** Debtor is not a party to any indenture, loan, or credit agreement, or to any lease or other agreement or instrument, or subject to any charter or corporate or other organizational restriction which could reasonably be expected to have a Material Adverse Effect. Debtor is not in default in any material respect in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument material to its business.

(k) **Compliance with Laws.** No Obligor is in violation of any law, rule, regulation, order, or decree of any Governmental Authority or arbitrator, the violation of which could reasonably be expected to have a Material Adverse Effect.

(l) **Taxes; Governmental Charges.** Each Obligor has filed all federal, state and local tax reports and returns required by any law or regulation to be filed by it and has either duly paid all taxes, duties and charges indicated due on the basis of such returns and reports, or made adequate provision for the payment thereof, and the assessment of any material amount of additional taxes in excess of those paid and reported is not reasonably expected. No Obligor knows of no pending investigation of such Obligor or by any taxing authority or of any pending but unassessed tax liability of such Obligor.

(m) **Use of Proceeds; Margin Securities.** Debtor is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of regulations of the Board of Governors of the Federal Reserve System), and no

part of the proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

(n) **ERISA.** Debtor is in compliance in all material respects with all applicable provisions of the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations and published interpretations thereunder ("ERISA"). Neither a reportable event nor a prohibited transaction has occurred and is continuing with respect to any plan. No notice of intent to terminate a plan has been filed, nor has any plan been terminated. No circumstances exist which constitute grounds entitling the Pension Benefit Guaranty Corporation or any entity succeeding to all or any of its functions under ERISA ("PBGC") to institute proceedings to terminate, or appoint a trustee to administer, a plan, nor has the PBGC instituted any such proceedings. Neither Debtor nor any ERISA Affiliate (if any) has completely or partially withdrawn from a multiemployer plan. Debtor and each ERISA Affiliate (if any) has met its minimum funding requirements under ERISA with respect to all of their plans, and the present value of all vested benefits under each plan do not exceed the fair market value of all plan assets allocable to such benefits, as determined on the most recent valuation date of the plan and in accordance with ERISA. Neither Debtor nor any ERISA Affiliate (if any) has incurred any liability to the PBGC under ERISA.

(o) **Security Interest.** Debtor has and will have at all times full right, power and authority to grant a security interest in the Collateral to Lender in the manner provided herein, free and clear of any lien, security interest or other charge or encumbrance other than for the Permitted Encumbrances. This Agreement creates a legal, valid and binding first priority security interest (subject to Permitted Encumbrances) in favor of Lender in the Collateral securing the Indebtedness. Possession by Lender of certain types of Collateral from time to time or the filing of the financing statements delivered prior hereto or concurrently herewith by Debtor to Lender will perfect and establish the first priority of Lender's security interest hereunder in the Collateral (to the extent that perfection can be accomplished through the filing of a financing statement or the possession of such Collateral) other than for the Permitted Encumbrances.

(p) **Location.** Debtor's chief executive office and the office where the records concerning the Collateral are kept are at its address set forth on the signature page hereof.

(q) **Environmental Matters.** Except for matters disclosed in writing to Lender:

(i) **Notice of Non-Compliance.** Debtor and all of its property and operations are in full compliance with all Environmental Laws, except where non-compliance could not reasonably be expected to have a Material Adverse Effect. Debtor is not aware of, nor has Debtor received notice of, any past, present, or future conditions, events, activities, practices, or incidents which may interfere with or prevent the compliance or continued compliance of Debtor with all Environmental Laws except where non-compliance would be reasonably be expected to have a Material Adverse Effect;

(ii) **Permits.** Debtor has obtained all permits, licenses, and authorizations that are required under applicable Environmental Laws, and all such permits are in good standing and Debtor is in compliance with all of the terms and conditions of such permits, except where non-compliance could not reasonably be expected to have a Material Adverse Effect.

(r) **Solvency.** On the Effective Date and on the date of each Loan, Debtor will be and after giving effect to the requested Loan, will be, solvent.

7. **Representations and Warranties Concerning Eligible Collateral Loans.** Debtor hereby represents and warrants to Lender, and by submitting each Borrowing Base Certificate or each request for a Loan shall be deemed to have represented and warranted to Lender, that as of the date of such Borrowing Base Certificate or request for a Loan and as to each Collateral Loan included or to be included as an Eligible Collateral Loan:

(a) **Status of the Collateral Loans and Other Collateral.** With respect to each Collateral Loan at the time the Collateral Loan becomes subject to a lien in favor of Lender, Debtor covenants, represents and warrants: (i) Debtor shall be the sole owner of each Collateral Loan, free and clear of all liens (except for Permitted Encumbrances), and shall be fully authorized to sell, transfer, pledge and/or

grant a security interest in each and every Collateral Loan; (ii) each Collateral Loan shall be a good and valid loan representing an undisputed bona fide indebtedness incurred or an amount indisputably owed by the Collateral Loan Obligor therein named, for a fixed sum as set forth in the Collateral Documents; (iii) no Collateral Loan shall be subject to any defense, offset, counterclaim, discount or allowance, and each Collateral Loan and will be collected when due; (iv) none of the transactions underlying or giving rise to any Collateral Loan shall violate any applicable state or federal laws or regulations, and all documents relating thereto shall be legally sufficient under such laws or regulations and shall be legally enforceable in accordance with their terms; (v) all agreements, instruments and other documents relating to any Collateral Loan shall be true and correct and in all material respects what they purport to be; (vi) all signatures and endorsements that appear on all material agreements, instruments and other documents relating to any Collateral Loan shall be genuine and all signatories and endorsers shall have full capacity to contract; (vii) Debtor shall maintain books and records pertaining to said Collateral Loan in such detail, form and scope as Lender shall reasonably require; and (viii) Lender has a first perfected lien on the Collateral.

(b) **Compliance with Laws; Enforceability; Modification; Required Documents, Etc.** Each Collateral Loan and the Collateral Documents related thereto (i) has been made and serviced in compliance, in all respects, with all requirements of applicable laws, rules and regulations (such as OFAC checks, red flag rules, privacy notifications, usury laws, and GPS disclosures), (ii) is genuine, valid, duly authorized, properly executed and enforceable in accordance with the terms set forth therein, without defense or offset, (iii) has not been modified or amended and has not had any requirements thereof waived except for modifications in compliance with a material and substantial portion of the Guidelines, (iv) complies with the terms of this Agreement, and (v) such Collateral Loan has been fully advanced in the respective face amounts thereof.

(c) **Underwriting.** No Collateral Loan was underwritten in violation of a material and substantial portion of the Guidelines.

(d) **Collection Practices.** The Guidelines and practices used by the Servicing Agent with respect to a Collateral Loan have been in all respects legal, proper, prudent and customary for the servicing of the Collateral Loans.

8. **Covenants.** Until all Indebtedness of Debtor under the Loan Documents is indefeasibly paid or performed, and Lender has no further commitment to lend under the Credit Facility, Debtor agrees and covenants as follows:

(a) **Payment of Obligations.** Debtor will pay its obligations, including tax liabilities, that, if not paid, could become a lien on any of its property, before the same shall become delinquent or in default, except where (i) the validity or amount thereof is being contested in good faith by appropriate proceedings, and (ii) Debtor has set aside on its books adequate reserves with respect thereto in accordance with GAAP.

(b) **Maintenance and Conduct of Business.** Debtor will (i) keep, maintain and preserve all property (tangible and intangible) material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, (ii) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, agreements and franchises material to the conduct of its business, and (iii) engage in an efficient and economical manner in a business of the same general type and within Debtor's powers under Constituent Documents.

(c) **Books and Records; Inspection Rights.** Debtor will keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. Debtor will permit any representatives designated by Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested. Lender or its agent shall be permitted (at Debtor's cost and expense) to conduct field audits or reviews (such audits and reviews are anticipated, absent a Default and the continuation thereof, to be conducted on a semi-annual basis).

(d) **Servicing Agent.** Debtor shall cause (at Debtor's sole cost and expense) (i) the Collateral Documents to be held by Servicing Agent for the benefit of Lender pursuant to a Servicing Agreement, and (ii) each Collateral Loan to be (at Debtor's sole cost and expense) to be serviced by a Servicing Agent in accordance with the Guidelines pursuant to a Servicing Agreement. Debtor shall cause Servicing Agent to service the Collateral Loans in compliance with the Collateral Documents and all applicable laws, rules and regulations.

(e) **Insurance.** Debtor will cause each Dealership to maintain such insurance as Lender reasonably deems reasonably necessary.

(f) **Compliance with Laws.** Debtor will comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(g) **Compliance with Agreements.** Debtor will comply, in all material respects with all material agreements, contracts, and instruments binding on it or affecting its properties, assets or business.

(h) **ERISA.** Debtor will comply, and will cause each Subsidiary to comply, with all minimum funding requirements, and all other material requirements, of ERISA, if applicable, so as not to give rise to any liability thereunder.

(i) **Notice of Indebtedness.** Debtor will promptly inform Lender of the creation, incurrence or assumption by Debtor of any actual or contingent liabilities not permitted under this Agreement.

(j) **Notices of Material Events.** Debtor will furnish to Lender prompt written notice of the following:

(i) the occurrence of any Event of Default;

(ii) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or any Obligor that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect; and

(iii) any and all material adverse changes in any Obligor's financial condition and all claims made against any Obligor that could materially affect the financial condition of such Obligor.

Each notice delivered under this Section shall be accompanied by a statement of an officer of Debtor setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

(k) **Ownership and Liens.** Debtor will maintain good and indefeasible title to the Collateral free and clear of all liens, security interests, encumbrances or adverse claims, except for Permitted Encumbrances. Debtor will cause any financing statement or other security instrument with respect to the Collateral to be terminated, except for Permitted Encumbrances. Debtor will defend at its expense Lender's right, title and security interest in and to the Collateral against the claims of any third party.

(l) **Chattel Paper, Documents and Instruments.** Debtor will take such action as may be reasonably requested by Lender in order to cause any chattel paper, documents or instruments to be valid and enforceable and will cause all chattel paper, and instruments to have only one original counterpart. Commencing **FIVE (5)** Business Days after Lender makes a written request therefore, Debtor will cause the top of the front page of each Collateral Loan Note or other chattel paper evidencing a Collateral Loan originated on or after such date to have conspicuously printed thereon the following notation:

“COLLATERALLY ASSIGNED TO CAPITAL ONE, N.A.”

(m) **Accounts.** To induce Lender to establish the interest rates provided for in the Note and in order to enable Lender to more fully monitor Debtor’s financial condition, Debtor will use Lender as its depository bank for the maintenance of business, cash management, operating and administrative accounts.

(n) **Fundamental Change.** Debtor will not (i) make any material change in the nature of its business as carried on as of the Effective Date, (ii) liquidate, merge or consolidate with or into any other Person or dispose of a material portion of its assets (except for the sales of inventory in the ordinary course of business), (iii) make a change in organizational structure or the jurisdiction in which it is organized, or (iv) permit any change in (1) the location of any Collateral (other than between different locations of Debtor), (2) the location of any records concerning any Collateral, (3) Debtor’s legal name, or (4) the state of Debtor’s organization to a jurisdiction. **DEBTOR WILL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF LENDER, (i) CREATE, INCUR OR ASSUME INDEBTEDNESS FOR BORROWED MONEY, INCLUDING CAPITAL LEASES, OTHER THAN INDEBTEDNESS EXPRESSLY PERMITTED BY THE LOAN DOCUMENTS, (ii) SELL, TRANSFER, MORTGAGE, ASSIGN, PLEDGE, LEASE (OTHER THAN IN THE ORDINARY COURSE OF BUSINESS), GRANT A SECURITY INTEREST IN OR ENCUMBER ANY OF DEBTOR’S ASSETS (EXCEPT AS EXPRESSLY PERMITTED BY THE LOAN DOCUMENTS), OR (iii) SELL ANY OF THE COLLATERAL LOANS TO ANY PERSON, EXCEPT TO LENDER.**

(o) **Debt.** Debtor will not create, incur, assume or permit to exist any Debt except for the following (“*Permitted Indebtedness*”):

- (i) The Indebtedness created hereunder;
- (ii) The Permitted Real Property Debt, in an amount not to exceed **FIVE MILLION AND NO/100 DOLLARS (\$5,000,000.00)**; and
- (iii) Other Debt existing on the Effective Date and set forth in Schedule IV.

(p) **Loans.** Debtor will not make loans or guarantee any obligation of any other Person or entity other than (i) term loans to consumers secured in whole or in part by manufactured housing, including the Collateral Loans, (ii) loans to Dealerships up to **FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00)** each, up to an aggregate of **FIVE MILLION AND NO/100 DOLLARS (\$5,000,000.00)** at any time; (iii) loans or advances to employees of Debtor not to exceed **ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00)** in the aggregate outstanding at any time, including such loans and advances outstanding on the Effective Date, and (iv) accounts receivable for sales of inventory and other products and services provided by Debtor to its respective customers in the ordinary course of business of Debtor.

(q) **Transactions With Affiliates.** Debtor will not enter into any transaction, including, without limitation, the purchase, sale or exchange of property or the rendering of any service, with any Affiliate of Debtor, except in the ordinary course of and pursuant to the reasonable requirements of Debtor’s business (upon prior written notice to Lender) and upon fair and reasonable terms no less favorable to Debtor than would be obtained in a comparable arm’s-length transaction with a Person or entity not an Affiliate of Debtor.

(r) **Dividends or Distribution.** Debtor will not declare or pay any dividends or distributions on any equity interest of Debtor to any Person, unless any such amounts are directly utilized for the payment of (i) principal or interest on Indebtedness owing from time to time by Debtor to Lender, or (ii) taxes owing by an equity holder of Debtor to the extent that such taxes are incurred as a result of the business operations of Debtor, so long as no Default exists immediately prior to or after giving effect to such dividends.

(s) **Transfer or Encumbrance.** Debtor will not (i) sell, assign (by operation of law or otherwise), transfer, exchange, lease or otherwise dispose of any of the Collateral except in the ordinary course of business, (ii) grant a lien or security interest in or execute, file or record any financing statement or other security instrument with respect to the Collateral, or (iii) deliver actual or constructive possession

of any of the Collateral to any party other than Lender or a Servicing Agent who is acting in its capacity as special limited agent for Debtor on such terms and conditions as are approved by Lender.

(t) **Acquisitions.** Debtor shall not acquire (whether in one or more transactions) the equity interests or assets of any Person if such acquisitions would, in the aggregate, exceed **ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00)** without the prior written consent of Lender, which consent shall not be unreasonably withheld or delayed.

(u) **Impairment of Security Interest.** Debtor will not and will not permit any Servicing Agent to take any action that would in any manner impair the enforceability of Lender's security interest in any Collateral. Debtor shall not, without the prior written consent of Lender, amend, modify settle, compromise or adjust any rights of Debtor.

(v) **Compromise of Collateral.** Debtor will not and will not permit any Servicing Agent to adjust, settle, compromise, amend or modify any Collateral, except an adjustment, settlement, compromise, amendment or modification in good faith and in the ordinary course of business and in accordance with the Servicing Agreement; provided, however, this exception shall terminate following written notice from Lender upon the occurrence and during the continuation of a Default. Debtor shall provide to Lender such information concerning (i) any adjustment, settlement, compromise, amendment or modification of any Collateral Loan, and (ii) any claim asserted by any Collateral Loan Obligor for credit, allowance, adjustment, dispute, setoff or counterclaim, as Lender may reasonably request from time to time.

(w) **Certain Agreements.** Debtor will not and will not permit any Servicing Agent to agree to any material amendment or other material change to or material waiver of any of its rights under any Collateral Loan except in good faith and in the ordinary course of business and in accordance with the Servicing Agreement.

(x) **Limitations on Credit and Collection Policies.** Debtor will not permit and will not allow any Servicing Agent to make any change in the Guidelines without the prior written consent of Lender (which consent shall not be unreasonably withheld or delayed).

9. **Financial Covenants.** Until all Indebtedness of Debtor under the Loan Documents is indefeasibly paid or satisfied and Lender has no further commitment to lend under the Credit Facility, Debtor agrees and covenants that it will, unless Lender shall otherwise consent in writing:

(a) **Tangible Net Worth.** Debtor will maintain at all times a Tangible Net Worth of not less than **THIRTY MILLION AND NO/100 DOLLARS (\$30,000,000.00)**.

