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Confidential Draft Submission No. 1 submitted to the Securities and Exchange Commission on February 2, 2018. This draft registration statement has not been publicly filed with the Securities and Exchange Commission and all information herein remains strictly confidential.

Registration No. 333-

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

Confidential Draft Submission No. 1

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 Forest Ridge Drive, #100
Bedford, Texas 76002
(817) 624-7565

(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 Forest Ridge Drive, #100
Bedford, Texas 76002
(817) 624-7565

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

Copies to:

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

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

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

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

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

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

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer
(Do not check if a
smaller reporting company)

Smaller reporting company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock, par value \$0.001 per share	\$50,000,000	\$

- (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 underwriter has the option to purchase to cover over-allotments, if any.

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

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

Subject to Completion—Dated _____, 2018

PRELIMINARY PROSPECTUS

Shares



Legacy Housing Corporation

Common Stock

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

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 13.

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

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

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

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

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

The underwriter expects to deliver the shares of our common stock to purchasers on or about _____, 2018.

Sole Managing Underwriter

The date of this prospectus is _____, 2018.



Single Wide



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

Double Wide



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

18 Wide



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

Oilfield Housing



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

Tiny House



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

Hunting Cabins



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

Park Housing



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

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

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About this Prospectus

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

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

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

- The United States Census Bureau;

- The Institute for Building Technology and Safety, an independent nonprofit corporation that works on behalf of government entities; and
- The Manufactured Housing Institute, an independent industry organization.

The industry publications, surveys and forecasts and other public information generally indicate or suggest that their information has been obtained from sources believed to be reliable. None of the third-party industry publications used in this prospectus were prepared on our behalf. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause results to differ materially from those expressed in these publications.

PROSPECTUS SUMMARY

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

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

Our Company

Legacy Housing Corporation is the fourth largest producer of manufactured homes in the United States, based on reported wholesale shipments. With current operations focused primarily in the southern United States, we offer our customers an array of quality homes ranging in size from approximately 390 to 2,667 square feet consisting of 1 to 5 bedrooms, with 1 to 3^{1/2} bathrooms. Our homes range in price, at retail, from approximately \$22,000 to \$110,000. In 2017, we sold 3,424 homes, which was a 37% increase over the 2,506 homes we sold in 2016. We currently have the largest backlog of orders in our company's 12-year history.

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

We believe our company is one of the most vertically integrated in the manufactured housing industry, allowing us to offer a complete solution to our customers, from manufacturing custom-made homes using quality materials and distributing those homes through our expansive network of independent retailers and company-owned distribution locations, to providing tailored financing solutions for our customers. Our homes are constructed in the United States at one of our three manufacturing facilities in accordance with the construction and safety standards of the U.S. Department of Housing and Urban Development ("HUD"). Our factories employ high-volume production techniques that allow us to produce more than 69 home sections (which are entire modules or single floors) in total per week. We use quality materials and operate our own component manufacturing facilities for many of the items used in the construction of our homes. Each home can be configured according to a variety of floor plans and equipped with such features as fireplaces, central air conditioning and state-of-the-art kitchens.

Our homes are marketed under our premier "Legacy" brand name and currently are sold across 13 states through a network of 132 independent retail locations, nine company-owned retail locations and through direct sales to owners of manufactured home communities. We plan to deepen our distribution channel by using a portion of the net proceeds of this offering to expand our company-owned retail locations in new and existing markets.

We offer three types of financing solutions to our customers. We provide floor plan financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us. We also provide consumer financing for our products which are sold directly to end-users through both independent and company-owned retail locations, and we provide financing to community owners that buy our products for use in their housing communities. In 2017 and 2016, we financed approximately 13% and 22%, respectively, of the homes we sold.

Our net revenues and net income for the year ended December 31, 2017 were \$[·] and \$[·], which was a [·]% and [·]% increase, respectively, over our net revenues and net income for the year ended December 31, 2016 of \$113,724,941 and \$17,151,210. Our pro forma net income, after giving effect to our recent conversion from a Texas limited partnership to a Delaware corporation, was \$[·] and \$[·] in 2017 and 2016, respectively.

Our company was founded in 2005 by Curtis D. Hodgson and Kenneth E. Shipley, who together have more than 60 years of combined experience in the manufactured housing industry. We currently have approximately 900 employees and are based in Bedford, Texas (between Dallas and Fort Worth).

Our Market Opportunity

Manufactured housing provides a competitive alternative to other forms of affordable housing, whether new or existing, or located in urban, suburban or rural areas. We believe the segment of the U.S. population that manufactured housing most competitively addresses is households with annual incomes of less than \$60,000, which includes young families, working class families and persons age 55 and older. Households in this income bracket comprised a majority of total U.S. households in 2016. The comparatively low cost of fully-equipped manufactured housing is attractive to these consumers. Additionally, innovative engineering and design, as well as efficient production techniques, including the advent and development of the "tiny house" market, continue to position manufactured homes as a viable housing alternative. Demand for high-quality affordable housing has also been driven by increasing rental rates for housing, higher prices for site-built homes, decreasing percentages of home ownership among portions of the U.S. population and stagnant U.S. wage growth.

In 2016, according to data published by the U.S. Census Bureau, the Institute for Building Technology and Safety ("IBTS"), and the Manufactured Housing Institute ("MHI"), the manufactured housing industry shipped approximately 81,200 manufactured homes. Since 2009, the annual number of manufactured homes shipped has increased each year and, during that time, the annual average sale price for new single-family homes (including the land on which they were built) increased approximately 37.5%, while the annual average sale prices of manufactured homes remained relatively flat, increasing approximately 11.9%.

Our Growth Strategy

We have a strong operating history of investing in successful growth initiatives over the past 12 years. We believe that the solutions we are able to provide for our customers, as a result of the vertical integration of our company, will provide enduring net revenues and net income growth. Our growth strategy includes the following key initiatives:

- ***Broaden and Deepen Our Retail Presence in Key Geographic Areas.*** We currently distribute our products across 13 states through a combination of nine company-owned retail locations and 132 independent retail locations. We believe that a more robust network of company-owned retail locations will allow us to be more responsive and improve the customer experience at all stages, from manufacturing and design to sales, financing and customer service. We believe our company-owned stores will, on average, be more productive than our independent retail locations and carry higher gross margins.

- **Expand Financing Solutions for Our Customers.** We recognize that offering financing solutions to our customers is an important component of being a vertically integrated company that provides affordable manufactured housing. Providing financing improves our responsiveness to the needs of prospective purchasers while also providing us with opportunities for loan origination and servicing revenues, which act as additional drivers of net revenues for us.
- **Continue to Focus on Innovation and Customization for Core Customer Groups.** Our production strategy is focused on continually developing the resources necessary to efficiently build homes that incorporate unique, varied and innovative customer preferences. We are constantly seeking ways to directly source materials to be used in the manufacturing process, which allows us to ensure we have quality materials that can be customized to meet our customers' needs. Our principal focus is on designing and building highly functional and durable products that appeal to families of all sizes.
- **Seek Additional Agreements With Owners of Manufactured Home Communities.** Community housing developments provide us with large, concentrated sales opportunities. We believe there are significant growth opportunities to work with our development partners on such projects and view these opportunities as an important driver of our growth strategy.
- **Pursue Selective Acquisitions.** We seek to grow through selective acquisitions in both existing markets and new markets that exhibit strong and reliable long-term fundamentals. We also regularly evaluate opportunities tangentially related to our affordable housing business in our geographic markets. We have no current agreements or understandings regarding an acquisition.

Our Products

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

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

Our manufactured homes are entirely constructed and equipped at our three factories. Our homes are constructed using high-volume production techniques and employ approximately 150 to 275 employees at each facility. Most of our homes are constructed in one or more sections (or floors) on a steel chassis. Each section is assembled in stages beginning with the construction of the chassis, followed by the addition of other constructed and purchased components and ending with a final

quality control inspection. The efficiency of the production process and the benefits of constructing homes in a controlled factory environment enable us to produce homes in less time and at a lower cost per-square-foot than traditional home building. The finished home is then transported directly to a customer at a retail sales center, work site or manufactured home community. In 2017 and 2016, we manufactured 3,424 and 2,506 homes, including 327 and 293 tiny houses, respectively.

We currently operate three manufacturing facilities located in Fort Worth, Texas, Commerce, Texas and Eatonton, Georgia, each of which range in size from approximately 97,000 to 388,000 square feet. The production schedules for our manufacturing facilities are based on wholesale orders received from distributors, which fluctuate from week to week. In general, our facilities are structured to operate on one 8- to 9-hour shift per day, five days per week. We currently manufacture a typical home in approximately three to six production days. During the year ended December 31, 2017, we produced, on average, more than 69 home sections per week compared to 62 home sections per week for an 11% increase during the same period in 2016. We believe that we will be able to continue to increase this capacity as we grow.