(b) **Debt to EBITDA.** Debtor will at all times maintain a ratio of Debt to EBITDA of not greater than 4.00 to 1.00.

10. **Reporting Requirements.** Until all Indebtedness of Debtor under the Loan Documents is indefeasibly paid and satisfied, and Lender has no further commitment to lend under the Credit Facility, Debtor agrees and covenants that it will furnish or cause to be furnished the following:

(a) **Interim Financial Statements.** As soon as available, and in any event within **TWENTY (20)** days after the end of each fiscal quarter, financial statements to include a balance sheet, income statement and cash flow statement of Debtor, as of the end of such fiscal quarter all in form and reasonable detail satisfactory to Lender and duly certified (subject to year-end review adjustments) by an appropriate officer of Debtor (i) as being true and correct in all material aspects to the best of such officer's knowledge (subject to year-end adjustments), and (ii) as having been prepared in accordance with GAAP.

(b) **Annual Financial Statements and Tax Returns.** As soon as available and in any event (i) within **ONE HUNDRED FIFTY (150)** days after the end of each fiscal year, a financial statement to include a balance sheet, income statement and cash flow statement of Debtor, as of the end of such fiscal year, audited by independent certified public accountants of recognized standing satisfactory to Lender, and (ii) within **THIRTY (30)** days of filing, annual income tax returns for Debtor.

(c) **Budget.** As soon as available and in any event, at least **THIRTY (30)** days prior to the beginning of each fiscal year of Debtor, a budget for the upcoming fiscal year of Debtor, in form and reasonable detail satisfactory to Lender.

(d) **Management Letters.** Promptly upon receipt thereof Debtor shall furnish to Lender, a copy of any management letter or written report submitted to Debtor by independent certified public accountants with respect to the business, condition (financial or otherwise), operations, prospects, or properties of Debtor.

(e) **ERISA Reports.** Promptly after the filing or receipt thereof, copies of all reports, including annual reports, and notices which Debtor files with or receives from the PBGC or the U.S. Department of Labor under ERISA; and as soon as possible and in any event within **FIVE (5)** Business Days after Debtor knows or has reason to know that any reportable event or prohibited transaction has occurred with respect to any plan or that the PBGC or Debtor has instituted or will institute proceedings under Title IV of ERISA to terminate any plan, a certificate of an officer of Debtor setting forth the details as to such reportable event or prohibited transaction or plan termination and the action that Debtor proposes to take with respect thereto.

(f) **Compliance Certificate.** As soon as available, and in any event within **TWENTY (20)** days after the end of each calendar quarter, a compliance certificate of an officer of Debtor (i) stating that to such officer's knowledge, no Event of Default has occurred and is continuing, or if an Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto, and (ii) showing in reasonable detail the calculations demonstrating compliance with the financial covenants set forth in Section 9 of this Agreement.

(g) **Notice of Default and Events of Default.** As soon as possible and in any event within **FIVE (5)** Business Days after the occurrence of each Event of Default, a written notice setting forth the details of such Event of Default and the action which is proposed to be taken by Debtor with respect thereto.

(h) **Borrowing Base.** As soon as available and in any event within **TWENTY (20)** days after the end of each calendar month or more often as may be required by Lender, an executed Borrowing Base Certificate.

(i) **Certain Reports.** As soon as available, and in any event within **TWENTY (20)** days after the end of each calendar month, (i) a trial balance report of the outstanding principal balances of the Collateral Loans, (ii) an account payable aging, classifying Debtor's accounts payable in categories of 0-30, 31-60, 61-90 and over 90 days from date of invoice of such account payable, and in such form and detail as Lender shall require, and (iii) a past due report for the Collateral Loans, classifying such Collateral Loans in categories of 0-30, 31-60, 61-90 and over 90 days from date such payment was due, and in such form and detail as Lender shall require.

(j) **Guarantor Financial Statement and Tax Returns.** As soon as available and in any event within (i) **THIRTY (30)** days after the anniversary of the most recent financial statement provided by any Guarantor, a financial statement as of such anniversary date for such Guarantor, in such form and detail as Lender shall reasonably require, and (ii) within **THIRTY (30)** days of the day it is filed with the Internal Revenue Service or other applicable taxing entity, a copy of each Guarantor's filed tax return.

(k) **General Information.** Debtor shall promptly deliver such other information concerning any Obligor as Lender may request.

11. **Rights of Lender.** Lender shall have the rights contained in this Section at all times that this Agreement is effective.

(a) **Financing Statements.** Debtor hereby authorizes Lender to file one or more financing or continuation statements, and amendments thereto, relating to the Collateral. Debtor hereby irrevocably authorizes Lender at any time and from time to time to file in any Code jurisdiction any initial financing

statements and amendments thereto that (i) indicate the Collateral (1) as all assets of Debtor or words of similar effect; regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Code, or (2) as being of an equal or lesser scope or with greater detail, and (ii) contain any other information required by Article 9 of the Code for the sufficiency or filing office acceptance of any financing statement or amendment.

(b) **Field Exams.** Lender may conduct field exams at Lender's discretion. Lender shall pay all costs and expenses of any such field exam.

(c) **Power of Attorney.** Debtor hereby irrevocably appoints Lender as Debtor's attorney-in-fact, such power of attorney being coupled with an interest, with full authority in the place and stead of Debtor and in the name of Debtor or otherwise, from time to time following the occurrence and during the continuation of an Event of Default in Lender's reasonable discretion, to take any action and to execute any instrument which Lender may deem necessary or appropriate to accomplish the purposes of this Agreement.

(d) **Performance by Lender.** If any Obligor fails to perform any agreement or obligation provided for in any Loan Document, Lender may itself perform, or cause performance of, such agreement or obligation, and the expenses of Lender incurred in connection therewith shall be a part of the Indebtedness, secured by the Collateral and payable by Debtor on demand.

(e) **Debtor's Receipt of Proceeds.** Upon the occurrence and during the continuation of an Event of Default, all amounts and proceeds (including instruments and writings) received by Debtor in respect of the Collateral shall be received in trust for the benefit of Lender hereunder and, upon the written request of Lender, shall be segregated from other property of Debtor and shall be forthwith delivered to Lender in the same form as so received (with any necessary endorsement) and applied to the Indebtedness in accordance with the Loan Documents.

12. **Events of Default.** Each of the following shall constitute an "Event of Default" under this Agreement:

(a) **Payment Default.** The failure, refusal or neglect of Debtor to pay when due any part of the principal of, or interest on the Indebtedness owing to Lender by Debtor or any other indebtedness or obligations due and owing from Debtor to Lender under the Loan Documents from time to time and such failure, refusal or neglect shall continue unremedied for a period of **FIVE (5)** days from the date such payment is due.

(b) **Performance or Warranty Default.** Except as otherwise provided in this Section, the failure of any Obligor to timely and properly observe, keep or perform any covenant, agreement, warranty or condition required herein or in any of the other Loan Documents or any other agreement with Lender which is not cured within **FIVE (5)** Business Days following written notice from Lender to such Obligor; provided, that (i) if such default cannot be cured within **FIVE (5)** Business Days, (ii) such Obligor has, within such period, taken such actions as deemed reasonably necessary and appropriate by Lender to cure such default, and (iii) such Obligor shall continue to diligently pursue such actions, such cure period shall be extended for a period of **THIRTY (30)** days.

(c) **Representations.** Any representation contained herein or in any of the other Loan Documents made by an Obligor is false, misleading or erroneous in any material respect when made or deemed to have been made in any material respect.

(d) **Default Under Other Indebtedness.** The occurrence of any event which permits the acceleration of the maturity of any indebtedness for borrowed money in an aggregate principal amount in excess of **TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00)** owing by any Obligor to any third party under any agreement or understanding.

(e) **Insolvency.** If any Obligor (i) becomes insolvent, or makes a transfer in fraud of creditors, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its

debts as they become due; (ii) generally is not paying its debts as such debts become due; (iii) has a receiver, trustee or custodian appointed for, or take possession of, all or substantially all of its assets, either in a proceeding brought by it or in a proceeding brought against it and such appointment is not discharged or such possession is not terminated within **SIXTY (60)** days after the effective date thereof or it consents to or acquiesces in such appointment or possession; (iv) files a petition for relief under the United States Bankruptcy Code or any other present or future federal or state insolvency, Bankruptcy or similar laws (all of the foregoing hereinafter collectively called "Applicable Bankruptcy Law") or an involuntary petition for relief is filed against it under any Applicable Bankruptcy Law and such involuntary petition is not dismissed within **SIXTY (60)** days after the filing thereof, or an order for relief naming it is entered under any Applicable Bankruptcy Law, or any composition, rearrangement, extension, reorganization or other relief of debtors now or hereafter existing is requested or consented to by it; or (v) fails to have discharged within a period of **SIXTY (60)** days any attachment, sequestration or similar writ levied upon any property of it.

(f) **Judgment.** The entry of any judgment against any Obligor or the issuance or entry of any attachments or other liens against any of the property of such Obligor for an amount in excess of **FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00)** individually or **ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00)** in the aggregate, in either case if uninsured, undischarged, unbonded or undismissed on the date on which such judgment could be executed upon.

(g) **Action Against Collateral.** The Collateral or any portion thereof is taken on execution or other process of law in any action.

(h) **Change in Control.** (i) **CURTIS HODGSON** and/or **KENNETH SHIPLEY** shall cease to be active in the management of Debtor, or (ii) a majority of the record or beneficial ownership of Debtor shall have been transferred, assigned or hypothecated to any Person other than those Persons who shall own such interests as of the Effective Date.

(i) **ERISA Default.** Any of the following events shall occur or exist with respect to the Borrower or any ERISA Affiliate: (i) any prohibited transaction involving any plan; (ii) any reportable event with respect to any plan; (iii) the filing under Section 4041 of ERISA of a notice of intent to terminate any plan or the termination of any plan; (iv) any event or circumstance that might constitute grounds entitling the PBGC to institute proceedings under Section 4042 of ERISA for the termination of, or for the appointment of a trustee to administer, any plan, or the institution by the PBGC of any such proceedings; or (v) complete or partial withdrawal under Section 4201 or 4204 of ERISA from a multiemployer plan or the reorganization, insolvency, or termination of any multiemployer plan; and in each case above, such event or condition, together with all other events or conditions, if any, have subjected or could in the reasonable opinion of Lender subject Debtor to any tax, penalty, or other liability to a plan, a multiemployer plan, the PBGC, or otherwise (or any combination thereof) which in the aggregate exceed or could reasonably be expected to exceed **ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00)**.

(j) **Death or Incompetence of an Obligor; Dissolution of Certain Person.** Any Obligor that is (i) a natural Person shall have died or have been declared incompetent by a court of proper jurisdiction, or (ii) not a natural Person shall have been dissolved, liquidated, or merged or consolidated with or into any other Person without the prior written consent of Lender, provided, however, the death or legal incapacity of any Obligor that is a natural person shall not be an Event of Default if, within **THIRTY (30)** days of the date of such death or incapacity, the representative or legal guardian of such Obligor or Obligor's estate affirms in writing (which instrument shall be in form and substance satisfactory to Lender) (i) the obligations of such Obligor estate pursuant to the Loan Documents, and (ii) that no distributions shall be made from such estate without the prior written consent of Lender.

(k) **Action of Lien Holder.** The holder of any lien or security interest on the Collateral (without hereby implying the consent of Lender to the existence or creation of any such lien or security interest on the Collateral), declares a default thereunder or institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.

(l) **Material Adverse Effect.** Any event shall have occurred or is continuing which shall have had a Material Adverse Effect.

(m) **Loan Documents.** (i) The Loan Documents shall at any time after their execution and delivery and for any reason cease (1) to create a valid and perfected first priority security interest (subject to Permitted Encumbrances) in and to the Collateral; or (2) to be in full force and effect or shall be declared null and void, or (ii) the validity of enforceability the Loan Documents shall be contested by any Obligor or any other Person party thereto or any Obligor shall deny it has any further liability or obligation under the Loan Documents.

Nothing contained in this Agreement shall be construed to limit the events of default enumerated in any of the other Loan Documents and all such events of default shall be cumulative.

13. **Remedies and Related Rights.** If an Event of Default shall have occurred and be continuing, and without limiting any other rights and remedies provided herein, under any of the Loan Documents or otherwise available to Lender, Lender may exercise one or more of the rights and remedies provided in this Section.

(a) **Remedies.** Upon the occurrence of any one or more of the foregoing Events of Default, (i) the entire unpaid balance of principal of the Note, together with all accrued but unpaid interest thereon, and all other Indebtedness owing to Lender by Debtor at such time shall, at the option of Lender, become immediately due and payable without further notice, demand, presentation, notice of dishonor, notice of intent to accelerate, notice of acceleration, protest or notice of protest of any kind, all of which are expressly waived by Debtor, and (ii) Lender may, at its option, cease further advances under the Note and this Agreement; provided, however, concurrently and automatically with the occurrence of an Event of Default under Subsection 12(e) further advances under the Loan Documents shall automatically cease, the Indebtedness at such time shall, without any action by Lender, become due and payable, without further notice, demand, presentation, notice of dishonor, notice of acceleration, notice of intent to accelerate, protest or notice of protest of any kind, all of which are expressly waived by Debtor. All rights and remedies of Lender set forth in this Agreement and in any of the other Loan Documents may also be exercised by Lender, at its option to be exercised in its sole discretion, upon the occurrence of an Event of Default, and not in substitution or diminution of any rights now or hereafter held by Lender under the terms of any other agreement.

(b) **Other Remedies.** Upon the occurrence and during the continuation of any one or more of the foregoing Events of Default, Lender may from time to time at its discretion, without limitation and without notice except as expressly provided in any of the Loan Documents:

(i) Exercise in respect of the Collateral all the rights and remedies of a secured party under the Code (whether or not the Code applies to the affected Collateral);

(ii) Require Debtor to, and Debtor hereby agrees that it will at its expense and upon request of Lender, assemble the Collateral as directed by Lender and make it available to Lender at a place to be designated by Lender which is reasonably convenient to both parties;

(iii) Reduce its claim to judgment or foreclose or otherwise enforce, in whole or in part, the security interest granted hereunder by any available judicial procedure;

(iv) Sell or otherwise dispose of, at its office, on the premises of Debtor or elsewhere, the Collateral, as a unit or in parcels, by public or private proceedings, and by way of one or more contracts (it being agreed that the sale or other disposition of any part of the Collateral shall not exhaust Lender's power of sale, but sales or other dispositions may be made from time to time until all of the Collateral has been sold or disposed of or until the Indebtedness has been paid and performed in full), and at any such sale or other disposition it shall not be necessary to exhibit any of the Collateral;

(v) Buy the Collateral, or any portion thereof, at any public sale;

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(vi) Buy the Collateral, or any portion thereof, at any private sale if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations;

(vii) Apply for the appointment of a receiver for the Collateral, and Debtor hereby consents to any such appointment; and

(viii) At its option, retain the Collateral in satisfaction of the Indebtedness whenever the circumstances are such that Lender is entitled to do so under the Code or otherwise.

Debtor agrees that in the event Debtor is entitled to receive any notice under the Code, as it exists in the state governing any such notice, of the sale or other disposition of any Collateral, reasonable notice shall be deemed given when such notice is deposited in a depository receptacle under the care and custody of the United States Postal Service, postage prepaid, at Debtor's address set forth on the signature page hereof, **TEN (10)** days prior to the date of any public sale, or after which a private sale, of any of such Collateral is to be held. Lender shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(c) **Application of Proceeds.** If any Event of Default shall have occurred and is continuing, Lender may at its discretion apply or use any cash held by Lender as Collateral, and any cash proceeds received by Lender in respect of any sale or other disposition of, collection from, or other realization upon, all or any part of the Collateral as follows in such order and manner as Lender may elect:

(i) to the repayment or reimbursement of the reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Lender in connection with (1) the administration of the Loan Documents, (2) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, the Collateral, and (3) the exercise or enforcement of any of the rights and remedies of Lender hereunder;

(ii) to the payment or other satisfaction of any liens and other encumbrances upon the Collateral;

- (iii) to the satisfaction of the Indebtedness;
- (iv) by holding such cash and proceeds as Collateral;
- (v) to the payment of any other amounts required by applicable law; and
- (vi) by delivery to Debtor or any other party lawfully entitled to receive such cash or proceeds whether by direction of a court of competent jurisdiction or otherwise.