Distribution

We currently distribute our manufactured homes across 13 states through a network of 132 independent retail locations, nine company-owned retail locations and direct sales to owners of manufactured home communities. As is common in the industry, our independent distributors typically sell manufactured homes produced by other manufacturers in addition to our manufactured homes. Additionally, some independent retailers operate multiple sales outlets. No independent retailer accounted for 10% or more of our manufacturing net revenues during 2017 or 2016.

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

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

Financing Solutions for Our Customers

We offer three types of financing solutions. We provide floor plan financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us. We also provide consumer financing for our products sold directly to end-users through both independent and our company-owned retail locations, and financing to community owners that buy our products for use in their rental housing communities. All loan applications go through an underwriting process to evaluate credit risk. The interest rates on approved loans are determined by a buyer's credit score and down payment amount. We use payment history to monitor the credit quality of the portfolio loans on an ongoing basis. Offering financing solutions to our dealers and customers generally improves our

responsiveness to the needs of prospective purchasers while also providing us with opportunities for loan origination and servicing revenues, which acts as an additional driver of net income for us.

Certain of our wholesale factory-built housing sales to independent retailers are purchased through wholesale floor plan financing arrangements. Under a typical floor plan financing arrangement, an independent financial institution specializing in this line of business provides the retailer with a loan for the purchase price of the home and maintains a security interest in the home as collateral. The financial institution customarily requires us, as the manufacturer of the home, to enter into a separate repurchase agreement with the financial institution under which we are obligated, upon default by the retailer and under certain other circumstances, to repurchase the financed home at declining prices over the term of the repurchase agreement. Our obligation under these repurchase agreements ceases upon the purchase of the home by the retail customer.

Sales of factory-built homes are significantly affected by the availability and cost of consumer financing. There are three basic types of consumer financing in the factory-built housing industry: (i) chattel, or personal property loans, for purchasers of a home without any underlying land involved (generally HUD code homes), (ii) non-conforming mortgages for purchasers of a home and the land on which the home is placed, and (iii) conforming mortgage loans which comply with the requirements of the Federal Housing Administration ("FHA"), Veterans Affairs or GSE loans. At the present time, we currently offer only chattel loans. We intend to fill some of the demand for consumer financing by increasing the pace of our consumer lending for products we build. As our own network of company-owned retail centers becomes a larger share of our production, we will be able couple our consumer-financing solutions with increased levels of anticipated sales from our own centers.

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

Our Competitive Advantages

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

- **Quality and Variety of Housing Designs.** Based on more than 60 combined years of industry experience, our co-founders have developed an operating model that enables the efficient production of quality, customizable manufactured homes. All of our homes are constructed in one of our three U.S.-based manufacturing facilities. By utilizing an assembly-line process we are able to manufacture a home in approximately three to six days and are currently producing on average more than 69 home sections in total per week. We utilize local market research to design homes that meet the specific needs of our customers and offer a variety of structural and decorative customization options, including, among others, fireplaces, central air conditioning, overhead heat ducts, stipple-textured ceilings, decorative wood grain vinyl floors, wood cabinetry and energy conservation elements. Additionally, our homes have vaulted ceilings in every room, have numerous proprietary advantages such as our copyrighted "furniture friendly" floor plans and, in most cases, are wider, have taller ceilings and a steeper roof pitch than our competitors' products.
- **Manufacturing in Close Proximity to Customers in Key Markets.** Our three manufacturing facilities are strategically located to allow us to serve our 132 independent and nine company-owned retail locations across 13 states. Currently, we have a manufacturing plant in Fort Worth, Texas that measures 97,000 square feet in size and produced 1,021 homes in 2017, a manufacturing plant in Commerce, Texas that measures 130,000 square feet in size and produced 1,322 homes in 2017, and a manufacturing plant in Eatonton, Georgia that measures 388,000 square feet in

size and produced 754 homes in 2017. We believe that we have additional manufacturing capacity to support future growth. Once our homes are constructed and equipped at our facilities, we have the ability to transport the finished products directly to customers through a fleet of company-owned trucks, ensuring timely and efficient delivery of our manufactured homes.

- **Expansive and Growing Distribution Network.** We distribute our products across 13 states through a network of 132 independent retail locations, nine company-owned retail locations and direct sales to owners of manufactured home communities. Our first company-owned retail location opened in June 2016 and we plan to significantly expand our company-owned retail footprint over the next two years. Increasing the mix of company-owned locations allows us to improve the customer experience through all the steps of the buying process, from manufacturing and design to sales, financing and customer service.
- **Available Financing for our Customers.** Our strong financial position allows us to develop and offer financing solutions to our customers in connection with their purchase of our homes. We offer three types of financing solutions to our customers. We provide floor plan financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us. We provide consumer financing for our products sold directly to end-users through both independent and our company-owned retail locations, and we also provide financing to community owners that buy our products for use in their rental housing communities.
- **Support for Owners of Manufactured Home Communities.** We provide manufacturing and financing solutions for owners of manufactured home communities in connection with their development of communities in our geographic market area. Such development projects can vary, but generally include custom park development financing and large purchase orders of manufactured homes.

Selected Risks Associated with Our Business

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

- the highly competitive, consolidated, seasonal and cyclical nature of the industry in which we operate and our inability to compete effectively against larger manufactured home builders;
- our dependence on independent retailers to market and sell a substantial portion of our manufactured homes;
- the risk involved in our vertically integrated lines of business, including our failure to adequately assess and monitor the credit risks of our customers who purchase our products using our financial services;
- our concentration in the southern United States, and notably in Texas, of substantially all of our operations and our potential inability to effectively expand the reach of our existing products to new customers and new markets;
- our ability to attract and retain collaborative partners for community development projects;
- changes in regulations, including zoning ordinances and lending rules may adversely impact our business; and

- adverse changes in employment levels, employment growth, interest rates, consumer confidence, land availability and development costs, apartment and rental housing vacancy levels, inflation and the health of the economy in general.

Corporate Conversion

Prior to January 1, 2018, we were a Texas limited partnership named Legacy Housing, Ltd. Effective January 1, 2018, we converted into a Delaware corporation and changed our name to Legacy Housing Corporation. In conjunction with the conversion, all of our outstanding partnership interests were converted on a proportional basis into shares of common stock. For more information, see the section entitled "Corporate Conversion."

Implications of Being an "Emerging Growth Company"

As a public reporting company with less than \$1 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" under the Jumpstart our Business Startups Act of 2012, commonly known as the JOBS Act. An emerging growth company may take advantage of certain reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. In particular, as an emerging growth company we:

- are not required to obtain an attestation and report from our auditors on our management's assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;
- are not required to provide a detailed narrative disclosure discussing our compensation principles, objectives and elements and analyzing how those elements fit with our principles and objectives (commonly referred to as "compensation discussion and analysis");
- are not required to obtain a non-binding advisory vote from our stockholders on executive compensation or golden parachute arrangements (commonly referred to as the "say-on-pay," "say-on-frequency" and "say-on-golden-parachute" votes);
- are exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and CEO pay ratio disclosure;
- may present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A;
- are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act; and
- will not be required to conduct an evaluation of our internal controls over financial reporting for two years.

We intend to take advantage of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under §107 of the JOBS Act. Please see "Risk Factors," page 21 ("We are an 'emerging growth company'. . .").

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

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

Under the JOBS Act, we may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after our initial sale of common equity pursuant to a registration statement declared effective under the Securities Act of 1933, or such earlier time that we no longer meet the definition of an emerging growth company. In this regard, the JOBS Act provides that we would cease to be an "emerging growth company" if we have more than \$1 billion in annual revenues, have more than \$700 million in market value of our common stock held by non-affiliates, or issue more than \$1 billion in principal amount of non-convertible debt over a three-year period. Further, under current SEC rules we will continue to qualify as a "smaller reporting company" for so long as we have a public float (i.e., the market value of common equity held by non-affiliates) of less than \$75 million as of the last business day of our most recently completed second fiscal quarter.

Corporate Information and Incorporation

We were originally organized in May 2005 as Legacy Housing, Ltd., a Texas limited partnership. As discussed above, we converted into a Delaware corporation and changed our name to Legacy Housing Corporation effective as of January 1, 2018, which is referred to herein as the Corporate Conversion.

Our principal executive offices are located at 1600 Forest Ridge Drive, #100, Bedford, Texas 76022, and our telephone number is (817) 624-7565. You may access our website at www.legacyhousingcorp.com. Information contained on, or accessible through, our website is not part of this prospectus and is not incorporated in this prospectus by reference.