(d) **License.** Lender is hereby granted a license or other right to use, following the occurrence and during the continuance of an Event of Default, without charge, Debtor's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, customer lists and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral, and, following the occurrence and during the continuance of an Event of Default, Debtor's rights under all licenses and all franchise agreements shall inure to Lender's benefit.

(e) **Deficiency.** In the event that the proceeds of any sale of, collection from, or other realization upon, all or any part of the Collateral by Lender are insufficient to pay all amounts to which Lender is legally entitled, each Obligor (unless otherwise provided) shall be liable for the deficiency, together with interest thereon as provided in the Loan Documents.

(f) **Non-Judicial Remedies.** In granting to Lender the power to enforce its rights hereunder without prior judicial process or judicial hearing, Debtor expressly waives, renounces and knowingly relinquishes any legal right which might otherwise require Lender to enforce its rights by judicial process. Debtor recognizes and concedes that non-judicial remedies are consistent with the usage of trade, are responsive to commercial necessity and are the result of a bargain at arm's length. Nothing herein is intended to prevent Lender or Debtor from resorting to judicial process at either party's option.

(g) **Use and Possession of Certain Premises.** Upon the occurrence of an Event of Default, Lender shall be entitled to occupy and use any premises owned or leased by Debtor where any of the Collateral or any records relating to the Collateral are located until the Indebtedness is paid or the Collateral is removed therefrom, whichever first occurs, without any obligation to pay Debtor for such use and occupancy.

(h) **Other Recourse.** Each Obligor waives any right to require Lender to proceed against any third party, exhaust any Collateral or other security for the Indebtedness, or to have any third party joined with Debtor in any suit arising out of the Indebtedness or any of the Loan Documents, or pursue any other remedy available to Lender. Each Obligor further waives any and all notice of acceptance of this Agreement and of the creation, modification, rearrangement, renewal or extension of the Indebtedness. Each Obligor further waives any defense arising by reason of any disability or other defense of any third party or by reason of the cessation from any cause whatsoever of the liability of any third party. Until all of the Indebtedness shall have been paid in full, Obligor shall have no right of subrogation and each Obligor waives the right to enforce any remedy which Lender has or may hereafter have against any third party, and waives any benefit of and any right to participate in any other security whatsoever now or hereafter held by Lender. Each Obligor authorizes Lender, and without notice or demand and without any reservation of rights against such Obligor and without affecting such Obligor's liability hereunder or on the Indebtedness to (i) take or hold any other property of any type from any third party as security for the Indebtedness, and exchange, enforce, waive and release any or all of such other property, (ii) apply such other property and direct the order or manner of sale thereof as Lender may in its discretion determine, (iii) renew, extend, accelerate, modify, compromise, settle or release any of the Indebtedness or other security for the Indebtedness, (iv) waive, enforce or modify any of the provisions of any of the Loan Documents executed by any third party, and (v) release or substitute any third party.

(i) **No Waiver; Cumulative Remedies.** No failure on the part of Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement and the other Loan Documents are cumulative and not exclusive of any rights and remedies provided by law.

(j) **Equitable Relief.** Debtor recognizes that in the event Debtor fails to pay, perform, observe, or discharge any or all of the Indebtedness, any remedy at law may prove to be inadequate relief to Lender. Debtor therefore agrees that Lender, if Lender so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

14. **Indemnity.** Debtor hereby indemnifies and agrees to hold harmless Lender, and its officers, directors, employees, agents and representatives (each an "*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 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 LIMITATION, 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.

15. **Limitation of Liability.** Neither Lender nor any officer, director, employee, attorney, or agent of Lender shall have any liability with respect to, and Debtor hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by Debtor in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents. Debtor hereby waives, releases, and agrees not to sue Lender or any of Lender's Affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents.

16. **No Duty.** All attorneys, accountants, appraisers, and other professional Persons and consultants retained by Lender shall have the right to act exclusively in the interest of Lender and shall have no duty of disclosure, duty of loyalty, duty of care, or other duty or obligation of any type or nature whatsoever to any Obligor or any of any Obligor's equity holders or any other Person. Documents in connection with the transactions contemplated hereunder have been prepared by **GARDERE WYNNE SEWELL LLP** ("*Lender's Counsel*"). Debtor acknowledges and understands that Lender's Counsel is acting solely as counsel to Lender in connection with the transaction contemplated herein, is not representing Debtor in connection therewith, and has not, in any manner, undertaken to assist or render legal advice to Debtor with respect to this transaction. Each Obligor has been advised to seek other legal counsel to represent each of their interests in connection with the transactions contemplated herein.

17. **Lender Not Fiduciary.** The relationship between Obligors and Lender is solely that of debtor and creditor, and Lender has no fiduciary or other special relationship with any Obligor, and no term or condition of any of the Loan Documents shall be construed so as to deem the relationship between any Obligor and Lender to be other than that of debtor and creditor.

18. **Waiver and Agreement.** Neither the failure nor any delay on the part of Lender to exercise any right, power or privilege herein or under any of the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No waiver of any provision in this Agreement or in any of the other Loan Documents and no departure by any Obligor therefrom shall be effective unless the same shall be in writing and signed by Lender, and then shall be effective only in the specific instance and for the purpose for which given and to the extent specified in such writing. No modification or amendment to this Agreement or to any of the other Loan Documents shall be valid or effective unless the same is signed by the party against whom it is sought to be enforced.

19. **Benefits.** This Agreement shall be binding upon and inure to the benefit of Lender and Obligors, and their respective successors and assigns, provided, however, that no Obligor may, without the prior written consent of Lender, assign any rights, powers, duties or obligations under this Agreement or any of the other Loan Documents.

20. **Notices.** All notices, requests, demands or other communications required or permitted to be given pursuant to this Agreement shall be in writing and given by (a) personal delivery, (b) expedited delivery service with proof of delivery, or (c) United States mail, postage prepaid, registered or certified mail, return receipt requested, sent to the intended addressee at the address set forth on the signature page hereof and shall be deemed to have been received either, in the case of personal delivery, as of the time of personal delivery, in the case of expedited delivery service, as of the time of the expedited delivery and in the manner provided herein, or in the case of mail, upon the **THIRD (3rd)** day after deposit in a depository receptacle under the care and custody of the United States Postal Service. Any party shall have the right to change its address for notice hereunder to any other location within the continental United States by notice to the other party of such new address.

21. **Construction; Venue; Service of Process.** The Loan Documents have been executed and delivered in the State of Texas, shall be governed by and construed in accordance with the laws of the State of Texas, and shall be performable by the parties hereto in the county in Texas where Lender's address set forth on the signature page hereof is located (the "Venue Site"). Any action or proceeding against any Obligor under or in connection with any of the Loan Documents may be brought in any state or federal court within the Venue Site. Each Obligor hereby irrevocably (a) submits to the nonexclusive jurisdiction of such courts, and (b) waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in any such court or that any such court is an inconvenient forum. Each Obligor agrees that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified or determined in accordance with the provisions this Agreement. Nothing in any of the other Loan Documents shall affect the right of Lender to serve process in any other manner permitted by law or shall limit the right of Lender to bring any action or proceeding against any Obligor or with respect to any of its property in courts in other jurisdictions. Any action or proceeding by any Obligor against Lender shall be brought only in a court located in the Venue Site.

22. **Invalid Provisions.** If any provision of the Loan Documents is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable and the remaining provisions of the Loan Documents shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance.

23. **Expenses.** Debtor shall pay all reasonable costs and expenses (including, without limitation, reasonable attorneys' fees) in connection with (a) the drafting and execution of the Loan Documents and the transactions contemplated therein; provided that Lender's attorneys' fees incurred in connection with the drafting and execution of the Loan Documents (exclusive of third party search, document and filing fees incurred by its attorneys in connection therewith) shall not exceed **FIFTEEN THOUSAND AND NO/100 DOLLARS (\$15,000.00)**, (b) any action required in the course of administration of the indebtedness and obligations evidenced by the Loan Documents, and (c) any action in the enforcement of Lender's rights upon the occurrence of an Event of Default.

24. **Participation of the Loans.** Debtor agrees that Lender may, at its option, sell interests in the Loans and its rights under this Agreement to a financial institution or institutions and, in connection with each such sale, Lender may disclose any financial and other information available to Lender concerning Debtor to each prospective purchaser subject to obtaining a confidentiality agreement with each prospective purchaser prior to disclosing Debtor's confidential information.

25. **Conflicts.** Except as otherwise expressly provided in the Note, in the event any term or provision of this Agreement is inconsistent with or conflicts with any provision of the other Loan Documents, the terms and provisions contained in this Agreement shall be controlling.

26. **Counterparts.** The Loan Documents may be separately executed in any number of counterparts, each of which shall be an original, but all of which, taken together, shall be deemed to constitute one and the same instrument.

27. **Survival.** All representations and warranties made in the Loan Documents or in any document, statement, or certificate furnished in connection with this Agreement shall survive the execution and delivery of the Loan Documents, and no investigation by Lender or any closing shall affect the representations and warranties or the right of Lender to rely upon them.

28. **Waiver of Right to Trial by Jury. THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT 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 THE LOAN DOCUMENTS.**

29. **Patriot Act Notice.** Lender hereby notifies each Obligor that pursuant to the requirements of Section 326 of the USA Patriot Act of 2001, 31 U.S.C. § 5318 (the "Act"), that Lender is required to obtain, verify and record information that identifies such Obligor, which information includes the name and address of such Obligor and other information that will allow such Lender to identify such Obligor in accordance with the Act.

30. **Disclosure Relating to Collateral Protection Insurance**. As of the date of this disclosure, Debtor and Lender have or shall have consummated a transaction pursuant to which Lender has agreed to make Loans to Debtor. Debtor has pledged Collateral to secure the Indebtedness in accordance with the Loan Documents. This notice relates to Debtor's obligations with respect to insuring the Collateral against damage. To this end, Debtor must do the following:

- (a) Keep the Collateral insured against damage in the amount equal to the Indebtedness or as otherwise required by the Loan Documents;
- (b) Purchase the insurance from an insurer that is authorized to do business in Texas or an eligible surplus lines insurer;
- (c) Name Lender the person to be paid under the policy in the event of loss; and
- (d) Deliver to Lender a copy of the policy and proof of the payment of premiums.

Lender may obtain collateral protection insurance on behalf of Debtor at Debtor's expense if Debtor fails to meet any of the foregoing requirements.

31. **Notice of Final Agreement**. It is the intention of each Obligor and Lender that the following **NOTICE OF FINAL AGREEMENT** be incorporated by reference into each of the Loan Documents (as the same may be amended, modified or restated from time to time). Each Obligor and Lender warrant and represent that the entire agreement made and existing by or among each Obligor and Lender with respect to the Loans is and shall be contained within the Loan Documents, and that no agreements or promises exist or shall exist by or among, any Obligor and Lender that are not reflected in the Loan Documents.

NOTICE OF FINAL AGREEMENT

THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES, AND THE SAME MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

REMAINDER OF PAGE LEFT INTENTIONALLY BLANK

AGREED as of the date first written above.

LENDER:

CAPITAL ONE, N.A.

By: /s/ Seth Allen
Name: Seth Allen
Title: Senior Vice President

With copies of notices to:

DEBTOR:

LEGACY HOUSING, LTD

By: GPLH, LC
Its: General Partner

By: /s/ Curtis Hodgson
Name: Curtis Hodgson
Title: Manager

ADDRESS:

600 N. Pearl, Suite 2500
Dallas, TX 75201

Gardere Wynne Sewell LLP
1601 Elm Street, Suite 3000
Dallas, TX 75201-4761
Attention: Steven S. Camp

ADDRESS:

4801 Mark IV Parkway
Fort Worth, TX 76106

SIGNATURES CONTINUED ON THE FOLLOWING PAGE

JOINDER OF GUARANTOR

GUARANTOR hereby agrees and consents to the provisions of this Agreement and agrees to be bound by the terms and conditions set forth therein. All representations and warranties applicable to Guarantor contained in the Agreement are true and correct on and as of the Effective Date.

GUARANTOR:

ADDRESS:

/s/ CURTIS HODGSON
CURTIS HODGSON

4801 Mark IV Parkway
Fort Worth, TX 76106

/s/ KENNETH SHIPLEY
KENNETH SHIPLEY

4801 Mark IV Parkway
Fort Worth, TX 76106

Documents Prepared By:

Steven S. Camp
Gardere Wynne Sewell LLP
1601 Elm Street, Suite 3000
Dallas, TX 75201
214-999-4354

**SCHEDULE I
TO
LOAN AND SECURITY AGREEMENT**

Existing Liens

None.

**SCHEDULE II
TO
LOAN AND SECURITY AGREEMENT**

Permitted Real Property Debt

1. 4801 Mark IV Parkway, Fort Worth, TX 76106
 2. 103 N. Neal Street, Commerce, TX 75248
 3. 301 Bishop Street, Commerce, TX 75248
-

**SCHEDULE III
TO
LOAN AND SECURITY AGREEMENT**

Patents, Copyrights, Trademarks and Licenses

<u>Copyright</u>	<u>Number</u>	<u>Date</u>
Floorplan 164411FKA.	VAu000992580	2009
Floorplan 164411FKB.	VAu000992578	2009
Floorplan 164411FLA	VAu000992577	2009
Floorplan 164411FLB.	VAu000992581	2009
Floorplan 1868FKA.	VAu000978866	2009
Floorplan Model 1868-22FLA.	VAu000979177	2009
Floorplan Model 1868FKB.	VAu000978871	2009
Floorplan Model 1876-32FKA.	VAu000978872	2009
Floorplan Model 1880-22MRA.	VAu000978873	2009
Floorplan Model 1880-32A.	VAu000978875	2009
Floorplan Model 1880-32B.	VAu000978877	2009
Floorplan Model 1880-32FKA.	VAu000978878	2009
Floorplan Model 1880-42A.	VAu000978880	2009
Floorplan Model 1880-42B.	VAu000978882	2009
Floorplan Model LH32566432A Offset DW.	VAu000986189	2009

**SCHEDULE IV
TO
LOAN AND SECURITY AGREEMENT**

Debt

None.

FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment") dated as of **DECEMBER 12, 2013**, is between **CAPITAL 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 AND 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:

1. **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. **Amendment to Section 2(a).** Section 2(a) of the Agreement is hereby amended in its entirety to read as follows:
 - (a) **Nature of Credit Facility.** Subject to the terms and conditions set forth in this Agreement and the other Loan Documents, Lender hereby agrees to make loans to Debtor under a revolving credit facility (the "Credit Facility") in an aggregate sum not to exceed the lesser of: (i) an amount equal to the Borrowing Base, or (ii) **THIRTY MILLION AND NO/100 DOLLARS (\$30,000,000.00)**, from time to time continuing until 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"). If at any time the sum of the aggregate principal amount of Loans outstanding hereunder exceeds the lesser of the Borrowing Base or the maximum Dollar amount stated above, such amount shall be deemed an "Overadvance." Debtor shall immediately repay the amount of such Overadvance *plus* all accrued and unpaid interest thereon upon written demand from Lender. Notwithstanding anything contained herein to the contrary, an Overadvance shall be considered a Loan and shall bear interest at the interest rates set forth in the Note and be secured by this Agreement. Subject to the terms and conditions hereof, Debtor may borrow, repay and reborrow funds under the Credit Facility.
3. **Amendment to Section 10(f).** Section 10(f) of the Agreement is hereby amended in its entirety to read as follows:
 - (f) **Compliance Certificate.** As soon as available, and in any event within **TWENTY (20)** days after the end of each calendar quarter and together with the financial statements delivered under Section 10(a), a compliance certificate of an officer of Debtor substantially in the form attached as Exhibit A hereto.
4. **Addition of New Exhibit A.** A new Exhibit A is hereby added to the Agreement in the form attached as Exhibit A hereto.
5. **Conditions Precedent.** The obligations of Lender under this Amendment shall be subject to the conditions precedent that (a) Debtor shall have delivered to Lender this Amendment, an **AMENDED AND RESTATED PROMISSORY NOTE** in the amount of **THIRTY MILLION AND NO/100 DOLLARS (\$30,000,000.00)**, a **CLOSING CERTIFICATE** of a manager of the general partner of Debtor, and such other documents and instruments incidental and appropriate to the transaction provided for herein as Lender or its counsel may reasonably request.

FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT
CAPITAL ONE, N.A. — LEGACY HOUSING, LTD

6. **Payment of Fees and Expenses.** Debtor agrees to pay all reasonable attorneys' fees of Lender in connection with the drafting and execution of this Amendment.

7. **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 and record such additional assignments, security agreements, modifications or agreements to any of the foregoing, and such other agreements, documents and instruments as Lender may reasonably request in order to perfect and protect the liens and preserve and protect the rights of Lender.

8. **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 against such Obligor in accordance with their terms, except as limited by any applicable bankruptcy laws, (b) no action of, or filing with, any governmental 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.

9. **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 of any such executed signature page shall be valid as an original.

10. **Reference to Agreement.** 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.

11. **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.

12. **Headings.** The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

13. **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; and (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 AGREEMENT BETWEEN AND AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS 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:

ADDRESS:

CAPITAL ONE, N.A.

600 N. Pearl Street, Suite 2500
Dallas, TX 75201

By: /s/ Seth P. Allen
Name: Seth P. Allen
Title: Senior Vice President

DEBTOR:

ADDRESS:

LEGACY HOUSING, LTD

4801 Mark IV Parkway
Fort Worth, TX 76106

By: GPLH, LC
Its: General Partner

By: /s/ Curtis Hodgson
Name: Curtis Hodgson
Title: Manager

CONSENT TO AND 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 time to time, the "*Guaranty*"), are not released, diminished, 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 guaranties, 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 the Guaranty (as the same may have been amended, modified or restated from time to time) are incorporated herein by reference, as if stated verbatim herein.

EXECUTED as of the date first written above.

GUARANTOR:

ADDRESS:

4801 Mark IV Parkway
Fort Worth, TX 76106

/s/ CURTIS HODGSON
CURTIS HODGSON

4801 Mark IV Parkway
Fort Worth, TX 76106

/s/ KENNETH SHIPLEY
KENNETH SHIPLEY

EXHIBIT A
COMPLIANCE CERTIFICATE

ATTACHED

SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment") dated as of MARCH 31, 2014, is between CAPITAL 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 AND 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:

1. **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. **Amendment to Section 2(a).** Section 2(a) of the Agreement is hereby amended in its entirety to read as follows:
 - (a) **Nature of Credit Facility.** Subject to the terms and conditions set forth in this Agreement and the other Loan Documents, Lender hereby agrees to make loans to Debtor under a revolving credit facility (the "Credit Facility") in an aggregate sum not to exceed the lesser of: (i) an amount equal to the Borrowing Base, or (ii) THIRTY-FIVE MILLION AND NO/100 DOLLARS (\$35,000,000.00), from time to time continuing until 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"). If at any time the sum of the aggregate principal amount of Loans outstanding hereunder exceeds the lesser of the Borrowing Base or the maximum Dollar amount stated above, such amount shall be deemed an "Overadvance." Debtor shall immediately repay the amount of such Overadvance plus all accrued and unpaid interest thereon upon written demand from Lender. Notwithstanding anything contained herein to the contrary, an Overadvance shall be considered a Loan and shall bear interest at the interest rates set forth in the Note and be secured by this Agreement. Subject to the terms and conditions hereof, Debtor may borrow, repay and reborrow funds under the Credit Facility.
3. **Conditions Precedent.** The obligations of Lender under this Amendment shall be subject to the conditions precedent that Debtor shall have delivered to Lender this Amendment, a SECOND AMENDED AND RESTATED PROMISSORY NOTE in the amount of THIRTY-FIVE MILLION AND NO/100 DOLLARS (\$35,000,000.00), a CLOSING CERTIFICATE of a manager of the general partner of Debtor, and such other documents and instruments incidental and appropriate to the transaction provided for herein as Lender or its counsel may reasonably request.
4. **Payment of Fees and Expenses.** Debtor agrees to pay all reasonable attorneys' fees of Lender in connection with the drafting and execution of this Amendment.
5. **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 and record such additional assignments, security agreements, modifications or agreements to any of the foregoing, and such other agreements,

documents and instruments as Lender may reasonably request in order to perfect and protect the liens and preserve and protect the rights of Lender.

6. **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 against such Obligor in accordance with their terms, except as limited by any applicable bankruptcy laws, (b) no action of, or filing with, any governmental 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.

7. **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 of any such executed signature page shall be valid as an original.

8. **Reference to Agreement.** 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.

9. **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.

10. **Headings.** The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

11. **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; and (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 AGREEMENT BETWEEN AND AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS 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:

ADDRESS:

CAPITAL ONE, N.A.

600 N. Pearl Street, Suite 2500
Dallas, TX 75201

By: /s/ Seth P. Allen
Name: Seth P. Allen
Title: Senior Vice President

DEBTOR:

ADDRESS:

LEGACY HOUSING, LTD

4801 Mark IV Parkway
Fort Worth, TX 76106

By: GPLH, LC
Its: General Partner

By: /s/ Curtis Hodgson
Name: Curtis Hodgson
Title: Manager

CONSENT TO AND 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 time to time, the "*Guaranty*"), are not released, diminished, 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 the Guaranty (as the same may have been amended, modified or restated from time to time) are incorporated herein by reference, as if stated verbatim herein.

EXECUTED as of the date first written above.

GUARANTOR:

ADDRESS:

/s/ CURTIS HODGSON
CURTIS HODGSON

4801 Mark IV Parkway
Fort Worth, TX 76106

/s/ KENNETH SHIPLEY
KENNETH SHIPLEY

4801 Mark IV Parkway
Fort Worth, TX 76106

THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment") dated as of MAY 20, 2014, is between CAPITAL 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 AND 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:

1. **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. **Amendment to Reporting Requirements.** Sections 10(a), (c) and (f) of the Agreement are hereby amended in their entirety to read as follows:
 - (a) **Interim Financial Statements.** As soon as available, and in any event within FORTY-FIVE (45) days after the end of each fiscal quarter, financial statements to include a balance sheet, income statement and cash flow statement of Debtor, as of the end of such fiscal quarter all in form and reasonable detail satisfactory to Lender and duly certified (subject to year-end review adjustments) by an appropriate officer of Debtor (i) as being true and correct in all material aspects to the best of such officer's knowledge (subject to year-end adjustments), and (ii) as having been prepared in accordance with GAAP.
 - (c) **Budget.** Upon Lender's request prior to the beginning of a fiscal year of Debtor, a budget for the upcoming fiscal year of Debtor, in form and reasonable detail satisfactory to Lender.
 - (f) **Compliance Certificate.** As soon as available, and in any event within FORTY-FIVE (45) days after the end of each calendar quarter, a compliance certificate of an officer of Debtor (i) stating that to such officer's knowledge, no Event of Default has occurred and is continuing, or if an Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto, and (ii) showing in reasonable detail the calculations demonstrating compliance with the financial covenants set forth in Section 9 of this Agreement.
3. **Conditions Precedent.** The obligations of Lender under this Amendment shall be subject to the conditions 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.
4. **Payment of Fees and Expenses.** Debtor agrees to pay all reasonable attorneys' fees of Lender in connection with the drafting and execution of this Amendment.
5. **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 and record such additional

assignments, security agreements, modifications or agreements to any of the foregoing, and such other agreements, documents and instruments as Lender may reasonably request in order to perfect and protect the liens and preserve and protect the rights of Lender.

6. **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 against such Obligor in accordance with their terms, except as limited by any applicable bankruptcy laws, (b) no action of, or filing with, any governmental 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.

7. **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 of any such executed signature page shall be valid as an original.

8. **Reference to Agreement.** 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.

9. **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.

10. **Headings.** The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

11. **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; and (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 AGREEMENT BETWEEN AND AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS 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:

ADDRESS:

CAPITAL ONE, N.A.

600 N. Pearl Street, Suite 2500
Dallas, TX 75201

By: /s/ Seth P. Allen
Name: Seth P. Allen
Title: Senior Vice President

DEBTOR:

ADDRESS:

LEGACY HOUSING, LTD

4801 Mark IV Parkway
Fort Worth, TX 76106

By: GPLH, LC
Its: General Partner

By: /s/ Curtis Hodgson
Name: Curtis Hodgson
Title: Manager

CONSENT TO AND 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 time to time, the "Guaranty"), are not released, diminished, 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 guaranties, 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 the Guaranty (as the same may have been amended, modified or restated from time to time) are incorporated herein by reference, as if stated verbatim herein.

EXECUTED as of the date first written above.

GUARANTOR:

ADDRESS:

/s/ CURTIS HODGSON
CURTIS HODGSON

4801 Mark IV Parkway
Fort Worth, TX 76106

/s/ KENNETH SHIPLEY
KENNETH SHIPLEY

4801 Mark IV Parkway
Fort Worth, TX 76106

AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment") dated as of MAY 12, 2017, is between CAPITAL 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 AND 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:

1. **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:

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guaranty of such Guarantor of, or of any Guarantor's Lien granted by such Guarantor to secure, such Swap Obligation (or any Guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guaranty of such Guarantor or the grant of such Guarantor's Lien becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guaranty or Guarantor's Lien is or becomes illegal for the reasons identified in the immediately preceding sentence of this definition.

"Guarantor's Lien" means any Lien granted by a Guarantor for the purpose of securing all or any part of: (i) the Guaranteed Obligations (as defined in the Guaranty); (ii) the obligations of such Guarantor under the Guaranty; (iii) the obligations of any other Guarantor under the Guaranty, and/or the obligations of any other Person to pay or perform all or any part of the Guaranteed Obligations.

"Hedge Agreement" means: (i) any and all interest rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options or exchanges, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options or exchanges, spot contracts, interest rate protection transactions or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, including (without limitation) any Master Agreement published by International Swaps and Derivatives Association, Inc.; and (ii) any instrument, document or agreement at any time evidencing or confirming any transaction described in the preceding clause (i), whether or not such instrument, document or agreement is subject to the terms and conditions of, or governed by, any form of master agreement.

“Hedge Obligations” means, at any time with respect to any Person, all indebtedness, liabilities, and obligations of such Person under or in connection with any Hedge Agreement, whether actual or contingent, due or to become due and existing or arising from time to time.

“Swap Obligation” means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

3. **Amendment to Definitions.** The definitions of “Bank Products” and “Indebtedness” in Section 1 of the Agreement are hereby amended in their entirety to read as follows:

“Bank Products” 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 cards; (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 services, 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 the issuance, amendment, renewal, or extension thereof), documentary services, foreign currency exchange services; and (iv) Hedge Agreements.

“Indebtedness” means: (i) all indebtedness, obligations and liabilities of Debtor to Lender of any kind or character, now existing or hereafter arising, whether direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several or joint and several, and regardless of whether such indebtedness, obligations and liabilities may, prior to their acquisition by Lender, be or have been payable to or in favor of a third party and subsequently acquired by Lender (it being contemplated that Lender may make such acquisitions from third parties), including without limitation, the Loan and all indebtedness, obligations and liabilities of Debtor to Lender now existing or hereafter arising under the Note, this Agreement, any one or more of the other Loan Documents, any Bank Product or any draft, acceptance, guaranty, endorsement, letter of credit, assignment, purchase, overdraft, discount or indemnity agreement; (ii) all Hedge Obligations owing by Debtor to Lender or any Affiliate of Lender under any Hedge Agreement (including related confirmations and schedules) between Debtor and Lender or any Affiliate of Lender now existing or hereafter entered into; (iii) all accrued but unpaid interest on any of the indebtedness described in (i) or (ii) above; (iv) all other obligations of Debtor to Lender under the Loan Documents; (v) except for Excluded Swap Obligations, all obligations of Obligors (other than Debtor) to Lender under the Loan Documents; (vi) 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), (iii), (iv) and (v) above or the protection or preservation of, or realization upon, the collateral securing all or any part of such indebtedness and obligations, including without limitation all reasonable attorneys’ fees; and (vii) all renewals, extensions, modifications and rearrangements of all or any part of the indebtedness and obligations described in (i), (ii), (iii) (iv), (v) and (vi) above.

4. **Amendment to Section 2(a).** Section 2(a) of the Agreement is hereby amended in its entirety to read as follows:

(a) **Nature of Credit Facility.** Subject to the terms and conditions set forth in this Agreement and the other Loan Documents, Lender hereby agrees to make loans to Debtor under a revolving credit facility (the “Credit Facility”) in an aggregate sum not to exceed the lesser of: (i) an amount equal to the Borrowing Base; or (ii) **FORTY-FIVE MILLION AND NO/100 DOLLARS (\$45,000,000.00)**, from time to time continuing until the earlier of: (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents; or (ii) **MAY , 2020** (the earliest of such dates being the “Maturity Date”). If at any time the sum of the aggregate principal amount of Loans outstanding hereunder exceeds the lesser of the Borrowing Base or the maximum Dollar amount stated above, such amount shall be deemed an “Overadvance.” Debtor shall

immediately repay the amount of such Overadvance *plus* all accrued and unpaid interest thereon upon written demand from Lender. Notwithstanding anything contained herein to the contrary, an Overadvance shall be considered a Loan and shall bear interest at the interest rates set forth in the Note and be secured by this Agreement. Subject to the terms and conditions hereof, Debtor may borrow, repay and reborrow funds under the Credit Facility. From **MAY , 2017** through , upon not less than **THIRTY (30)** Business Days *prior* written request from Debtor to Lender, Debtor may request that Lender consider an increase in the maximum principal amount of the Credit Facility (an "*Increase Request*"). Within **FIVE (5)** Business Days of notice of Lender's denial of any Increase Request pursuant to this Section, Debtor may request that Lender consider releasing certain Collateral (a "*Collateral Release Request*"). In connection with Lender's consideration of any Increase Request or Collateral Release Request, Debtor and such other Persons as may be required by Lender shall execute and deliver to Lender such documents, agreements and instruments as Lender may reasonably require. No Increase Request or Collateral Release Request will be considered by Lender if a Default or Event of Default shall have occurred and be continuing as of the date of such request. The granting of any Increase Request or Collateral Release Request shall be in Lender's sole and absolute discretion. Nothing in this Section shall be deemed a commitment by Lender to increase the maximum principal amount of the Credit Facility or to release any Collateral.

5. **Amendment to Section 8(o)**. Section 8(o) of the Agreement is hereby amended in its entirety to read as follows:

(o) **Debt**. Debtor will not create, incur, assume or permit to exist any Debt except for the following ("*Permitted Indebtedness*"):

(i) The Indebtedness created hereunder;

(ii) The Permitted Real Property Debt, in an amount not to exceed **FIVE MILLION AND NO/100 DOLLARS (\$5,000,000.00)**;

(iii) Debt to **VERITEX COMMUNITY BANK** ("*Veritex*") in the maximum principal amount of **TWENTY MILLION AND NO/100 DOLLARS (\$20,000,000.00)** (the "*Veritex Loan*"), as evidenced by that certain **LOAN AGREEMENT** dated as of **APRIL 4, 2016**, and subject to that certain **INTERCREDITOR AGREEMENT** dated as of **APRIL 4, 2016** by and among Veritex, Lender and Debtor (as amended pursuant to that certain **AMENDMENT TO INTERCREDITOR AGREEMENT** dated **MAY , 2017**, and as further amended from time to time); and

(iv) Other Debt existing on the Effective Date and set forth in Schedule IV.

6. **Amendment to Section 9(a)**. Section 9(a) of the Agreement is hereby amended in its entirety to read as follows:

(a) **Tangible Net Worth**. Debtor will maintain at all times a Tangible Net Worth of not less than **NINETY MILLION AND NO/100 DOLLARS (\$90,000,000.00)**.

7. **Amendment to Section 10**. Sections 10(a), (c) and (f) of the Agreement are hereby amended in their entirety to read as follows:

(a) **Interim Financial Statements**. As soon as available, and in any event within **FORTY-FIVE (45)** days after the end of each fiscal quarter, financial statements to include a balance sheet, income statement and cash flow statement of Debtor, as of the end of such fiscal quarter all in form and reasonable detail satisfactory to Lender and duly certified (subject to year-end review adjustments) by an appropriate officer of Debtor: (i) as being true and correct in all material aspects to the best of such officer's knowledge (subject to year-end adjustments); and

(ii) as having been prepared in accordance with GAAP.