THE OFFERING

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

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

- (1) In this prospectus, except as otherwise indicated, the number of shares of our common stock that will be outstanding immediately after this offering and the other information based thereon:
- assumes an initial public offering price of \$[·] per share of common stock (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus);

- excludes [·] shares of common stock issuable upon exercise of options outstanding at a weighted-average exercise price of \$[·] per share under our 2018 Incentive Compensation Plan;
- excludes an additional [·] shares of our common stock reserved for future issuance under our 2018 Incentive Compensation Plan; and
- no exercise of the underwriter's option to purchase up to [·] additional shares from us in this offering to cover over-allotments, if any.

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

SUMMARY CONSOLIDATED FINANCIAL DATA

In the following tables, we provide our summary consolidated financial data. We have derived the summary consolidated statements of operations for the years ended December 31, 2017 and 2016 from our audited consolidated financial statements appearing in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future. When you read this summary consolidated financial data, it is important that you read it together with "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in conjunction with the consolidated financial statements, related notes and other financial information included in this prospectus.

	Year Ended December 31,	
	2017	2016
	(in thousands, except share and per share data)	
Consolidated Statements of Operations Data:		
Net revenues	\$	\$ 113,725
Cost of revenues		85,501
Gross profit		28,224
Operating expenses		
Selling, general & administrative expenses		9,568
Provision for loan losses		1,468
		11,037
Income from operations		17,188
Other income (expense)		
Other income, net		242
Non-operating interest expense		(173)
Realized gain on investments		—
Gain on early settlement of dealer portfolio positions		66
Total other income		173
Income before state income tax expense		17,360
State income tax expense		(209)
Net income	\$	\$ 17,151
Pro Forma Information (unaudited):(1)		
Net income before pro forma provision for income taxes	\$	\$
Pro forma provision for income taxes	\$	\$
Pro forma net income	\$	\$
Pro forma net income per share:		
Basic	\$	\$
Diluted	\$	\$
Pro forma weighted average shares outstanding:		
Basic		
Diluted		

	As of December 31, 2017	
	Actual(2)	Pro Forma, As Adjusted(3)
	(in thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	\$	\$
Working capital	\$	\$
Total assets	\$	\$
Total indebtedness	\$	\$
Total equity	\$	\$

- (1) Unaudited pro forma provision for income taxes, net income and per share information gives effect to the Corporate Conversion. Effective January 1, 2018, all of our outstanding partnership interests were converted on a proportional basis into shares of common stock.
- (2) Actual balance sheet data presents balance sheet data on an actual basis without any adjustments to reflect subsequent or anticipated events.
- (3) As adjusted balance sheet data presents balance sheet data on a pro forma as adjusted basis for Legacy Housing Corporation reflecting the receipt by us of the net proceeds from the sale of [·] shares of common stock in this offering at an assumed initial public offering price of \$[·] per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us and excluding the exercise of the over-allotment option held by the underwriter with respect to this offering, as if each had occurred on December 31, 2017. The Corporate Conversion had no impact on the line items presented.

RISK FACTORS

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

Risks Related to Our Business and the Manufactured Housing Industry

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

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

Our industry has been in a state of consolidation over the past 15 years and a significant portion of the market share is held by a relatively small number of companies. If the industry continues to further consolidate, we may not be able to grow at the pace we would like, which could adversely impact our results of operations.

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

Since commencing operations in 2005, we have grown rapidly. Our future operating results may depend on our ability to effectively manage our growth, which is dependent, in part, upon our ability to, among other things:

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

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

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

As of December 31, 2017, approximately 67% all of our wholesale sales of manufactured homes were to independent retailers. As is common in the industry, independent retailers may also sell homes produced by competing manufacturers. We may not be able to establish relationships with new independent retailers or maintain good relationships with independent retailers that currently sell our homes. Even if we do establish and maintain relationships with independent retailers, these retailers are not obligated to sell our homes exclusively and may choose to sell our competitors' homes instead. The independent retailers with whom we have relationships can cancel these relationships on short notice. In addition, these retailers may not remain financially solvent, as they are subject to industry, economic, demographic and seasonal trends similar to those faced by us. If we do not establish and maintain relationships with solvent independent retailers in one or more of our markets, revenue in those markets could decline.

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

As part of our growth strategy, we intend to further develop our network of company-owned retail locations through which we sell our products. We currently have nine retail locations, however, we also work closely with over 130 independent distributors and we have a deep understanding of the retail and distribution process with respect to our products. Our additional retail locations will be competing with existing retailers and distributors who have been operating in this space for a significant time and have other advantages, including the ability to sell products from other manufacturers. As such, our additional retail locations may not be successful. If we are unable to build a more robust retail presence, we will need to continue to rely heavily on our network of independent distributors for our distribution needs and those relationships will continue to be a critical component of the success of the business and any deterioration of those relationships could negatively impact our results of operations.

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

Our operations are concentrated in the southern United States, most notably Texas. Due to the concentrated nature of our operations, there could be instances where these regions are negatively impacted by economic, natural, social or population changes that could, in turn, negatively impact the results of the business, more than other companies that are more geographically dispersed. We have a significant presence in Texas with one manufacturing facility located in Fort Worth, Texas and another located in Commerce, Texas. As of December 31, 2017, we sold our manufactured homes in 13 states, approximately 66% of which we sold in Texas.

Further, as of December 31, 2017, our loan contracts were secured by manufactured homes located in 13 states, of which 81% of them are located in Texas. Loan contracts secured by collateral that is geographically concentrated could experience higher rates of delinquencies, default and foreclosure losses than loan contracts secured by collateral that is more geographically dispersed. Accordingly, a decline in the economic and social conditions in Texas and surrounding states could have a material adverse effect on our results of operations.

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

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

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

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

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

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

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

Part of our growth strategy is to increase our involvement in community development projects. Participation in these projects requires that we find collaborative partners who are seeking to develop communities of affordable manufactured housing. Given the highly-competitive environment in which we operate, we cannot guarantee that we will be able to secure or continue such partnerships, which could have an adverse impact on our results of operations.

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

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

Our results of operations can be affected by the pricing and availability of raw materials. Although we attempt to increase the sales prices of our homes in response to higher materials costs, such increases may lag behind the escalation of materials costs. Sudden increases in price and lack of

availability of raw materials can be caused by natural disaster or other market forces. Although we have not recently experienced any production halts, severe or prolonged shortages of some of our most important building materials, which include wood and wood products, gypsum wallboard, steel, insulation and other petroleum-based products, have occurred. There can be no assurance that sufficient supplies of these and other raw materials will continue to be available to us.

Our involvement in vertically integrated lines of business, including manufactured housing financial services, transportation services, and company-owned retail locations exposes us to certain risks.

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

If customers do not repay their loans, we may repossess or foreclose on the secured property in order to liquidate our loan collateral and minimize losses. The homes we manufacture are subject to fluctuating market values, and proceeds realized from liquidating repossessed or foreclosed homes are highly susceptible to adverse movements in collateral values. Home price depreciation and elevated levels of unemployment may result in additional defaults and exacerbate actual loss severities upon collateral liquidation beyond those normally experienced by us.

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

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

Tightened credit standards, curtailed lending activity by home-only lenders and increased government lending regulations have contributed to a constrained consumer financing market.

We provide financing to individual buyers, dealers and manufactured housing community developers who buy our manufactured homes. In 2017 and 2016, we financed approximately 13% and 22%, respectively, of all homes that we sold. Other consumers who buy our manufactured homes have historically secured retail financing from third-party lenders. Home-only financing is at times more difficult to obtain than financing for site-built homes. The availability, terms and costs of retail financing depend on the lending practices of financial institutions, governmental policies and economic and other conditions, all of which are beyond our control. Over the last decade, home-only lenders have tightened credit underwriting standards and increased interest rates for loans to purchase manufactured homes, which has reduced lending volumes and negatively impacted revenue for

manufactured home sellers. Most of the national lenders who have historically provided home-only loans have exited the manufactured housing sector of the home loan industry.

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

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

Manufactured housing retailers generally finance their inventory purchases with wholesale floor plan financing provided by lending institutions. The availability of wholesale financing is significantly affected by the number of floor plan lenders and their lending limits. Floor plan financing providers could further reduce their levels of floor plan lending. Reduced availability of floor plan lending negatively affects the inventory levels of our independent retailers, the number of retail sales center locations and related wholesale demand, and adversely affects the availability of and access to capital on an ongoing basis.

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

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

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

We are subject to a variety of federal, state and local laws and regulations affecting the production and sale of manufactured housing. Our failure to comply with such laws and regulations could expose us to a wide variety of sanctions, including closing one or more manufacturing facilities. Regulatory matters affecting our operations are under regular review by governmental bodies and we cannot predict what effect, if any, new laws and regulations would have on us or the manufactured housing industry. Failure to comply with applicable laws or regulations or the passage in the future of new and more stringent laws, may adversely affect our financial condition or results of operations.

Manufactured homes are subject to various covenants and local laws and regulatory requirements, including permitting, licensing and zoning requirements. Local regulations, including municipal or local ordinances, restrictions and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or community standards organizations at any time with respect to our properties, including prior to acquiring any of our

properties or when undertaking renovations of any of our existing properties. Additionally, such local regulations may cause us to incur additional costs to renovate or maintain our properties in accordance with the particular rules and regulations. We cannot assure you that existing regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional costs. Our business and growth strategies may be materially and adversely affected by our ability to obtain permits, licenses and approvals. Our failure to obtain such permits, licenses and approvals could have a material adverse effect on us and cause the value of our common stock to decline.

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

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

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

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

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

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

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

Our liquidity and ability to raise capital may be limited.

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

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

We believe that our ability to execute our business strategy will depend to a significant extent upon the efforts and abilities of Curtis D. Hodgson and Kenneth E. Shipley, our Co-Chief Executive Officers. Mr. Hodgson, who is an attorney and engineer, oversees our day-to-day business operations including strategic planning, and possesses technical expertise regarding our manufacturing processes that would be difficult to replace. Mr. Shipley, who oversees our sales and distribution including our company-owned retail locations, has specialized knowledge regarding the manufactured home industry and dealer and customer contacts that our other officers do not possess. If Messrs. Hodgson or Shipley were to become unavailable to us, our operations would be adversely affected. We do not have "key-man" life insurance for our benefit on the lives of either Messrs. Hodgson or Shipley.

A prolonged delay by Congress and the President to approve budgets or continuing appropriation resolutions to facilitate the operations of the federal government could delay the completion of home sales and/or cause cancellations, and thereby negatively impact our deliveries and revenues.

Congress and the President may not timely approve budgets or appropriation legislation to facilitate the operations of the federal government. As a result, many federal agencies have historically and may again cease or curtail some activities. The affected activities include Internal Revenue Service ("IRS") verification of loan applicants' tax return information and approvals by the FHA and other government agencies to fund or insure mortgage loans under programs that these agencies operate. As a number of our home buyers use these programs to obtain financing to purchase our homes, and many lenders, including us, require ongoing coordination with these and other governmental entities to originate home loans, a prolonged delay in the performance of their activities could prevent prospective qualified buyers of our homes from obtaining the loans they need to complete such purchases, which could lead to delays or cancellations of home sales. These and other affected governmental bodies could cause interruptions in various aspects of our business and investments. Depending on the length of disruption, such factors could have a material adverse impact on our consolidated financial statements.

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

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

and networks or financial losses from remedial actions, any of which could have a material adverse effect on our cash flows, competitive position, financial condition or results of operations.

We are involved in a variety of litigation.

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

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

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

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

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

We may face quarterly and seasonal fluctuations that could harm our business.

Our revenues and results of operations have fluctuated in the past, and will likely continue to fluctuate, on a quarterly basis. Such fluctuations are the result of a seasonal pattern that reflects variations in consumer purchasing habits.

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

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. These principles are subject to interpretation by

the SEC and various bodies formed to interpret and create appropriate accounting principles and guidance. A change in these principles or guidance, or in their interpretations, may have a significant negative effect on our reported results and retroactively affect previously reported results, which, in turn, could cause our stock price to decline.

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

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we will be subject to the reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, the accounting and internal controls provisions of the Foreign Corrupt Practices Act of 1977, as amended, and will be required to comply with the applicable requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), as well as rules and regulations subsequently implemented by the SEC and The Nasdaq, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Our management and other personnel will need to devote a substantial amount of time and resources to complying with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, which will increase when we are no longer an "emerging growth company," as defined by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). These new obligations will require substantial attention from our management team and could divert their attention away from the day-to-day management of our business. We will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and maintain an internal audit function. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors and board committees or as executive officers, and more expensive for us to obtain director and officer liability insurance.

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

As a company with less than \$1.0 billion in revenue during our last completed fiscal year, we qualify as an "emerging growth company" under the JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements that are otherwise generally applicable to public companies. In particular, as an emerging growth company we:

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

- are exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and CEO pay ratio disclosure;
- may present only two years of audited financial statements and only two years of related Management's Discussion & Analysis of Financial Condition and Results of Operations, or MD&A; and
- are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act.

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

Certain of these reduced reporting requirements and exemptions were already available to us due to the fact that we also qualify as a "smaller reporting company" under SEC rules. For instance, smaller reporting companies are not required to obtain an auditor attestation and report regarding management's assessment of internal control over financial reporting, are not required to provide a compensation discussion and analysis, are not required to provide a pay-for-performance graph or CEO pay ratio disclosure, and may present only two years of audited financial statements and related MD&A disclosure.

Under the JOBS Act, we may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after our initial sale of common equity pursuant to a registration statement declared effective under the Securities Act, or such earlier time that we no longer meet the definition of an emerging growth company. In this regard, the JOBS Act provides that we would cease to be an "emerging growth company" if we have more than \$1.0 billion in annual revenues, have more than \$700 million in market value of our common stock held by non-affiliates, or issue more than \$1.0 billion in principal amount of non-convertible debt over a three-year period. Under current SEC rules, however, we will continue to qualify as a "smaller reporting company" for so long as we have a public float (i.e., the market value of common equity held by non-affiliates) of less than \$75 million as of the last business day of our most recently completed second fiscal quarter.

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

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

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

Risks Related to Ownership of Our Common Stock and this Offering

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

The market price of our common stock following this offering may fluctuate substantially as a result of many factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of the value of your investment in our common stock. Factors that could cause fluctuations in the market price of our common stock include the following:

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

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

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

Before this offering, there has been no public market for shares of our common stock. Although we have applied to have our common stock listed on The Nasdaq Capital Market, an active trading market for our common stock may not develop or, if it develops, may not be sustained after this offering. Our company and the underwriter will negotiate to determine the initial public offering price. The initial public offering price may be higher than the market price of our common stock after the offering and you may not be able to sell your shares of our common stock at or above the price you paid in the offering. As a result, you could lose all or part of your investment.

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

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

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

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

Immediately upon completion of this offering, based on the number of shares outstanding as of February 1, 2018, we will have 100,000,000 shares of common stock authorized and [·] shares of common stock outstanding. Of these shares, the [·] shares to be sold in this offering (assuming the underwriter does not exercise its option to purchase additional shares in this offering to cover over-allotments, if any) will be freely tradable. We, our executive officers and directors, and all of our stockholders have entered into agreements with the underwriter not to sell or otherwise dispose of shares of our common stock for a period of 180 days following completion of this offering, with certain exceptions. Immediately upon the expiration of this lock-up period, [·] shares will be freely tradable pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act") by non-affiliates and another [·] shares will be eligible for resale pursuant to Rule 144 under the Securities Act, subject to the volume, manner of sale, holding period and other limitations of Rule 144.

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

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

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

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

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

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

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

- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to help defend against a takeover attempt;
- establish advance notice requirements for nominating directors and proposing matters to be voted on by stockholders at stockholder meetings;
- provide that stockholders are only entitled to call a special meeting upon written request by 33¹/₃% of the outstanding common stock; and
- require supermajority stockholder voting to effect certain amendments to our certificate of incorporation and bylaws.

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

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

Upon completion of this offering, our executive officers, directors and current beneficial owners of 5% or more of our common stock and their respective affiliates will, in aggregate, beneficially own approximately [·]% of our outstanding shares of common stock. These persons, acting together, would be able to influence all matters requiring stockholder approval, including the election and removal of directors and any merger or other significant corporate transactions. The interests of this group of stockholders may not coincide with our interests or the interests of other stockholders.

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

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

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

Our management will have considerable discretion in the application of the net proceeds of this offering, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The net proceeds may be invested with a view towards long-term benefits for our stockholders and this may not increase our operating results or market value. Until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this prospectus, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain.

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

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

CORPORATE CONVERSION

Prior to January 1, 2018, we operated as a Texas limited partnership under the name Legacy Housing, Ltd. Effective as of January 1, 2018, we converted into a Delaware corporation pursuant to a statutory conversion and changed our name to Legacy Housing Corporation. In order to consummate the Corporate Conversion, a certificate of conversion was filed with the Secretary of State of the State of Delaware and with the Secretary of State of the State of Texas. Holders of partnership interests in Legacy Housing, Ltd. received, on a proportional basis, an aggregate of [·] shares of common stock of Legacy Housing Corporation.

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

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

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

USE OF PROCEEDS

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

We intend to use the net proceeds approximately as follows:

<u>Application of Proceeds</u>	<u>Approximate Dollar Amount</u> (in millions)	<u>Approximate Percentage of Net Proceeds</u>
Expand retail presence in select geographic markets	\$	
Provide financing to select community-owner customers		
Potential acquisitions of complementary businesses		
Working capital and general corporate purposes		
Total	\$	%

Consistent with our long-term strategy of conservatively deploying our capital to achieve above average rates of return, we intend to use the net proceeds of this offering to expand our retail presence in the geographic markets we now serve, particularly in the southeast United States. Each retail center requires between \$1.0 and \$2.0 million to acquire the location, situate an office, provide inventory, and provide the initial working capital. We expect to open 10 to 20 additional retail centers by the end of 2019. No firm contracts are currently in place for this expansion. We also expect that, with our solid balance sheet, we will opportunistically increase our credit lines on terms that will allow us to rapidly expand the pace of our financing solutions for our retail consumers, giving our new retail centers the support they need to generate sales.