(c) **Budget.** Upon Lender's request prior to the beginning of a fiscal year of Debtor, a budget for the upcoming fiscal year of Debtor, in form and reasonable detail satisfactory to Lender.

(f) **Compliance Certificate.** As soon as available, and in any event within **FORTY-FIVE (45)** days after the end of each calendar quarter, a compliance certificate of an officer of Debtor: (i) stating that to such officer's knowledge, no Event of Default has occurred and is continuing, or if an Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto; and (ii) showing in reasonable detail the calculations demonstrating compliance with the financial covenants set forth in **Section 9** of this Agreement.

8. **Amendment to Section 12.** The following is hereby added to the Agreement as **Section 12(o)** thereof:

(o) **Veritex Loan.** The occurrence of an event of default with respect to the Veritex Loan.

9. **Amendment to Section 14.** **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 "**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 LIMITATION, 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.

10. **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 and Hedge Obligations), 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.

11. **Conditions Precedent.** The obligations of Lender under this Amendment shall be subject to the conditions precedent that: (a) Debtor shall have executed delivered to Lender this Amendment, a **THIRD AMENDED AND RESTATED PROMISSORY NOTE** in the amount of **FORTY-FIVE MILLION AND**

NO/100 DOLLARS (\$45,000,000.00), a **CLOSING CERTIFICATE** of a manager of the general partner of Debtor and such other documents and instruments incidental and appropriate to the transaction provided for herein as Lender or its counsel may reasonably request; (b) Guarantor shall have executed and delivered to Lender an **AMENDED AND RESTATED GUARANTY AGREEMENT** acceptable to Lender in form and content; (c) Debtor shall have paid Lender an origination fee in the amount of **TWO HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$225,000.00)** as consideration for the increase to the Note amount; and (d) Debtor shall enter into, make all payments required under, and satisfy all conditions precedent to the effectiveness of, a Hedge Agreement (governed by and subject to a Master Agreement published by International Swaps and Derivatives Association, Inc.) for not less than **FIFTEEN MILLION AND NO/100 DOLLARS (\$15,000,000.00)** of the principal amount of the Credit Facility, in form and substance and with a counterparty reasonably acceptable to Lender, which Hedge Agreement shall be effective through the Maturity Date of the Credit Facility. In the event Debtor enters into the Hedge Agreement referenced herein with a financial institution other than Lender, Debtor acknowledges and agrees that such Hedge Agreement shall not be secured by a lien or security interest in and to any of the Collateral. Debtor shall comply with all of its obligations under the terms and provisions of such Hedge Agreement, and Debtor shall take all actions reasonably requested by Lender to enforce Debtor's rights under such Hedge Agreement in the event of a default by the counterparty thereunder and shall not waive, amend or otherwise modify any of its rights thereunder without Lender's prior written consent.

12. **Payment of Fees and Expenses.** Debtor agrees to pay all reasonable attorneys' fees of Lender in connection with the drafting and execution of this Amendment.

13. **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 and record such additional assignments, security agreements, modifications or agreements to any of the foregoing, and such other agreements, documents and instruments as Lender may reasonably request in order to perfect and protect the liens and preserve and protect the rights of Lender.

14. **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 against such Obligor in accordance with their terms, except as limited by any applicable bankruptcy laws; (b) no action of, or filing with, any governmental 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.

15. **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 of any such executed signature page shall be valid as an original.

16. **Reference to Agreement.** 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.

17. **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.

18. **Headings.** The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

19. **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; and (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 AGREEMENT BETWEEN AND AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN AND AMONG THE PARTIES.

REMAINDER OF PAGE LEFT INTENTIONALLY BLANK

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/ Kurt Schaal
Name: Kurt Schaal
Title: Fort Worth Market President

ADDRESS:

600 N. Pearl Street, Suite 2500
Dallas, TX 75201

DEBTOR:

LEGACY HOUSING, LTD

By: GPLH, L C
Its: General Partner

By: /s/ Curtis Hodgson
Name: Curtis Hodgson
Title: Manager

ADDRESS:

4801 Mark IV Parkway
Fort Worth, TX 76106

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 **AMENDED AND RESTATED GUARANTY AGREEMENT** dated as of **MAY , 2017** (as the same may have been amended, modified or restated from time to time, the "*Guaranty*"), are not released, diminished, 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 the Guaranty (as the same may have been amended, modified or restated from time to time) are incorporated herein by reference, as if stated verbatim herein.

EXECUTED as of the date first written above.

GUARANTOR:

/s/ CURTIS HODGSON
CURTIS HODGSON

ADDRESS:

4801 Mark IV Parkway
Fort Worth, TX 76106

/s/ KENNETH SHIPLEY
KENNETH SHIPLEY

4801 Mark IV Parkway
Fort Worth, TX 76106

LOAN AGREEMENT

for a loan in the amount of

\$15,000,000.00

MADE BY AND BETWEEN

LEGACY HOUSING, LTD.
a Texas limited partnership
4801 Mark IV Parkway
Fort Worth, Texas 76106,
as Borrower

AND

VERITEX BANK,
8214 Westchester Drive, Suite 400
Dallas, Texas 75225,
as Lender

Dated as of April 4, 2016

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LOAN AGREEMENT

THIS LOAN AGREEMENT ("Agreement") is made as of April 4, 2016 (the "Effective Date"), by and between LEGACY HOUSING, LTD., a Texas limited partnership ("Borrower"), and VERITEX BANK, a Texas savings bank, its successors and assigns ("Lender").

WITNESSETH:

RECITALS

A. Borrower has applied to Lender for a revolving loan in the amount of up to FIFTEEN MILLION DOLLARS AND NO/100 (\$15,000,000.00) (the "Loan") for working capital and other general purposes, and Lender is willing to make the Loan on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1.

INCORPORATION OF RECITALS AND EXHIBITS

1.1 Incorporation of Recitals.

The foregoing preambles and all other recitals set forth herein are made a part hereof by this reference.

1.2 Incorporation of Exhibits.

Exhibits A through B, to this Agreement, attached hereto are incorporated in this Agreement and expressly made a part hereof by this reference.

2.

DEFINITIONS

2.1 Defined Terms.

The following terms as used herein shall have the following meanings:

Affiliate: With respect to a specified person or entity, any individual, partnership, corporation, limited liability company, trust, unincorporated organization, association or other entity which, directly or indirectly, through one or more intermediaries, Controls or is Controlled by or is under common control with such person or entity, including, without limitation, any general or limited partnership in which such person or entity is a partner.

Aged Eligible Inventory: Finished goods that are aged more than one year, but that otherwise meet the requirements of Eligible Inventory.

Agreement: As such term is defined in the Preamble.

Applicable Rate: At any time, a rate per annum equal to the LIBOR Rate at such time, plus 2.50%.

Authorized Representative: The person appointed as the Authorized Representative pursuant to Section 16.3.

Bankruptcy Code: Title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect, or any successor thereto or any other present or future bankruptcy or insolvency statute.

Borrower: As such term is defined in the Preamble.

Borrowing Base: An amount equal to (a) sixty percent (60%) of the book value of Eligible Inventory, plus (b) forty-five percent (45%) of the book value of Aged Eligible Inventory aged at least one year, but less than two years, plus (c) twenty-five percent (25%) of the book value of Aged Eligible Inventory aged two years or greater. Prior to the satisfactory completion of the initial field audit under Section 10.1(f) hereunder, the Borrowing Base shall not exceed Five Million Dollars (\$5,000,000).

Borrowing Base Certificate: A certificate by the Authorized Representative, in form and substance satisfactory to the Lender, listing all Eligible Inventory, along with the book value of such Eligible Inventory, and a calculation of the Borrowing Base in accordance with the terms hereof.

Business Day: A day of the year on which banks are not required or authorized to close in Dallas, Texas.

Capital Lease Obligations: With respect to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

Capital One Indebtedness: The indebtedness of Borrower to Capital One, N.A. owing under the Capital One Loan Agreement.

Capital One Loan Agreement: That certain Loan and Security Agreement between Borrower and Capital One, N.A., dated as of December 14, 2011.

Change of Control: The Borrower ceases to be controlled by the Guarantors.

Collateral: Collectively, all of the real, personal and mixed property (including Equity Interests) in which Liens are purported to be granted pursuant to the Security Documents as security for the Loan.

Control: As such term is used with respect to any person or entity, including the con-elative meanings of the terms "controlled by" and "under common control with", shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise.

Default: Any event, circumstance or condition, which, if it were to continue uncured, would, with notice or lapse of time or both, constitute an Event of Default hereunder.

Default Rate: A rate per annum equal to three percentage points (3.00%) in excess of the Applicable Rate, but which shall not at any time exceed the Maximum Lawful Rate.

EBITDA: For any Person for any period of determination, an amount equal to (i) net income plus (ii) the sum of the following to the extent deducted from net income: (1) interest expense; plus (2) income taxes; plus (3) depreciation; plus (4) amortization for such period determined and consolidated in accordance with GAAP.

Effective Date: As defined in the Preamble.

Eligible Inventory: shall mean all Inventory of the Borrower which meets each of the following requirements:

- (a) it is not subject to any Lien whatsoever, other than Permitted Liens;
- (b) it is either raw materials or finished inventory that is new and unused held for sale and is aged less than one year;
- (c) it is in the possession and control of Borrower and is not now and shall not at any time hereafter be stored with a bailee, warehouseman or similar party without delivery to the Lender by such party, non-negotiable warehouse receipts therefor in the Lender's name or such other bailee's letter, in form and substance acceptable to the Lender;
- (d) it is salable and not "slow moving", obsolete or discontinued, as determined in the commercially reasonable discretion of Lender;
- (e) it is not unacceptable to the Lender, in the commercially reasonable discretion of Lender, due to type, category and/or quantity;
- (f) it is not produced in violation of the Fair Labor Standards Act and/or subject to the so-called "hot goods" provisions contained in Title 29 U.S.C. 215;
- (g) it is not subject to any agreement or license which would restrict the Lender's ability to sell or otherwise dispose of such Inventory;
- (h) it is located in the continental United States;
- (i) it is not "in transit" to the Borrower or held by the Borrower on consignment;
- (j) it is not supply items, packaging or any other similar materials;
- (k) it is not identified to any purchase order or contract to the extent progress or advance payments are received with respect to such Inventory;
- (l) it does not breach any of the representations, warranties or covenants, if any, pertaining to Inventory set forth in the Loan Documents; and

(m) it is otherwise not unacceptable to the Lender for any other reason in Lender's commercially reasonable discretion.

Inventory which is Eligible Inventory shall cease to be Eligible Inventory whenever it ceases to meet any one of the foregoing requirements.

Environmental Proceedings: Any environmental proceedings, whether civil (including actions by private parties), criminal, or administrative proceedings, relating to Borrower.

ERISA: The Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder from time to time.

Equity Interests: Shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

Event of Default: As such term is defined in Article 14.

GAAP: Generally accepted accounting principles in the United States of America.

Governmental Authority: Any federal, state, county or municipal government, or political subdivision thereof, any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality, or public body, or any court, administrative tribunal, or public utility.

Guarantee: Any obligation, contingent or otherwise of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

Guarantor: Curt Hodgson and Kenny Shipley, individually or collectively, as the context shall imply.

Guaranty: A guaranty executed by each Guarantor and pursuant to which the Guarantors jointly and severally guarantee payment of principal, interest and other amounts due under the Loan Documents.

Including or including: Including but not limited to.

Indebtedness: Without duplication, with respect to any Person (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) *all* obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such

Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

Internal Revenue Code: The Internal Revenue Code of 1986, as amended from time to time.

Inventory: As defined in the UCC.

Laws: Collectively, all federal, state and local laws, statutes, codes, ordinances, orders, rules and regulations, including judicial opinions or precedential authority in the applicable jurisdiction.

Late Charge: As such term is defined in Section 4.6.

Lender: As defined in the opening paragraph of this Agreement, and including any successor holder of the Loan from time to time.

Leverage Ratio: With respect to any Person, the ratio as of the last day of any fiscal quarter of (a) Debt of such Person to (b) EBITDA of such Person for the four fiscal quarter period ending on such date.

LIBOR Rate: On any date, the one-month LIBOR rate published in the Wall Street Journal, or similar publication at Lender's discretion, for such date, or if no such rate is published for such date, then such rate for the immediately preceding date for which such rate is available.

Lien: With respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

Loan: As defined in Recital A.

Loan Amount: The maximum amount of the Loan as set forth in Section 4.1(a).

Loan Documents: The collective reference to this Agreement, the documents and instruments listed in Section 4.2, and all the other documents and instruments entered into from time to time, evidencing or securing the Loan or any obligation of payment thereof or performance of

Borrower's or any Guarantor's obligations in connection with the transaction contemplated hereunder, each as amended.

Loan Opening Date: The date of the initial disbursement of proceeds of the Loan.

Material Adverse Change or material adverse change: If, in Lender's reasonable discretion, the business prospects, operations or financial condition of a person, entity or property has changed in a manner which could impair the value of Lender's security for the Loan, prevent timely repayment of the Loan or otherwise prevent the applicable person or entity from timely performing any of its material obligations under the Loan Documents.

Maturity Date: April 4, 2019.

Maximum Lawful Rate: As such term is defined in Section 5.3.

Note: A promissory note, in the Loan Amount, executed by Borrower and payable to the order of Lender, evidencing the Loan.

OFAC: As defined in Section 3.1(u).

Open the Loan, Opening of the Loan or Loan Opening: The disbursement of Loan proceeds.

Permitted Investments: Each of the following:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than \$500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and

(e) money market funds that (i) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least \$5,000,000,000.

Permitted Liens: Each of the following:

- (a) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 10.3;
- (b) carriers', warehousemen's, mechanics', materialmen' s, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in good faith by appropriate proceedings and which could not reasonably be expected to cause a Material Adverse Change;
- (c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;
- (d) deposits to secure the performance of bids, trade contracts leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;
- (e) judgment liens in respect of judgments that do not constitute an Event of Default under Section 14.1(f);
- (f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower; and
- (g) liens seeming the Capital One Indebtedness: provided that such liens securing the Collateral shall be subordinated to the liens in the Collateral in favor of the Lender.

Person: Any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

Real Estate Asset: At any time of determination, any interest (fee, leasehold or otherwise) then owned by Borrower in any real property.

Restricted Payment: Any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Borrower or any option, warrant or other right to acquire any such Equity Interests in the Borrower, or any management fee or similar fee payable by the Borrower to the holder (either direct or indirect) of any Equity Interest of the Borrower, or any Affiliate thereof.

Security Agreement: The Security Agreement to be executed by Borrower in form and substance satisfactory to Lender, as it may be amended, restated, supplemented or otherwise modified from time to time.

Security Documents: The Security Agreement, and all other instruments, documents and agreements delivered by or on behalf of Borrower pursuant to this Agreement or any of the other Loan Documents in order to grant to, or perfect in favor of, Lender, a Lien on any real, personal or mixed property of Borrower as security for the Loan.

Swap Agreement: Any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; **provided** that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of Borrower shall be a Swap Agreement.

Tangible Net Worth: At any particular time, all amounts which, in conformity with GAAP, would be included as equity on a balance sheet of a Person; provided, however, there shall be excluded therefrom: (i) any amount of which the equity of such Person appears as an asset on such Person's balance sheet, (ii) goodwill, including any amounts, however designated, that represent the excess of the purchase price paid for assets or stock over the value assigned thereto, (iii) patents, trademarks, trade names, and copyrights, (iv) deferred expenses, (v) loans and advances to any equity holder, directors, officer, or employee of the Person or any affiliate of such Person, and (vi) all other assets which are properly classified as intangible assets.

Taxes: Any present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

UCC: The Uniform Commercial Code, as in effect in the State of Texas.

2.2 Other Definitional Provisions.

All terms defined in this Agreement shall have the same meanings when used in the Note, Deed of Trust, any other Loan Documents, or any certificate or other document made or delivered pursuant hereto. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement.

3.

BORROWER'S REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties.

To induce Lender to execute this Agreement and perform its obligations hereunder, Borrower hereby represents and warrants to Lender as follows:

(a) Except as previously disclosed to Lender in writing, no litigation or proceedings are pending, or to the best of Borrower's knowledge threatened, against Borrower or any Guarantor, which could, if adversely determined, cause a Material Adverse Change with respect to Borrower or any Guarantor. There are no pending Environmental Proceedings and Borrower has no knowledge of any threatened Environmental Proceedings or any facts or circumstances which may give rise to any future Environmental Proceedings.