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

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

We will use the remainder of the net proceeds from this offering for working capital and general corporate purposes, including investing in our sales and marketing and product enhancement efforts. We may allocate funds from other sources to fund some or all of these activities.

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

The expected use of net proceeds from this offering represents our intention based upon our present plans and business conditions. We cannot predict with certainty all of the particular uses for the proceeds of this offering or the amounts that we will actually spend on the uses set forth above. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering. The timing and amount of our actual expenditures will be based on many factors, including

cash flows from operations and the anticipated growth of our business. Pending their use, we intend to invest the net proceeds of this offering in a variety of capital-preservation investments, including short-and intermediate-term, interest-bearing, investment-grade securities.

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

DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock. We anticipate that we will retain any earnings to support operations and to finance the growth and development of our business. Accordingly, we do not expect to pay cash dividends on our common stock in the foreseeable future. Previously, as a limited partnership, we made periodic distributions to our partners.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2017:

- on an actual basis without any adjustments to reflect subsequent or anticipated events;
- on a pro forma basis, giving effect to the Corporate Conversion; and
- on a pro forma, as adjusted basis reflecting the receipt by us of the net proceeds from the sale of [·] shares of common stock in this offering at an assumed initial public offering price of \$[·] per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us and excluding the exercise of the over-allotment option held by the underwriter with respect to this offering, as if each had occurred on December 31, 2017.

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

	As of December 31, 2017		
	Actual	Pro Forma (unaudited)	Pro Forma, As Adjusted
	(in thousands, except share/unit and per share/unit amounts)		
Cash and cash equivalents	\$	\$	\$
Debt, current portion			
Long-term debt, net of current portion			
Equity			
Limited partnership units, [·] units issued and outstanding, actual; no units issued and outstanding, pro forma and pro forma as adjusted	\$		
Common stock, \$0.001 par value, no shares authorized, no shares issued and outstanding, actual; [·] shares authorized, pro forma and pro forma as adjusted; [·] shares issued and outstanding, pro forma; [·] shares issued and outstanding, pro forma as adjusted			
Additional paid-in capital			
Retained earnings			
Total equity	\$	\$	\$
Total capitalization	\$	\$	\$

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

DILUTION

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

As of December 31, 2017, we had a net tangible book value of \$[] million, or \$[] per share of common stock. Our pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of our common stock outstanding as of December 31, 2017, after giving effect to the Corporate Conversion.

Investors participating in this offering will incur immediate and substantial dilution. After giving effect to the issuance and sale of [] shares of our common stock in this offering at an assumed initial public offering price of \$[] per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of December 31, 2017, would have been approximately \$[] million, or \$[] per share of common stock. This represents an immediate increase in the pro forma net tangible book value of \$[] per share to existing stockholders and an immediate dilution of \$[] per share to investors purchasing shares of our common stock in this offering. The following table illustrates this per share dilution on a per share basis:

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

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

If the underwriter exercises its over-allotment option in full to purchase [] additional shares of common stock from us in this offering to cover over-allotments, if any, the pro forma as adjusted net tangible book value per share after the offering would be \$[] per share, the increase in the pro forma net tangible book value per share to existing stockholders would be \$[] per share and the dilution per share to new investors purchasing common stock in this offering would be \$[] per share.

The following table illustrates, on a pro forma as adjusted basis as of December 31, 2017, after giving effect to the Corporate Conversion, the differences between the number of shares of common stock purchased from us, the total consideration paid, and the average price per share paid by existing stockholders and new investors purchasing shares of our common stock in this offering based on an assumed initial public offering price of \$[] per share, the midpoint of the price range on the cover

page of this prospectus, and before deducting underwriting discounts and commissions and estimated offering expenses.

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

Each \$1.00 increase or decrease in the assumed initial public offering price of \$[] per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease the total consideration paid by new investors by \$[] million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

The number of shares of common stock shown above to be outstanding after this offering is based on [] shares of our common stock outstanding as of December 31, 2017, after giving effect to the Corporate conversion and excludes:

- [] shares of common stock issuable upon exercise of options outstanding at a weighted-average exercise price of \$[] per share under our 2018 Incentive Compensation Plan; and
- an additional [] shares of our common stock reserved for future issuance under our 2018 Incentive Compensation Plan.

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

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

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

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

Overview

We are the fourth largest producer of manufactured homes in the United States, based on reported wholesale shipments. With current operations focused primarily in the southern United States, we offer our customers an array of quality homes ranging in size from approximately 390 to 2,667 square feet consisting of 1 to 5 bedrooms, with 1 to 3^{1/2} bathrooms. Our homes range in price, at retail, from approximately \$22,000 to \$110,000. In 2017, we built and sold 3,424 homes, which was a 37% increase over the 2,506 homes we sold in 2016. We currently have the largest backlog of orders in our company's 12-year history.

We believe our company is one of the most vertically integrated in the manufactured housing industry, allowing us to offer a complete solution to our customers, from manufacturing custom-made homes using quality materials and distributing those homes through our expansive network of independent retailers and company-owned distribution locations, to providing tailored financing solutions for our customers. Our homes are constructed in the United States at one of our three manufacturing facilities in accordance with the construction and safety standards of the U.S. Department of Housing and Urban Development ("HUD"). Our factories employ high-volume production techniques that allow us to produce more than 69 home sections (which are entire modules or single floors) in total per week. We use quality materials and operate our own component manufacturing facilities for many of the items used in the construction of our homes. Each home can be configured according to a variety of floor plans and equipped with such features as fireplaces, central air conditioning and state-of-the-art kitchens.

Our homes are marketed under our premier "Legacy" brand name and currently are sold across 13 states through a network of 132 independent retail locations, nine company-owned retail locations and through direct sales to owners of manufactured home communities. We plan to deepen our distribution channel by using a portion of the net proceeds of this offering to expand our company-owned retail locations in new and existing markets.

We offer three types of financing solutions to our customers. We provide floor plan financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us. We also provide consumer financing for our products which are sold directly to end-users through both independent and company-owned retail locations, and we provide financing to community owners that buy our products for use in their housing communities. In 2017 and 2016, we financed approximately 13% and 22%, respectively, of the homes we sold to consumers.

Corporate Conversion

Prior to January 1, 2018, we were a Texas limited partnership named Legacy Housing, Ltd. Effective January 1, 2018, we converted into a Delaware corporation pursuant to a statutory conversion, or the Corporate Conversion, and changed our name to Legacy Housing Corporation. All of our outstanding partnership interests were converted on a proportional basis into shares of common stock of Legacy Housing Corporation. For more information, see "Corporate Conversion."

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

Factors Affecting Our Performance

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

- Consistent with our long-term strategy of conservatively deploying our capital to achieve above average rates of return, we intend to expand our retail presence in the geographic markets we now serve, particularly in the southeast United States. Each retail center requires between \$1.0 and \$2.0 million to acquire the location, situate an office, provide inventory, and provide the initial working capital. We expect to open 10 to 20 additional retail centers by the end of 2019, although no firm contracts are currently in place for this expansion. We also expect that, with our solid balance sheet, we will opportunistically increase our credit lines on terms that will allow us to rapidly expand the pace of our financing solutions for our retail consumers, giving our new retail centers the support they need to generate sales.
- We also expect to provide financing solutions to a select group of our community-owner customers, in a manner that includes developing new sites for products in or near urban locations where there is a shortage of sites to place our products. These solutions will be structured to give us an attractive return on investment, when coupled with the gross margin we make on products specifically targeted for these new manufactured housing communities.
- Finally, our financial performance will be impacted by our ability to fulfill current orders for our manufactured homes from dealers and customers. Currently, our two Texas manufacturing facilities are operating at or near capacity and our Georgia manufacturing facility is operating with limited excess capacity, with orders increasingly being generated from new markets in Florida and the Carolinas. In order to maintain our growth, we will need to be able to continue to properly estimate anticipated future volumes when making commitments regarding the level of business that we will seek and accept, the mix of products that we intend to manufacture, the timing of production schedules and the levels and utilization of inventory, equipment and personnel.

Results of Operations**Comparison of Years ended December 31, 2017 and 2016**

	Year Ended December 31,		\$ Chg	% Chg
	2017	2016		
NET REVENUES		113,724,941		
COST OF REVENUES		85,500,706		
Gross Profit	—	28,224,235		
OPERATING EXPENSES				
Selling, general & administrative expenses		9,568,289		
Provision for loan losses		1,468,314		
Total Operating expenses	—	11,036,603		
INCOME FROM OPERATIONS	—	17,187,632		
OTHER INCOME (EXPENSE)				
Non-operating interest income		279,330		
Interest expense		(172,990)		
Realized gain on investments		—		
Gain on early settlement of dealer portfolio positions		66,429		
Total other income	—	172,769		
Income before state income tax expense	—	17,360,401		
STATE INCOME TAX EXPENSE		(209,191)		
NET INCOME	\$ —	\$ 17,151,210		

Net revenues in fiscal year 2017 were \$[.], compared to net revenues of \$113,724,941 during fiscal year 2016. This change was primarily due to [.].

Cost of revenues in fiscal year 2017 were \$[.], compared to cost of revenues of \$85,500,706 during fiscal year 2016. This change was primarily due to [.].

Gross profit in fiscal year 2017 was \$[.], compared to gross profit of \$28,224,235 during fiscal year 2016. This change was primarily due to [.].

Selling, general and administrative expenses in fiscal 2017 were \$[.], compared to selling, general administrative expenses of \$9,568,289 during fiscal year 2016. This change was primarily due to [.].

Provision for loan losses in fiscal year 2017 were \$[.], compared to provision for loan losses of \$1,468,314 during fiscal year 2016. This change was primarily due to [.].

Non-operating interest income in fiscal 2017 was \$[.], compared to non-operating interest income of \$279,330 during fiscal year 2016. This change was primarily due to [.].

Interest expense in fiscal year 2017 was \$[.], compared to interest expense of \$172,990 during fiscal year 2016. This change was primarily due to [.].

Realized gain on investment in fiscal 2017 was \$[.], compared to realized gain on investment of \$0, during fiscal year 2016. This change was primarily due to [.].

Gain on early settlement of dealer portfolio positions in fiscal year 2017 were \$[.], compared to gain on early settlement of dealer portfolio positions of \$66,429 during fiscal year 2016. This change was primarily due to [.].

State income tax expense in fiscal year 2017 was \$[.], compared to state income tax expense of \$209,191 during fiscal year 2016. This change was primarily due to [.].

Net income in fiscal year 2017 was \$[.], compared to a net income of \$17,151,210 during fiscal year 2016. This change was primarily due to [.].

Liquidity and Capital Resources

We believe that cash and cash equivalents at December 31, 2017, together with cash flow from operations and the proceeds from this offering, will be sufficient to fund our operations and provide for growth for the next 12 months and into the foreseeable future. Cash and cash equivalents were \$[.] at December 31, 2017 compared to \$1,009,311 at December 31, 2016. The [increase/decrease] was due primarily to [.]. Working capital was \$[.] at December 31, 2017 compared to \$14,663,833 at December 31, 2016. We expect to continue to evaluate potential acquisitions of, or strategic investments in, business assets that are complementary to our business. Such transactions may require the use of cash and have other impacts on our liquidity and capital resources in the event of such a transaction.

Cash Flow Activities

	December 31	
	2017	2016
Net cash provided by (used in) operating activities	\$	\$ (2,003,338)
Net cash provided by (used in) investing activities		(2,190,255)
Net cash provided by (used in) financing activities		4,915,674
Net change in cash		722,081
Cash balance beginning of period		287,230
Cash balance end of period	\$	\$ 1,009,311

Operating activities used \$[.] and \$2,003,338 in cash during the years ended December 31, 2017 and 2016. [Define....]

Investing activities used \$[.] and \$2,190,255 in cash during the years ended December 31, 2017 and 2016. [Define....]

Financing activities provided \$[.] and \$4,915,674 in cash during the years ended December 31, 2017 and 2016. [Define....] We have receivables from outstanding promissory notes, portfolio loans and notes from mobile home parks.

Indebtedness

Capital One Revolver. On December 14, 2011, we entered a \$20,000,000 revolving line of credit with Capital One, N.A (the "Revolver") with a stated interest of LIBO plus 2.5% and a maturity of December 14, 2013. The Revolver was amended on December 12, 2013, increasing the line of credit to \$30,000,000, with a stated interest of LIBO plus 2.0%, and extending the maturity to December 12, 2016. The Revolver was further amended on March 31, 2014 to increase the amount available under the Revolver to \$35,000,000. The Revolver was further amended on May 12, 2017 to increase the amount available under the Revolver to \$45,000,000, modify the interest rate to one month LIBO plus 2.4% and extend the maturity date to May 11, 2020. The interest rates in effect as of December 31, 2017 and 2016 were 3.78% and 2.77%, respectively. Accrued and unpaid interest on the Revolver is due monthly through maturity. Funds available under the Revolver are subject to a formula based on eligible portfolio loans. The amount of available credit under the Revolver as of December 31, 2017 and 2016 was \$[.] and \$7,438,651, respectively. The amounts owed on the Revolver are secured by

all accounts receivable and a percentage of the portfolio loans receivable. We were in compliance with all required covenants under the Revolver as of December 31, 2017.

Veritex Community Bank Revolver. On April 4, 2016, we entered into an agreement with Veritex Community Bank to secure an additional revolving line of credit of \$15,000,000 ("Revolver 2"). Revolver 2 accrues interest at one month LIBOR plus 2.25% and all unpaid principal and interest is due at maturity on April 3, 2019. The interest rates in effect as of December 31, 2017 and 2016 were 3.87% and 3.24%, respectively. Revolver 2 is secured by all finished goods inventory, excluding repossessed portfolio loans related inventory. Amounts available under Revolver 2 are subject to a formula based eligible inventory. On September 15, 2017, we entered into an agreement to increase the line of credit to \$20,000,000. The amount of available credit under Revolver 2 as of December 31, 2017 and 2016 was \$[] and \$3,000,000, respectively.

Woodhaven Bank Promissory Note. On April 7, 2011, we received a loan in the principal amount of \$4,830,000 from Woodhaven Bank, evidenced by a promissory note (the "Woodhaven Bank Promissory Note"). The amount due under the Woodhaven Bank Promissory Note accrues interest at an annual rate of 3.85% through February 2, 2017 and subsequent to such date, accrues interest at the prime interest rate plus 0.60% through maturity on April 7, 2018. The Woodhaven Bank Promissory Note provides for monthly principal and interest payments of \$29,706 with a final payment due at maturity of \$3,676,651. The Woodhaven Bank Promissory Note is secured by certain of our real property. The balance outstanding on the Woodhaven Bank Promissory Note at December 31, 2017 and 2016 was \$[] and \$3,924,059, respectively.

Stockholder Notes. On October 10, 2014, we entered into two \$450,000 note payable agreements with stated annual interest rates of 3% with DT Casualty Insurance Company Ltd. and TD Casualty Insurance Company, Ltd. The notes are due on demand. Interest paid on the notes for the years ended December 31, 2017 and 2016 were \$56,250 and \$48,688, respectively. The balances outstanding under the notes at December 31, 2017 and 2016 were \$[] and \$1,500,000, respectively.

Promissory Notes Receivable

We sell real estate and mobile homes to dealers, which are financed through promissory notes. The promissory notes have a one-year maturity date, but the maturity date may be extended at our discretion. These sales are accounted for under ASC 360-20, Real Estate Sales, utilizing the cost recovery method. The promissory notes generally call for monthly interest payments and payment of principal upon the dealer selling the real estate and mobile home. Income on the promissory notes is deferred until the cost is recovered through accumulated principal and interest payments. Such promissory notes receivable consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Principal balances on promissory notes receivable	\$	\$ 150,852
Accumulated principal and interest payments and deferred income	—	—
Less allowance for estimated losses	—	150,852
Promissory notes receivable, net	—	—
	<u>\$</u>	<u>\$ 150,852</u>

Portfolio Loans Receivable

Portfolio loans receivable result from financing transactions entered into with retail buyers of mobile homes sold through retail dealers. Portfolio loans receivable generally consist of the sales price and any additional financing fees, less the customer's down payment. Interest income is recognized monthly as payments come due. Portfolio loans receivable have maturities that range from 10 to

25 years. Loan applications go through an underwriting process which considers credit history to evaluate credit risk. The interest rates on approved loans are determined by a buyer's credit score and down payment amount. We use payment history to monitor the credit quality of the portfolio loans on an ongoing basis. The portfolio loans receivable for the years ended December 31, 2017 and December 31, 2016 were \$[·] and \$79,219,928, respectively.