(b) Borrower is a duly organized and validly existing limited partnership and has full power and authority to execute, deliver and perform all Loan Documents to which Borrower is a party, and such execution, delivery and performance have been duly authorized by all requisite action

on the part of Borrower. Each Loan Document to which Borrower is a party has been duly executed and delivered by Borrower and is the legally valid and binding obligation of Borrower, enforceable against Borrower in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(c) No consent, approval or authorization of or declaration, registration or filing with any Governmental Authority or nongovernmental person or entity, including any creditor, partner, or member of Borrower or any Guarantor, is required in connection with the execution, delivery and performance of this Agreement or any of the Loan Documents other than the filing of UCC-1 Financing Statements, except for such consents, approvals or authorizations of or declarations or filings with any Governmental Authority or nongovernmental person or entity where the failure to so obtain would not have an adverse effect on Borrower or such Guarantor or which have been obtained as of any date on which this representation is made or remade.

(d) The execution, delivery and performance of this Agreement, the execution and payment of the Note and the granting of the security interests under the Security Documents have not constituted and will not constitute, upon the giving of notice or lapse of time or both, a breach or default under any other agreement to which Borrower or Guarantor is a party or may be bound or affected, or a violation of any Law or court order.

(e) Borrower is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change. Borrower has received all permits and licenses issued by any Governmental Authority as are necessary for the conduct of its business.

(f) There is no Default or Event of Default under this Agreement or any of the other Loan Documents.

(g) No brokerage fees or commissions are payable by or to any person in connection with this Agreement or the Loan to be disbursed hereunder.

(h) All financial statements and other information previously furnished by Borrower or any Guarantor to Lender in connection with the Loan are true, complete and correct and fairly present the financial conditions of the subjects thereof as of the respective dates thereof and do not fail to state any material fact necessary to make such statements or information not misleading, and no Material Adverse Change with respect to Borrower or any Guarantor has occurred since the respective dates of such statements and information. Neither Borrower nor any Guarantor has any Indebtedness or other material liability, contingent or otherwise, not disclosed in such financial statements.

(i) Borrower has good title to, or valid leasehold interests *in*, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. Except as permitted by this Agreement, all such property is free and clear of Liens.

(j) As of the Effective Date, Schedule 3.1(j) contains a true, accurate and complete list

of (i) all Real Estate Assets, and (ii) all leases, subleases or assignments of leases (together with all amendments, modifications, supplements, renewals or extensions of any thereof) affecting each Real Estate Asset, regardless of whether Borrower is the landlord or tenant (whether directly or as an assignee or successor in interest) under such lease, sublease or assignment. Each agreement listed in clause (ii) of the immediately preceding sentence is in full force and effect and Borrower does not have knowledge of any default that has occurred and is continuing thereunder, except where the failure to do so could not reasonably be expected to have a Material Adverse Change and each such agreement constitutes the legally valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles.

(k) Borrower owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change.

(l) The Loan is not being made for the purpose of purchasing or carrying "margin stock" within the meaning of Regulation T, U or X issued by the Board of Governors of the Federal Reserve System.

(m) Borrower is not an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

(n) Borrower has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower has set aside on its books adequate reserves.

(o) Borrower is not a party in interest to any plan defined or regulated under ERISA, and the assets of Borrower are not "plan assets" of any employee benefit plan covered by ERISA or Section 4975 of the Internal Revenue Code.

(p) Borrower has disclosed to Lender all agreements, instruments and corporate or other restrictions to which it is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change. No reports, financial statements, certificates or other information furnished by or on behalf of Borrower to Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

(q) Borrower is not a "foreign person" within the meaning of Section 1445 or 7701 of the Internal Revenue Code.

(r) Borrower uses no trade name other than its actual name set forth herein. The principal place of business of Borrower is as stated in Section 17.16.

(s) Borrower's place of formation or organization is the State of Texas.

(t) All statements set forth in the Recitals are true and correct.

(u) Neither Borrower nor any Guarantor is (or will be) a person with whom Lender is restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury of the United States of America (including, those Persons named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including, the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and shall not engage in any dealings or transactions or otherwise be associated with such persons. In addition, Borrower hereby agrees to provide to the Lender with any additional information that the Lender deems necessary from time to time will order to ensure compliance with all applicable Laws concerning money laundering and similar activities.

3.2 Survival of Representations and Warranties.

Borrower agrees that all of the representations and warranties set forth in Section 3.1 and elsewhere in this Agreement are true as of the date hereof, will be true at the Loan Opening and, except for matters which have been disclosed by Borrower and approved by Lender in writing, at all times thereafter. Each request for a disbursement under the Loan Documents shall constitute a reaffirmation of such representations and warranties, as deemed modified in accordance with the disclosures made and approved as aforesaid, as of the date of such request. It shall be a condition precedent to the Loan Opening and each subsequent disbursement that each of said representations and warranties is true and correct as of the date of such requested disbursement. Each disbursement of Loan proceeds shall be deemed to be a reaffirmation by Borrower that each of the representations and warranties is true and correct as of the date of such disbursement. In addition, at Lender's request, Borrower shall reaffirm such representations and warranties in writing prior to each disbursement hereunder.

4.

LOAN AND LOAN DOCUMENTS

4.1 Agreement to Borrow and Lend; Lender's Obligation to Disburse.

Subject to the terms, provisions and conditions of this Agreement and the other Loan Documents, Borrower agrees to borrow from Lender and Lender agrees to lend to Borrower the Loan, for the purposes and subject to all of the terms, provisions and conditions contained in this Agreement. If Lender consists of more than one party, the obligations of each such party *with* respect to the amount it has agreed to loan to Borrower shall be several (and not joint and several) and shall be limited to its proportionate share of the Loan and of each advance.

(a) The maximum aggregate amount of the Loan shall not exceed the Lesser of (i) Fifteen Million Dollars and No/100 (\$15,000,000.00) (the "Loan Amount") or (b) the Borrowing Base. Should the amount drawn on the Loan ever exceed the Borrowing Base, the Borrower shall

immediately repay the Loan in the amount of such excess. Subject to such maximum amount and the terms and conditions hereof, Borrower may borrow, prepay, and re-borrow amounts under the Loan.

(b) Lender agrees, upon Borrower's compliance with and satisfaction of all conditions precedent to the Loan Opening and provided no Material Adverse Change has occurred with respect to Borrower or any Guarantor and no Default or Event of Default has occurred and is continuing hereunder, to Open the Loan.

(c) After the Opening of the Loan, Borrower shall be entitled to receive further successive disbursements of the proceeds of the Loan in accordance with Article 9, within three (3) Business Days after compliance with all conditions precedent thereto, provided that (i) Borrower has complied with all conditions precedent to disbursement from time to time including the requirements of Section 3.2 and Article 9; (iii) no Material Adverse Change has occurred with respect to Borrower or any Guarantor, and (iv) no Default or Event of Default exists hereunder or under any other Loan Document.

(d) To the extent that Lender may have acquiesced in noncompliance with any requirements precedent to the Opening of the Loan such acquiescence shall not constitute a waiver by Lender, and Lender may at any time after such acquiescence require Borrower to comply with all such requirements.

4.2 Loan Documents.

Borrower agrees that it will, on or before the Loan Opening Date, execute and deliver or cause to be executed and delivered to Lender the following documents in form and substance acceptable to Lender:

(a) The Note.

(b) Each Security Document.

(c) The Guaranties.

(d) Such UCC financing statements as Lender determines are advisable or necessary to perfect or notify third parties of the security interests intended to be created by the Loan Documents.

(e) Such other documents, instruments or certificates as Lender and its counsel may reasonably require, including such documents as Lender in its sole discretion deems necessary or appropriate to effectuate the terms and conditions of this Agreement and the Loan Documents, and to comply with the Laws of the State.

4.3 Term of the Loan.

All principal, interest and other sums due under the Loan Documents shall be due and payable in full on the Maturity Date.

4.4 **Prepayments.** Borrower shall have the right to make prepayments of the Loan, in whole or in part, at any time.

4.5 Required Principal Payments.

All principal shall be paid on or before the Maturity Date.

4.6 Late Charge.

Any and all amounts due hereunder or under the other Loan Documents which remain unpaid on the tenth (10th) day after the date said amount was due and payable shall incur a fee (the "Late Charge") of five percent (5%) per annum of said amount, which payment shall be in addition to all of Lender's other rights and remedies under the Loan Documents, provided that no Late Charge shall apply to the final payment of principal on the Maturity Date. Nothing in this Section shall be deemed a cure period for the purpose of determining the occurrence of an Event of Default.

5. INTEREST

5.1 Interest Rate.

- (a) Subject to Section 5.3, the Loan will bear interest at the Applicable Rate, unless the Default Rate is applicable.
- (b) Interest at the Applicable Rate (or Default Rate) shall be calculated for the actual number of days elapsed on the basis of a 360-day year, including the first date of the applicable period to, but not including, the date of repayment.
- (c) The Loan shall bear interest at the Default Rate at any time at which an Event of Default shall exist.

5.2 Payment Dates.

Borrower shall pay interest in arrears on the fourth (4th) day of every calendar month in the amount of all interest accrued and unpaid. All payments (whether of principal or of interest) shall be deemed credited to Borrower's account only if received by 2:00 p.m. Dallas time on a Business Day; otherwise, such payment shall be deemed received on the next Business Day.

5.3 Maximum Lawful Rate.

It is the intent of Borrower and Lender 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 Agreement and the other Loan Documents exceed the highest lawful interest rate permitted under applicable law (the "Maximum Lawful Rate"). If Lender 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 Maximum Lawful Rate, 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 the Borrower 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 Lawful Rate. 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.

6.

COSTS OF MAINTAINING LOAN

6.1 Increased Costs and Capital Adequacy.

(a) Borrower recognizes that the cost to Lender of maintaining the Loan or any portion thereof may fluctuate and, Borrower agrees to pay Lender additional amounts to compensate Lender for any increase in its actual costs incurred *in* maintaining the Loan or any portion thereof outstanding or for the reduction of any amounts received or receivable from Borrower as a result of any change after the date hereof in any applicable Law, regulation or treaty, or in the interpretation or administration thereof, or by any domestic or foreign court, (A) changing the basis of taxation of payments under this Agreement to Lender (other than taxes imposed on all or any portion of the overall net income or receipts of Lender), or (B) imposing, modifying or applying any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, credit extended by, or any other acquisition of funds for loans by Lender (which includes the Loan or any applicable portion thereof), or (C) imposing on Lender any other condition affecting the Loan, provided that the result of the foregoing is to increase the cost to Lender of maintaining the Loan or any portion thereof or to reduce the amount of any sum received or receivable from Borrower by Lender under the Loan Documents.

(b) If the application of any Law, rule, regulation or guideline adopted or arising out of the Basle Committee on Banking Regulations and Supervisory Practices entitled “International Convergence of Capital Measurements and Capital Standards”, or the adoption after the date hereof of any other Law, rule, regulation or guideline regarding capital adequacy, or any change after the date hereof in any of the foregoing, or in the interpretation or administration thereof by any domestic or foreign Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Lender, with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has the effect of reducing the rate of return on Lender’s capital to a level below that which Lender would have achieved but for such application, adoption, change or compliance (taking into consideration the policies of Lender with respect to capital adequacy), then, from time to time Borrower shall pay to Lender such additional amounts as will compensate Lender for such reduction with respect to any portion of the Loan outstanding.

(c) Any amount payable by Borrower under subsection (a) or subsection (b) of this Section 6.1 shall be paid within five (5) days of receipt by Borrower of a certificate signed by an authorized officer of Lender setting forth the amount due and the basis for the determination of such amount, which statement shall be conclusive and binding upon Borrower, absent manifest error. Failure on the part of Lender to demand payment from Borrower for any such amount attributable to any particular period shall not constitute a waiver of Lender’s right to demand payment of such amount for any subsequent or prior period. Lender shall use reasonable efforts to deliver to Borrower prompt notice of any event described in subsection (a) or (b) above, of the amount of the reserve and capital adequacy payments resulting therefrom and the reasons therefor and of the basis of calculation of such amount; provided, however, that any failure by Lender to so notify Borrower

shall not affect Borrower's obligation to pay the reserve and capital adequacy payment resulting therefrom.

6.2 Borrower Withholding.

If by reason of a change in any applicable Laws occurring after the date hereof, Borrower is required by Law to make any deduction or withholding in respect of any taxes (other than taxes imposed on or measured by the net income of Lender or any franchise tax imposed on Lender"), duties or other charges from any payment due under the Note to the maximum extent permitted by Law, the sum due from Borrower in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, Lender receives and retains a net sum equal to the sum which it would have received had no such deduction or withholding been required to be made.

7.

LOAN EXPENSE AND ADVANCES

7.1 Loan and Administration Expenses.

Borrower unconditionally agrees to pay all costs and expenses incurred by Lender in connection with the Loan, including all amounts payable pursuant to this Article 7 and any and all other fees owing to Lender pursuant to the Loan Documents or any separate fee agreement, and also including, without limiting the generality of the foregoing, if applicable, all recording, filing and registration fees and charges, mortgage or documentary taxes, all insurance premiums, title insurance premiums and other charges in connection with Title Policies, printing and photocopying expenses, survey fees and charges, cost of certified copies of instruments, cost of premiums on surety company bonds, all appraisal fees, insurance consultant's fees, environmental consultant's fees, travel related expenses and all costs and expenses incurred by Lender in connection with the determination of whether or not Borrower has performed the obligations undertaken by Borrower hereunder or has satisfied any conditions precedent to the obligations of Lender hereunder and, if any Default or Event of Default occurs hereunder or under any of the Loan Documents or if the Loan or Note or any portion thereof is not paid in full when and as due, all costs and expenses of Lender (including, without limitation, court costs and counsel's fees and disbursements and fees and costs of paralegals) incurred in attempting to enforce payment of the Loan and expenses of Lender incurred (including court costs and counsel's fees and disbursements and fees and costs of paralegals) in attempting to realize, while a Default or Event of Default exists, on any security or incurred in connection with the sale or disposition (or preparation for sale or disposition) of any security for the Loan. Whenever Borrower is obligated to pay or reimburse Lender for any attorneys' or paralegals' fees, those fees shall include the reasonable allocated costs for services of in-house counsel. Borrower agrees to pay all brokerage, finder or similar fees or commissions payable in connection with the transactions contemplated hereby and shall indemnify and hold Lender harmless against all claims, liabilities, costs and expenses (including attorneys' fees and expenses) incurred in relation to any claim by broker, finder or similar person.

7.2 Lender's Attorneys' Fees and Disbursements.

Borrower agrees to pay Lender's attorney fees and disbursements incurred in connection with this Loan, including (i) the preparation of this Agreement, any intercreditor agreements and the other Loan Documents and the preparation of the closing binders, (ii) the disbursement, syndication,

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amendment, and administration of the Loan and (iii) the enforcement of the terms of this Agreement and the other Loan Documents.

7.3 Time of Payment of Fees and Expenses.

Borrower shall pay all expenses and fees incurred as of the Loan Opening on the Loan Opening Date (unless sooner required herein). At the time of the Opening of the Loan, Lender may pay from the proceeds of the initial disbursement of the Loan all Loan expenses and all fees payable to Lender. Lender may require the payment of outstanding fees and expenses as a condition to any disbursement of the Loan. Lender is hereby authorized, without any specific request or direction by Borrower, to make disbursements from time to time in payment of or to reimburse Lender for all Loan expenses and fees.

7.4 Expenses and Advances Secured by Loan Documents.

Any and all advances or payments made by Lender under this Article 7 from time to time, and any amounts expended by Lender pursuant to Article 15, shall, as and when advanced or incurred, constitute additional indebtedness evidenced by the Note and secured by the Security Documents and the other Loan Documents.

7.5 Right of Lender to Make Advances to Cure Borrower's Defaults.

In the event that Borrower fails to perform any of Borrower's covenants, agreements or obligations contained in this Agreement or any of the other Loan Documents (after the expiration of applicable grace periods, except in the event of an emergency or other exigent circumstances) Lender may (but shall not be required to) perform any of such covenants, agreements and obligations, and any amounts expended by Lender in so doing and shall constitute additional indebtedness evidenced by the Note and secured by the Security Documents and the other Loan Documents and shall bear interest at the Default Rate.