Notes Receivable from Mobile Home Parks

The notes receivable from mobile home parks relate to mobile homes sold to mobile home parks which are financed through notes. The notes have varying maturity dates and call for monthly principal and interest payments. We reserve for estimated losses on the nets receivable from mobile home parks based on our assessment of the collectability of specific customer accounting. The notes receivable from mobile home parks for the years ended December 31, 2017 and December 31, 2016 were \$[·] and \$47,281,283, respectively.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

Critical Accounting Policies and Estimates

Our financial statements and the related notes included in this prospectus are prepared in accordance with generally accepted accounting principles in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs of revenue, operating expenses, other income and expenses, provision for income taxes and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Changes in accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates. We evaluate our estimates and assumptions on an ongoing basis. To the extent that there are material differences between our estimates and our actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

We believe the assumptions and estimates associated with the following accounting policies have the greatest potential impact on our consolidated financial statements.

Recent Accounting Pronouncements

Recent Accounting Pronouncements. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The standard requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements intended to provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a company's contracts with customers. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of the new revenue standard. Accordingly, the updated standard is effective for us beginning with the first quarter of our fiscal year 2019, with early application permitted in fiscal year 2018. The standard allows for either "full retrospective" adoption, meaning the

standard is applied to all of the periods presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements. We are currently evaluating the effect ASU 2014-09 will have on our consolidated financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-09, *Compensation- Stock Compensation (Topic 718)* ("ASU 2016-09"). ASU 2016-09 will be effective beginning with the first quarter of our fiscal year 2018, with early adoption permitted. The amendment simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Upon adoption, we will record any excess tax benefits or deficiencies from equity awards in our consolidated statements of comprehensive income in the reporting periods in which exercise or settlement occurs. As a result, subsequent to adoption our income tax expense and effective tax rate will be impacted by fluctuations in stock price between the grant dates and exercise or settlement dates of equity awards.

In May 2015, the FASB issued ASU 2015-09, *Financial Services-Insurance-Disclosures about Short-Duration Contracts* ("ASU 2015-09"), which would require additional disclosures in annual and interim reporting periods by insurance entities related to liabilities for claims and claim adjustment expenses, and changes in assumptions or methodologies for calculating such liabilities. We do not believe that these disclosures will be material to the consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17"). ASU 2015-17 will be effective beginning with our fiscal year 2019 annual report and interim periods thereafter, with early adoption permitted. In this update, entities are required to present all deferred tax liabilities and assets as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. The standard can be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. As this standard impacts presentation only, the adoption of ASU 2015-17 is not expected to have an impact on our financial condition, results of operations or cash flows upon conversion to a C-corporation.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 will be effective beginning with the first quarter of our fiscal year 2019. The amendments require certain equity investments to be measured at fair value, with changes in the fair value recognized through net income. We are currently evaluating the effect ASU 2016-01 will have on our consolidated financial statements and disclosures.

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of these exemptions until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of this exemption.

Controls and Procedures

We are not currently required to maintain an effective system of internal controls as defined by Section 404 of the Sarbanes-Oxley Act. We will be required to comply with the internal control

requirements of the Sarbanes-Oxley Act no earlier than the fiscal year ending December 31, 2018. Only in the event that we are deemed to be a large accelerated filer or an accelerated filer would we be required to comply with the independent registered public accounting firm attestation requirement. Further, for as long as we remain an emerging growth company as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirement.

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

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

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

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

BUSINESS

Our Company

Legacy Housing Corporation is the fourth largest producer of manufactured homes in the United States, based on reported wholesale shipments. With current operations focused primarily in the southern United States, we offer our customers an array of quality homes ranging in size from approximately 390 to 2,667 square feet consisting of 1 to 5 bedrooms, with 1 to 3^{1/2} bathrooms. Our homes range in price, at retail, from approximately \$22,000 to \$110,000. In 2017, we sold 3,424 homes, which was a 37% increase over the 2,506 homes we sold in 2016. We currently have the largest backlog of orders in our company's 12-year history.

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

We believe our company is one of the most vertically integrated in the manufactured housing industry, allowing us to offer a complete solution to our customers, from manufacturing custom-made homes using quality materials and distributing those homes through our expansive network of independent retailers and company-owned distribution locations, to providing tailored financing solutions for our customers. Our homes are constructed in the United States at one of our three manufacturing facilities in accordance with the construction and safety standards of the U.S. Department of Housing and Urban Development ("HUD"). Our factories employ high-volume production techniques that allow us to produce more than 69 home sections (which are entire modules or single floors) in total per week. We use quality materials and operate our own component manufacturing facilities for many of the items used in the construction of our homes. Each home can be configured according to a variety of floor plans and equipped with such features as fireplaces, central air conditioning and state-of-the-art kitchens.

Our homes are marketed under our premier "Legacy" brand name and currently are sold across 13 states through a network of 132 independent retail locations, nine company-owned retail locations and through direct sales to owners of manufactured home communities. We plan to deepen our distribution channel by using a portion of the net proceeds of this offering to expand our company-owned retail locations in new and existing markets.

We offer three types of financing solutions to our customers. We provide floor plan financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us. We also provide consumer financing for our products which are sold directly to end-users through both independent and company-owned retail locations, and we provide financing to community owners that buy our products for use in their housing communities.

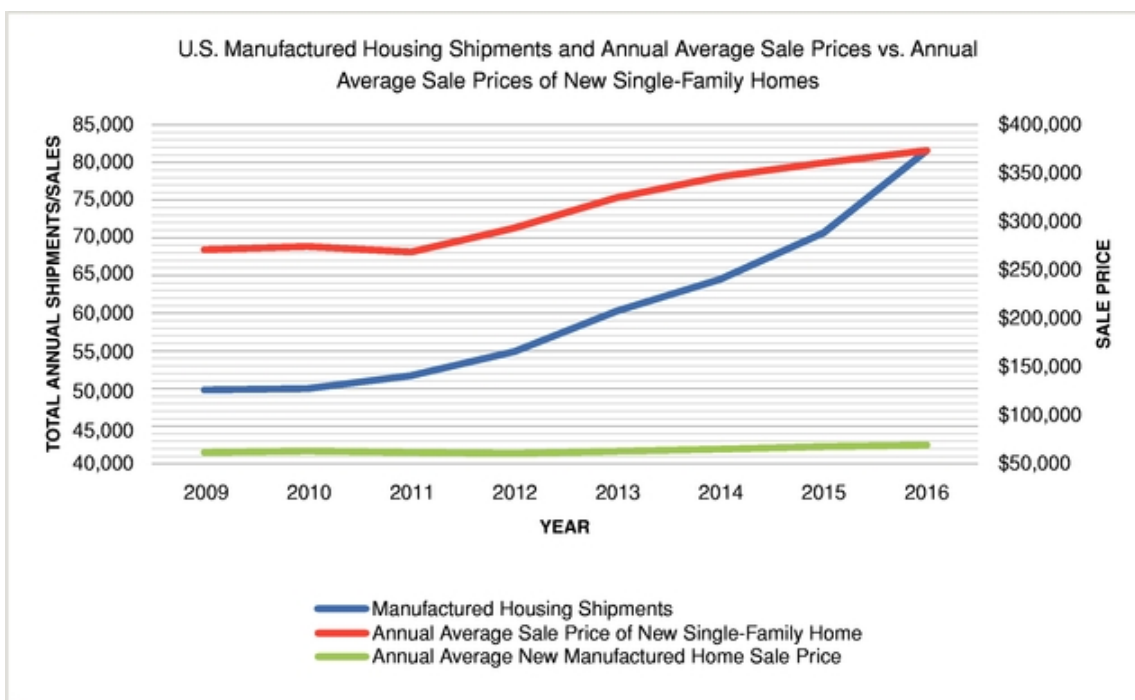
Our net revenues and net income for the year ended December 31, 2017 were \$[·] and \$[·], which was a [·]% and [·]% increase, respectively, over our net revenues and net income for the year ended December 31, 2016 of \$113,724,941 and \$17,151,210. Our pro forma net income, after giving effect to our recent conversion from a Texas limited partnership to a Delaware corporation, was \$[·] and \$[·] in 2017 and 2016, respectively.

Our company was founded in 2005 by Curtis D. Hodgson and Kenneth E. Shipley, who together have more than 60 years of combined experience in the manufactured housing industry. We currently have approximately 900 employees and are based in Bedford, Texas (between Dallas and Fort Worth).

Our Market Opportunity

Manufactured housing provides a competitive alternative to other forms of affordable housing, whether new or existing, or located in urban, suburban or rural areas. We believe the segment of the U.S. population that manufactured housing most competitively addresses is households with annual incomes of less than \$60,000, which includes young families, working class families and persons age 55 and older. Households in this income bracket comprised a majority of total U.S. households in 2016. The comparatively low cost of fully-equipped manufactured housing is attractive to these consumers. Additionally, innovative engineering and design, as well as efficient production techniques, including the advent and development of the "tiny house" market, continue to position manufactured homes as a viable housing alternative. Demand for high-quality affordable housing has also been driven by increasing rental rates for housing, higher prices for site-built homes, decreasing percentages of home ownership among portions of the U.S. population and stagnant U.S. wage growth.