8.

REQUIREMENTS PRECEDENT TO THE OPENING OF THE LOAN

8.1 Conditions Precedent.

Borrower agrees that Lender's obligation to open the Loan is conditioned upon Borrower's delivery, performance and satisfaction of the following conditions precedent in form and substance satisfactory to Lender in its reasonable discretion:

(a) Loan Documents: The Lender shall have received copies of each of the documents set forth in Section 4.2, executed by the Borrower or Guarantor, as the case may be, and recorded, if applicable, each in form and substance satisfactory to the Lender.

(b) Insurance Policies: Borrower shall have furnished to Lender policies or binders evidencing that insurance coverages are in effect with respect to Borrower, in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

(c) No Litigation: No litigation or proceedings shall be pending or threatened which could or might cause a Material Adverse Change with respect to Borrower or any Guarantor;

(d) Searches: Borrower shall have furnished to Lender current bankruptcy federal tax lien and judgment searches and searches of all Uniform Commercial Code financing statements filed in each place UCC Financing Statements are to be filed hereunder, demonstrating the absence of adverse claims;

(e) Financial Statements: Borrower shall have furnished to Lender current annual financial statements of Borrower, the Guarantors, the General Contractor and such other persons or entities connected with the Loan as Lender may request, each in form and substance and certified by such individual as acceptable to Lender. Borrower and the Guarantors shall provide such other additional financial information Lender reasonably requires;

(t) Pro Forma Projection: Borrower shall have furnished to Lender a Pro Forma Projection covering 2016;

(g) Organizational Documents: Borrower shall have furnished to Lender proof satisfactory to Lender of authority, formation, organization and good standing in the state of its incorporation or formation and, if applicable, qualification as a foreign entity in good standing in the state of its incorporation or formation of all corporate, partnership, trust and limited liability company entities (including Borrower and each Guarantor) executing any Loan Documents, whether in their own name or on behalf of another entity. Borrower shall also provide certified resolutions in form and content satisfactory to Lender, authorizing execution, delivery and performance of the Loan Documents, and such other documentation as Lender may reasonably require to evidence the authority of the persons executing the Loan Documents;

(h) No Default: There shall be no uncured Default or Event of Default by Borrower hereunder;

(i) Additional Documents: Borrower shall have furnished to Lender such other materials, documents, papers or requirements regarding Borrower and any Guarantor as Lender shall reasonably request.

9.

REQUIREMENTS PRECEDENT TO SUBSEQUENT DISBURSEMENTS OF THE LOAN

9.1 Conditions Precedent.

Borrower agrees that Lender's obligation to make subsequent disbursements of the Loan is conditioned upon Borrower's satisfaction of the following conditions prevalent in form and substance satisfactory to Lender in its reasonable discretion.

(a) Borrower's Certificate: Lender shall have received a fully executed and delivered Borrower's Certificate in the form of Exhibit A attached hereto, along with a completed Borrowing Base Certificate.

(b) Maximum Loan Amount: After making such disbursement, the aggregate outstanding balance of the Loan shall not exceed the lesser of (a) Loan Amount, or (b) the Borrowing Base.

(c) Representations and Warranties: The representations and warranties of the Borrower set forth in this Agreement shall be true and correct on and as of the date of such disbursement.

(d) No Default or Event of Default: At the time of and immediately after giving effect to such disbursement, no Default or Event of Default shall have occurred and be continuing.

10.

AFFIRMATIVE COVENANTS

Borrower covenants and agrees as follows:

10.1 Furnishing Information.

(a) Monthly Reports. Borrower shall deliver or cause to be delivered to Lender, within twenty (20) days after the end of each month, a completed Borrowing Base Certificate.

(b) Quarterly Reports. Borrower shall deliver or cause to be delivered to Lender, within thirty (30) days after the end of each calendar quarter, quarterly internally-prepared financial statements and a duly executed Certificate of Compliance in the form of Exhibit B attached hereto.

(c) Annual Reports. Borrower shall deliver or cause to be delivered to Lender, within one hundred fifty (150) days after the end of each calendar year, an annual financial statement, audited by certified professional accountants satisfactory to the Lender.

(d) Personal Financial Statements. Borrower shall deliver or cause to be delivered to Lender, personal financial statements of each Guarantor, not later than fifteen (15) months after the most recent such statements delivered to Lender.

(e) Tax Returns. Borrower shall deliver or cause to be delivered to Lender, tax returns for each Guarantor, within thirty (30) days of timely filing.

(f) Field Audits. Borrower shall permit Lender or a representative of Lender to perform, at Borrower's sole cost and expense, field audits with respect to the Collateral and shall cooperate and shall cause its employees, agents and representatives to cooperate with such field audits. For so long as no Default or Event of Default exists hereunder, Lender shall perform no more than one such field audit in any calendar quarter.

(g) Financial Reports. All financial statements delivered in accordance with clauses (b), (c) and (d) above shall be in a format approved in writing by Lender in Lender's reasonable sole discretion. Each financial statement shall be certified as true, complete and correct by its preparer and by Borrower or, in the case of each of the Guarantors' financial statements, by the Guarantor to whom it relates. Borrower and the Guarantor shall provide such additional financial information as Lender reasonably requires. Borrower shall during regular business hours permit Lender or any of its agents or representatives to have access to and examine all of its books and records. If any such

financial statement or other report or information described in this subsection is not delivered to Lender as provided above, Borrower agrees to pay a late charge to Lender in the amount of \$500 per item per day.

10.2 Maintenance of Insurance.

Borrower shall maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. Lender shall be named as a loss payee or additional insured, as applicable, on each such policy. Each policy shall provide that it may not be canceled, reduced or terminated without at least thirty (30) days prior written notice to Lender.

10.3 Payment of Taxes.

Borrower shall pay all Taxes before the same become delinquent, provided, however, that Borrower shall have the right to pay such Tax under protest or to otherwise contest any such Tax or assessment, but only if (i) such contest has the effect of preventing the collection of such Taxes so contested and also of preventing the attachment of any Lien to any of Borrower's property, (ii) Borrower has notified Lender of Borrower's intent to contest such Taxes, and (iii) Borrower has deposited security *in* form and amount satisfactory to Lender, in its sole discretion, and has increased the amount of such security so deposited promptly after Lender's request therefor. If Borrower fails to commence such contest or, having commenced to contest the same, and having deposited such security required by Lender for its full amount, shall thereafter fail to prosecute such contest in good faith or with due diligence, or, upon adverse conclusion of any such contest, shall fail to pay such Tax, Lender may, at its election (but shall not be required to), pay and discharge any such Tax, and any interest or penalty thereon, and any amounts so expended by Lender shall be deemed to constitute disbursements of the Loan proceeds hereunder (even if the total amount of disbursements would exceed the face amount of the Note). Borrower shall furnish to Lender evidence that Taxes are paid at least five (5) days prior to the last date for payment of such Taxes and before imposition of any penalty or accrual of interest.

10.4 Lender's Attorneys' Fees for Enforcement of Agreement.

In case of any Default or Event of Default hereunder, Borrower (in addition to Lender's attorneys' fees, if any, to be paid pursuant to Article 7) will pay Lender's attorneys' and paralegal fees (including, without limitation, any attorney and paralegal fees and costs incurred in connection with any litigation or bankruptcy or administrative hearing and any appeals therefrom and any post-judgment enforcement action including, without limitation, supplementary proceedings) in connection with the enforcement of this Agreement; without limiting the generality of the foregoing, if at any time or times hereafter Lender employs counsel (whether or not any suit has been or shall be filed and whether or not other legal proceedings have been or shall be instituted) for advice or other representation with respect to this Agreement, or any of the other Loan Documents, or to protect, collect, lease, sell, take possession of, or liquidate any of the Collateral, or to attempt to enforce any security interest or lien in any portion of the Collateral, or to enforce any rights of Lender or Borrower's obligations hereunder, then in any of such events all of the attorneys' fees arising from such services, and any expenses, costs and charges relating thereto (including fees and costs of paralegals), shall constitute an additional liability owing by Borrower to Lender, payable on demand.

10.5 Use of Proceeds.

The proceeds of the Loans will be used only for working capital and general corporate purposes. No part of the proceeds of the Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

10.6 Lost Note.

Upon Lender's furnishing to Borrower an affidavit to such effect, Borrower shall, if the Note is mutilated, destroyed, lost or stolen, deliver to Lender, in substitution therefor, a new note containing the same terms and conditions as the Note.

10.7 Indemnification.

BORROWER SHALL INDEMNIFY LENDER, INCLUDING EACH PARTY OWNING AN INTEREST IN THE LOAN AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND CONSULTANTS (EACH, AN "INDEMNIFIED PARTY") AND DEFEND AND HOLD EACH INDEMNIFIED PARTY HARMLESS FROM AND AGAINST ALL CLAIMS, INJURY, DAMAGE, LOSS AND LIABILITY, COST AND EXPENSE (INCLUDING ATTORNEYS' FEES, COSTS AND EXPENSES) OF ANY AND EVERY KIND TO ANY PERSONS OR PROPERTY BY REASON OF (I) ANY BREACH OF REPRESENTATION OR WARRANTY, DEFAULT OR EVENT OF DEFAULT UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR RELATED DOCUMENT; OR (II) ANY OTHER MATTER ARISING IN CONNECTION WITH THE LOAN, BORROWER, OR GUARANTOR. BORROWER'S DUTY TO INDEMNIFY, HOLD HARMLESS, AND DEFEND THE INDEMNIFIED PARTIES AGAINST LOSSES EXTENDS TO LOSS THAT MAY BE CAUSED OR ALLEGED TO BE CAUSED IN PART BY THE NEGLIGENCE OF INDEMNITEES TO THE FULLEST EXTENT THAT SUCH INDEMNIFICATION IS PERMITTED BY APPLICABLE LAW. THE FOREGOING INDEMNIFICATION SHALL SURVIVE REPAYMENT OF THE- LOAN AND SHALL CONTINUE TO BENEFIT LENDER FOLLOWING ANY ASSIGNMENT OF THE LOAN WITH RESPECT TO MATTERS ARISING OR ACCRUING PRIOR TO SUCH ASSIGNMENT.

**11.
NEGATIVE COVENANTS**

Borrower covenants and agrees as follows:

11.1 Indebtedness.

Borrower will not create, incur, assume or permit to exist any Indebtedness, except:

- (a) Indebtedness created hereunder;
- (b) The Capital One Indebtedness; provided that such Indebtedness shall not exceed \$35,000,000;
- (c) Indebtedness of the Borrower as an account party in respect of trade letters of credit.

- (d) Other Indebtedness of the Borrower not to exceed \$5,000,000 in the aggregate.

11.2 Liens.

Borrower will not create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

- (a) Permitted Liens;

(b) Liens on fixed or capital assets acquired, constructed or improved by the Borrower; provided that (i) such security interests secure Indebtedness permitted by clause (d) of Section 11.1, (ii) such security interests and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured thereby does not exceed 75% of the cost of acquiring, constructing or improving such fixed or capital assets and (iv) such security interests shall not apply to any other property or assets of the Borrower.

11.3 Fundamental Changes; Disposition of Assets.

The Borrower will not (a) merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all any part of its assets (other than sales of inventory in the ordinary course of business), or liquidate or dissolve, or (b) engage to any material extent in any business other than businesses of the type conducted by the Borrower on the Effective Date and businesses reasonably related thereto.

11.4 Investments, Loans, Advances, Guarantees and Acquisitions.

The Borrower will not purchase, hold or acquire any capital stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit, except:

- (a) Permitted Investments;
- (b) Investments in the aggregate not to exceed \$5,000,000 over the course of this Agreement; and
- (c) Guarantees constituting Indebtedness permitted by Section 11.1.

11.5 Swap Agreements.

The Borrower will not enter into any Swap Agreement, except (a) Swap Agreements entered into to hedge or mitigate risks to which the Borrower has actual exposure, and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates,

from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower.

11.6 Restricted Payments.

The Borrower will not declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except (a) the Borrower may declare and pay dividends with respect to its Equity Interests payable solely in additional Equity Interests in the Borrower, (b) the Borrower may make Restricted Payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Borrower.

11.7 Transactions with Affiliates.

The Borrower will not sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower than could be obtained on an arm's-length basis from unrelated third parties, and (b) any Restricted Payment permitted by Section 11.6.

11.8 Restrictive Agreements.

The Borrower will not, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of the Borrower to create, incur or permit to exist any Lien upon any of its property or assets; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by Law or by this Agreement, (ii) the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (iii) the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

11.9 Minimum Tangible Net Worth.

At the end of each fiscal quarter, Borrower shall have Tangible Net Worth of not less than Eighty Million Dollars (\$80,000,000).

11.10 Leverage Ratio.

At the end of each fiscal quarter, Borrower shall have a Leverage Ratio of no greater than 4.00:1.00.

12.

ASSIGNMENTS BY LENDER AND BORROWER

12.1 Assignments and Participations.

Lender may from time to time sell the Loan and the Loan Documents (or any interest therein) and may grant participations in the Loan. Borrower agrees to cooperate with Lender's efforts to do any of the foregoing and to execute all documents reasonably required by Lender in connection therewith which do not materially adversely affect Borrower's rights under the Loan Documents.

12.2 Prohibition of Assignments by Borrower.

Borrower shall not assign or attempt to assign its rights under this Agreement and any purported assignment shall be void.

12.3 Successors and Assigns.

Subject to the foregoing restrictions on transfer and assignment contained in this Article 12, this Agreement shall inure to the benefit of and shall be binding on the parties hereto and their respective successors and permitted assigns.

13.

TIME OF THE ESSENCE

13.1 Time is of the Essence.

Borrower agrees that time is of the essence under this Agreement.

14.

EVENTS OF DEFAULT

14.1 Events of Default.

The occurrence of any one or more of the following shall constitute an “Event of Default” as said term is used herein:

(a) Failure of Borrower (i) (A) to make any payment when due, or (B) for a period of five (5) days after written notice from Lender that the same is due and payable, to observe or perform any of the other covenants or conditions by Borrower to be performed under the terms of this Agreement or any other Loan Document concerning the payment of money; or (ii) for a period of ten (10) days after written notice from Lender, to observe or perform any nonmonetary covenant or condition contained in this Agreement or any other Loan Documents; provided, that if a different notice or grace period is specified under any other subsection of this Section 14.1 with respect to a particular breach or default, such specific provision shall control; and provided further, that if another subsection of this Section 14.1 applies to a particular breach or default and does not expressly provide for a notice or grace period, no notice or grace period will be applicable with respect to such breach or default.

(b) Any assignment in violation of Section 12.2.

(c) If any warranty, representation, statement, report or certificate made now or hereafter by Borrower or any Guarantor is untrue or incorrect at the time made or delivered, provided that if such breach is reasonably susceptible of cure, then no Event of Default shall exist so long as Borrower cures said breach (i) within the notice and cure period provided in (a)(i) above for a breach that can be cured by the payment of money or (ii) within the notice and cure period provided in (a)(ii) above for any other breach.

(d) Borrower or any Guarantor shall commence a voluntary case concerning Borrower or such Guarantor under the Bankruptcy Code; or an involuntary proceeding is commenced against Borrower or any Guarantor under the Bankruptcy Code and relief is ordered against Borrower or

such Guarantor, or the petition is controverted but not dismissed or stayed within sixty (60) days after the commencement of the case, or a custodian (as defined in the Bankruptcy Code) is appointed for or takes charge of all or substantially all of the property of Borrower or any Guarantor; or the Borrower or any Guarantor commences any other proceedings under any reorganization, arrangement, readjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar Law of any jurisdiction whether now or hereafter in effect relating to the Borrower or any Guarantor; or there is commenced against Borrower or any Guarantor any such proceeding which remains undismissed or unstayed for a period of sixty (60) days; or the Borrower or any Guarantor fails to controvert in a timely manner any such case under the Bankruptcy Code or any such proceeding, or any order of relief or other order approving any such case or proceeding is entered; or the Borrower or any Guarantor by any act or failure to act indicates its consent to, approval of, or acquiescence in any such case or proceeding or the appointment of any custodian or the like of or for it for any substantial part of its property or suffers any such appointment to continue undischarged or unstayed for a period of sixty (60) days.

(e) Borrower or any Guarantor shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or trustee or liquidator of all of its property or the major part thereof or if all or a substantial part of the assets of Borrower or any Guarantor are attached, seized, subjected to a writ or distress warrant, or are levied upon, or come into the possession of any receiver, trustee, custodian or assignee for the benefit of creditors.

(t) One or more final, non-appealable judgments are entered (i) against Borrower in amounts aggregating in excess of \$500,000 or (ii) against any Guarantor in amounts aggregating in excess of \$250,000, and said judgments are not stayed or bonded over within thirty (30) days after entry.

(g) If Borrower or any Guarantor shall fail to pay any debt owed by it or is in default under any agreement with Lender or any other party (other than a failure or default for which Borrower's maximum liability does not exceed \$500,000 and Guarantor's maximum liability does not exceed \$250,000) and such failure or default continues after any applicable grace period specified in the instrument or agreement relating thereto.

(h). If a Material Adverse Change occurs with respect to Borrower or any Guarantor.

(i) The failure at any time of a security interest created under any Security Document to be a valid first lien upon the Collateral described therein.

(j) The death of the Guarantor, or the revocation by a Guarantor, and the failure of Borrower to provide a replacement Guarantor, acceptable to Lender in its sole discretion, within thirty (30) days thereafter.

(k) A Change of Control shall occur.

(l) Failure of Borrower to comply with Section 10.1, or Article 11.

(m) The occurrence of any other event or circumstance denominated as an Event of Default in this Agreement or under any of the other Loan Documents and the expiration of any

applicable grace or cure periods, if any, specified for such Event of Default herein or therein, as the case maybe.

15.

LENDER'S REMEDIES IN EVENT OF DEFAULT

15.1 Remedies Conferred Upon Lender.

Upon the occurrence of any Event of Default, Lender may pursue any one or more of the following remedies concurrently or successively, it being the intent hereof that none of such remedies shall be to the exclusion of any other:

(a) Enforce any Liens or security interests under the Security Documents;

(b) Declare the Note to be immediately due and payable;

(c) Use and apply any monies or letters of credit deposited by Borrower with Lender, regardless of the purposes for which the same was deposited, to cure any such Default or to apply on account of any indebtedness under this Agreement which is due and owing to Lender; and

(d) Exercise or pursue any other remedy or cause of action permitted under this Agreement or any other Loan Documents, or conferred upon Lender by operation of Law.

Notwithstanding the foregoing, upon the occurrence of any Event of Default under Section 14.1(d) or (e) with respect to Borrower, all amounts evidenced by the Note shall automatically become due and payable, without any presentment, demand, protest or notice of any kind to Borrower.

16.

GENERAL PROVISIONS

16.1 Captions.

The captions and headings of various Articles, Sections and subsections of this Agreement and Schedules and Exhibits pertaining hereto are for convenience only and are not to be considered as defining or limiting in any way the scope or intent of the provisions hereof.

16.2 Modification; Waiver.

No modification, waiver, amendment or discharge of this Agreement or any other Loan Document shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment or discharge is sought.

16.3 Authorized Representative.

Borrower hereby appoints Curt Hodgson as its Authorized Representative for purposes of dealing with Lender on behalf of Borrower in respect of any and all matters in connection with this Agreement, the other Loan Documents, and the Loan. The Authorized Representative shall have the power, in his discretion, to give and receive all notices, monies, approvals, and other documents and instruments, and to take any other action on behalf of Borrower. All actions by the Authorized

30

Representative shall be final and binding on Borrower. Lender may rely on the authority given to the Authorized Representative until actual receipt by Lender of a duly authorized resolution substituting a different person as the Authorized Representative. No more than one person shall serve as Authorized Representative at any given time.

16.4 Governing Law.

Irrespective of the place of execution and/or delivery, this Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of Texas.

16.5 Acquiescence Not to Constitute Waiver of Lender's Requirements.

Each and every covenant and condition for the benefit of Lender contained in this Agreement may be waived by Lender, provided, however, that to the extent that Lender may have acquiesced in any noncompliance with any conditions precedent to the Opening of the Loan or to any subsequent disbursement of Loan proceeds, such acquiescence shall not be deemed to constitute a waiver by Lender of such requirements with respect to any future disbursements of Loan proceeds.

16.6 Disclaimer by Lender.

This Agreement is made for the sole benefit of Borrower and Lender, and no other person or persons shall have any benefits, rights or remedies under or by reason of this Agreement, or by reason of any actions taken by Lender pursuant to this Agreement. Lender shall not be liable for any debts or claims accruing in favor of any party against Borrower or others. Lender, by making the Loan or taking any action pursuant to any of the Loan Documents, shall not be deemed a partner or a joint venturer with Borrower or fiduciary of Borrower.

16.7 Partial Invalidity; Severability.

If any of the provisions of this Agreement, or the application thereof to any person, party or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such provision or provisions to persons, parties or circumstances other than

those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by Law.

16.8 Definitions Include Amendments.

Definitions contained in this Agreement which identify documents, including, but not limited to, the Loan Documents, shall be deemed to include all amendments and supplements to such documents from the date hereof, and all future amendments, modifications, and supplements thereto entered into from time to time to satisfy the requirements of this Agreement or otherwise with the consent of Lender. Reference to this Agreement contained in any of the foregoing documents shall be deemed to include all amendments and supplements to this Agreement.

16.9 Execution in Counterparts.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

16.10 Entire Agreement.

This Agreement, taken together with all of the other Loan Documents and all certificates and other documents delivered by Borrower to Lender, embody the entire agreement and supersede all prior agreements, written or oral, relating to the subject matter hereof.

16.11 Waiver of Damages.

In no event shall Lender be liable to Borrower for punitive, exemplary or consequential damages, including, without limitation, lost profits, whatever the nature of a breach by Lender of its obligations under this Agreement or any of the Loan Documents, and Borrower for itself and its Guarantors waive all claims for punitive, exemplary or consequential damages.

16.12 Claims Against Lender.

Lender shall not be in default under this Agreement, or under any other Loan Documents, unless a written notice specifically setting forth the claim of Borrower shall have been given to Lender within three (3) months after Borrower first had knowledge of the occurrence of the event which Borrower alleges gave rise to such claim and Lender does not remedy or cure the default, if any there be, promptly thereafter. Borrower waives any claim, setoff or defense against Lender arising by reason of any alleged default by Lender as to which Borrower does not give such notice timely as aforesaid. Borrower acknowledges that such waiver is or may be essential to Lender's ability to enforce its remedies without delay and that such waiver therefore constitutes a substantial part of the bargain between Lender and Borrower with regard to the Loan. No Guarantor is intended to have any rights as a third-party beneficiary of the provisions of this Section 16.12.

16.13 Jurisdiction.

TO THE GREATEST EXTENT PERMITTED BY LAW, BORROWER HEREBY WAIVES ANY AND ALL RIGHTS TO REQUIRE MARSHALLING OF ASSETS BY LENDER. WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDINGS RELATING TO THIS AGREEMENT (EACH, A "PROCEEDING"), BORROWER IRREVOCABLY (A) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS HAVING JURISDICTION IN THE CITY OF DALLAS, COUNTY OF DALLAS AND STATE OF TEXAS, AND (B) WAIVES ANY OBJECTION WHICH IT MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY PROCEEDING BROUGHT IN ANY SUCH COURT, WAIVES ANY CLAIM THAT ANY PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM AND FURTHER WAIVES THE RIGHT TO OBJECT, WITH RESPECT TO SUCH PROCEEDING, THAT SUCH COURT DOES NOT HAVE JURISDICTION OVER SUCH PARTY. NOTHING IN THIS AGREEMENT SHALL PRECLUDE LENDER FROM BRINGING A PROCEEDING IN ANY OTHER JURISDICTION NOR WILL THE BRINGING OF A PROCEEDING IN ANY ONE OR MORE JURISDICTIONS PRECLUDE THE BRINGING OF A PROCEEDING IN ANY OTHER JURISDICTION. BORROWER FURTHER AGREES AND CONSENTS THAT, IN ADDITION TO ANY METHODS OF SERVICE OF PROCESS PROVIDED FOR UNDER APPLICABLE LAW, ALL SERVICE OF PROCESS IN ANY PROCEEDING IN ANY TEXAS STATE OR UNITED STATES COURT SITTING IN THE CITY OF DALLAS AND COUNTY OF DALLAS MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO BORROWER AT THE ADDRESS INDICATED BELOW, AND SERVICE SO MADE SHALL BE COMPLETE UPON RECEIPT;

EXCEPT THAT IF BORROWER SHALL REFUSE TO ACCEPT DELIVERY, SERVICE SHALL BE DEEMED COMPLETE FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO MAILED.

16.14 Set-Offs.

After the occurrence and during the continuance of an Event of Default, Borrower hereby irrevocably authorizes and directs Lender from time to time to charge Borrower's accounts and deposits with Lender (or its Affiliates), and to pay over to Lender an amount equal to any amounts from time to time due and payable to Lender hereunder, under the Note or under any other Loan Document. Borrower hereby grants to Lender a security interest in and to all such accounts and deposits maintained by the Borrower with Lender (or its Affiliates).

16.15 Lender's Consent.

Wherever in this Agreement there is a requirement for Lender's consent and/or a document to be provided or an action taken "to the satisfaction of Lender", it is understood by such phrase that, except as expressly modified herein, Lender shall exercise its consent, right or judgment u.l its sole discretion.

16.16 Notices.

Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three (3) Business Days after mailing (c) if by Federal Express or other reliable overnight courier service, on the next Business Day after delivered to such courier service or (d) if by telecopier on the day of transmission so long as copy is sent on the same day by overnight courier as set forth below:

If to Borrower:

Legacy Housing, Ltd.
4801 Mark IV Parkway
Fort Worth, Texas 76106
Attention: Curt Hodgson
Facsimile: 972-294-3765

If to Lender:

Veritex Bank
8214 Westchester Drive, Suite 400
Dallas, Texas 75225
Attention: Seth Allen
Facsimile: 972-349-6156

With a copy to:

Wick Phillips Gould & Martin, LLP
3131 McKinney Avenue, Suite 100
Dallas, Texas 75204

Attention: Michael W. Bailey
Facsimile: 214-692-6255

or at such other address as the party to be served with notice may have furnished in writing to the party seeking or desiring to serve notice as a place for the service of notice.

16.17 Waiver of Jury Trial.

BORROWER AND LENDER EACH WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS OR RELATING THERETO OR ARISING FROM THE LENDING RELATIONSHIP WHICH IS THE SUBJECT OF THIS AGREEMENT AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

16.18 No Oral Agreements.

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Signature page follows.]

EXECUTED as of the date first set forth above.

BORROWER:

LEGACY HOUSING, LTD.,

By: GPLH, LC, its general partner

By: /s/ Curtis Hodgson

Name: Curtis Hodgson

Title: Manager

Borrower's Tax ID No. 20-2897516

LENDER:

VERITEX VANK

By: /s/ Seth P. Allen

Name: Seth P. Allen

Title: EVP

EXHIBIT A
Borrower's Certificate

Veritex Bank
8214 Westchester Drive, Suite 400
Dallas, Texas 75225

ATTN: Seth Allen

RE: Application for Disbursement in connection with a \$15,000,000 loan to Legacy Housing, Ltd. ("Borrower").

1. Pursuant to that certain Loan Agreement dated April 4, 2016 (the "Loan Agreement") between Borrower and Veritex Bank ("Lender"), Borrower hereby requests a Loan disbursement in the amount of [].

* Funding Instructions

2. The Borrower also certifies and agrees that:
- (a) It has complied with all duties and obligations required to date to be carried out and performed by it pursuant to the terms of the Loan Agreement;
 - (b) No Default or Event of Default as defined in the Loan Agreement, has occurred and is continuing and;
 - (c) After giving effect to the disbursement requested hereby, the outstanding balance of the Loan will not exceed the lesser of (i) the Loan Amount, or (ii) the Borrowing Base.
 - (d) All representations and warranties contained in the Loan Agreement are true and correct as of the date hereof; and
 - (e) The undersigned understands that this certification is made for the purpose of inducing Lender to make a disbursement to Borrower and that, in making such disbursement, Lender will rely upon the accuracy of the matters stated in this Certificate.
3. The terms used in this Borrower's Certificate have the same meaning and definitions as those set forth in the Loan Agreement.
4. The Borrower, or authorized signer, certifies that the statements made in this Borrower's Certificate and any documents submitted herewith and identified herein are true and has duly caused this Borrower's Certificate to be signed on its behalf by the undersigned Authorized Representative.

DATE: _____
BORROWER: _____
BY: _____
ITS: _____

EXHIBIT B
Certificate of Compliance

Veritex Bank
8214 Westchester Drive, Suite 400
Dallas, Texas 75225

Attn: Seth Allen

Re: Loan Agreement dated as of April 4, 2016 (as amended, modified, supplemented, restated, or renewed, from time to time, the "Agreement"), between **LEGACY HOUSING, LTD.**, (the "Borrower"), and **VERITEX BANK** ("Lender").

Reference is made to the Agreement. Capitalized terms used in this Certificate (including schedules and other attachments hereto, this "Certificate") without definition have the meanings specified in the Agreement.

Pursuant to applicable provisions of the Agreement, the undersigned, being the Authorized Representative designated in the Agreement, hereby certifies to the Lender that the information furnished in the attached schedules, including, without limitation, each of the calculations listed below are true, correct and complete in all material respects as of the last day of the fiscal periods subject to the financial statements and associated covenants being delivered to the Lender pursuant to the Agreement together with this Certificate (such statements the "Financial Statements" and the periods covered thereby the "reporting period") and for such reporting periods.

The undersigned hereby further certifies to the Lender that:

1. Compliance with Financial Covenants. As shown below, the Borrower is in full compliance with the Financial Covenants contained in the Agreement.

A. Covenant: Minimum Tangible Net Worth of not less than \$80,000,000 tested quarterly

Calculation:

Tangible Net Worth = Balance Sheet Equity, less Treasury Stock, Goodwill, Intellectual Property, Deferred Expenses, Affiliate Loans, and other Intangible Assets.

Tangible Net Worth of _____ for period ending _____

[Borrower to include specific calculation based upon formula outlined in Agreement]

Compliance? (Yes or No)

B. Covenant: Leverage Ratio of not greater than []: 1.0 tested quarterly

Calculation:

Leverage Ratio = Debt/ EBITDA Calculation : 1.0.

Leverage Ratio of _____ : 1.0 for period ending _____

[Borrower to include specific calculation based upon formula outlined in Agreement]

Compliance? (Yes or No)

2. Review of Condition. The undersigned has reviewed the terms of the Loan Documents, including, but not limited to, the representations and warranties of the Borrower and Guarantors set forth in the Loan Documents and the covenants of the Borrower set forth in the Loan Documents, and has made, or caused to be made under his or her supervision, a review in reasonable detail of the transactions and condition of the Borrower and Guarantors through the reporting periods.
3. Representations and Warranties. To the undersigned's actual knowledge, the representations and warranties of the Borrower and Guarantors contained in the Loan Documents, including those contained in the Agreement, are true and accurate in all material respects as of the date hereof and were true and accurate in all material respects at all times during the reporting period except as expressly noted on Schedule A hereto.
4. Covenants. To the undersigned's actual knowledge, during the reporting period, each of the Borrower and the Guarantors observed and performed all of the respective covenants and other agreements under the Loan Documents, and satisfied each of the conditions contained therein to be observed, performed or satisfied by the Borrower, except as expressly noted on Schedule A hereto.
5. No Default or Event of Default. To the undersigned's actual knowledge, no Default or Event of Default exists as of the date hereof or existed at any time during the reporting period, except as expressly noted on Schedule A hereto.

IN WITNESS WHEREOF, this Certificate is executed by the undersigned this _____ day of

LEGACY HOUSING, LTD.

By: _____
Authorized Representative

SCHEDULE 3.1(j)

Real Estate Assets

4801 Mark IV Parkway
Fort Worth, Texas 76106

103 N. Neal Street
Commerce, Texas 75428

[Georgia location]

SCHEDULE 11.1(b)

[See Section 11.1(b) of the Agreement]

SCHEDULE 11.8

[See Section 11.8 of the Agreement]