In 2016, according to data published by the U.S. Census Bureau, the Institute for Building Technology and Safety ("IBTS"), and the Manufactured Housing Institute ("MHI"), the manufactured housing industry shipped approximately 81,200 manufactured homes. As shown in the chart below, since 2009 the annual number of manufactured homes shipped has increased each year and, during that time, the annual average sale price for new single-family homes (including the land on which they were built) increased approximately 37.5%, while the annual average sale prices of manufactured homes remained relatively flat, increasing approximately 11.9%.



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

Our Competitive Strengths

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

- **Quality and Variety of Housing Designs.** Based on more than 60 combined years of industry experience, our co-founders have developed an operating model that enables the efficient production of quality, customizable manufactured homes. All of our homes are constructed in one of our three U.S.-based manufacturing facilities. By utilizing an assembly-line process that employs from approximately 150 to 275 individuals per facility, we are able to manufacture a home in approximately three to six days and are currently on average producing more than 69 home sections in total per week. We utilize local market research to design homes that meet the specific needs of our customers and offer a variety of structural and decorative customization options, including, among others, fireplaces, central air conditioning, overhead heat ducts, stipple-textured ceilings, decorative woodgrain vinyl floors, wood cabinetry and energy conservation elements. Additionally, our homes have vaulted ceilings in every room, have numerous proprietary advantages such as our copyrighted "furniture friendly" floor plans and, in most cases, are wider, have taller ceilings and a steeper roof pitch than our competitors' products. Taken together, we believe our ability to offer our customers a range of home sizes and styles, as well as sophisticated design and customization, allows us to accommodate virtually all reasonable customer requests. Our vertical integration allows us the ability to respond quickly to our customers' needs and modify designs during the construction process.
- **Manufacturing in Close Proximity to Customers in Key Markets.** Our three manufacturing facilities are strategically located to allow us to serve our 132 independent and nine company-owned retail locations across 13 states. Currently, we have a manufacturing plant in Fort Worth, Texas that measures 97,000 square feet in size and produced 1,021 homes in 2017, a manufacturing plant in Commerce, Texas that measures 130,000 square feet in size and produced 1,322 homes in 2017, and a manufacturing plant in Eatonton, Georgia that measures 388,000 square feet in size and produced 754 homes in 2017. We believe that we have additional manufacturing capacity to support future growth. Once our homes are constructed and equipped at our facilities, we have the ability to transport the finished products directly to customers ensuring timely and efficient delivery of our manufactured homes. We currently have 35 company-owned trucks, which transported approximately 35% of our production.
- **Expansive and Growing Distribution Network.** We distribute our products across 13 states through a network of 132 independent retail locations, nine company-owned retail locations and direct sales to owners of manufactured home communities. Our first company-owned retail location opened in June 2016 and we plan to significantly expand our company-owned retail footprint over the next two years. Increasing the mix of company-owned locations allows us to improve the customer experience through all the steps of the buying process, from manufacturing and design to sales, financing and customer service. Because we believe our company-owned stores will, on average, be more productive than our independent retail locations and carry higher gross margins, we intend to use a portion of the net proceeds from this offering to expand our company-owned retail presence. See "Use of Proceeds."
- **Available Financing for our Customers.** Our strong financial position allows us to develop and offer financing solutions to our customers in connection with their purchase of our homes. We offer three types of financing solutions to our customers. We provide floor plan financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us. And, also, we provide consumer financing for our products sold directly to end-users through both independent and our company-owned retail locations, and we provide financing to

community owners that buy our products for use in their rental housing communities. Our company has been providing floor plan financing to our independent retailers since our formation and we now have more than 72 independent retailers using our consignment solution. We were the first manufacturing company to offer financing directly to community owners and now have more than 204 community owners who have purchased over 3,650 homes via our community-owner financing solutions since November 2009. We have offered financing to consumers for over six years and we now have more than 3,000 customers that purchased their homes utilizing our retail financing solutions since 2005. The blended interest rates of the loans we have made to our customers during 2017 and 2016 were approximately % and 13.98%, and the repossession rates were approximately [·]% and 4%, respectively.

- **Support for Owners of Manufactured Home Communities.** We provide manufacturing and financing solutions for owners of manufactured home communities in connection with the development of communities in our geographic market area. Such development projects can vary, but generally include custom park development financing and large purchase orders of manufactured homes. We also make loans to community owners for the purpose of acquiring or developing properties and, as part of the arrangement, these community owners contract to buy homes from us. These loans typically range in term from two to five years and carry interest at 8% to 12%. As of December 31, 2017 and 2016, we owned [·] and two real estate loans to owners of manufactured home communities with a total principal balance of \$[·] and \$3,393,609.

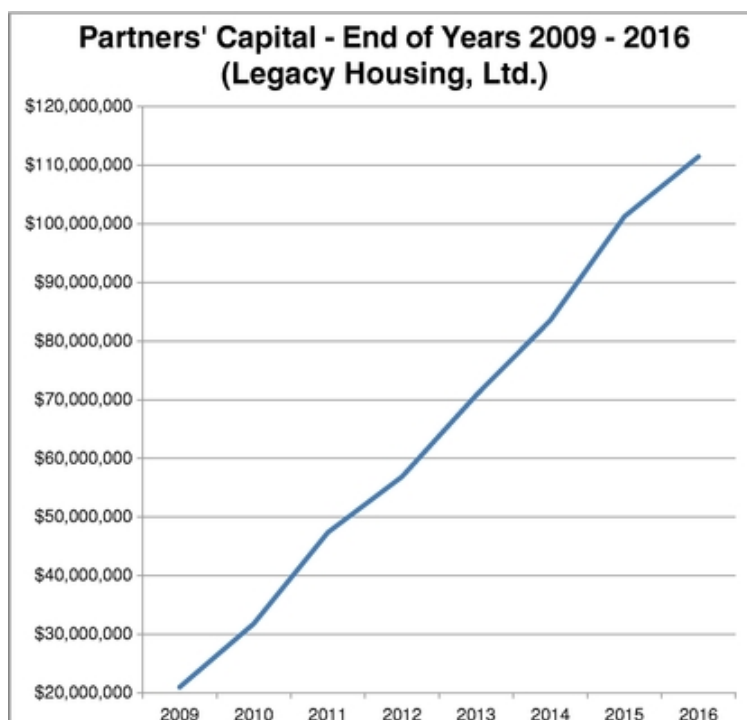
Our Growth Strategy

We have a strong operating history of investing in successful growth initiatives over the past 12 years. We believe that the solutions we are able to provide for our customers, as a result of the vertical integration of our company, will provide enduring net revenues and net income growth. Our growth strategy includes the following key initiatives:

- **Broaden and Deepen Our Retail Presence in Key Geographic Areas.** We currently distribute our products across 13 states through a combination of nine company-owned retail locations and 132 independent retail locations. We believe that a more robust network of company-owned retail locations will allow us to be more responsive and improve the customer experience at all stages, from manufacturing and design to sales, financing and customer service. We believe our company-owned stores will, on average, be more productive than our independent retail locations and carry higher gross margins.
- **Expand Financing Solutions for Our Customers.** We recognize that offering financing solutions to our customers is an important component of being a vertically integrated company that provides of affordable manufactured housing. Providing financing improves our responsiveness to the needs of prospective purchasers while also providing us with opportunities for loan origination and servicing revenues, which act as additional drivers of net revenues for us. In 2017 and 2016, we financed approximately 13% and 22%, respectively, of the homes we sold to consumers.
- **Continue to Focus on Innovation and Customization for Core Customer Groups.** Our production strategy is focused on continually developing the resources necessary to efficiently build homes that incorporate unique, varied and innovative customer preferences. We are constantly seeking ways to directly source materials to be used in the manufacturing process, which allows us to ensure we have quality materials that can be customized to meet our customers' needs. Our principal focus is on designing and building highly functional and durable products that appeal to families of all sizes.
- **Seek Additional Agreements With Owners of Manufactured Home Communities.** Community housing developments provide us with large, concentrated sales opportunities. We believe there are significant growth opportunities to work with our development partners on such projects and view these opportunities as an important driver of our growth strategy. These projects vary in size and density but generally include sales at 30 to 300 homes.

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

We have experienced substantial year-over-year growth in the Partner's Capital value of our company since 2009, as illustrated below. We believe our future business growth will be facilitated by the fact that we have already established our company as one of the nation's leading providers of manufactured homes.



Our Products

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

Manufacturing and Quality Design. We utilize local market research to design homes that meet the specific requirements of our customers and our homes are designed after extensive field research and consumer feedback. We frequently introduce new floor plans, decor, exterior design, features and accessories to appeal to changing consumer trends and we offer an assortment of customizations to match each customer's individual tastes. Each home typically contains a living room, dining area, kitchen, 1 to 5 bedrooms and 1 to 3¹/₂ bathrooms, and each home can be customized to include certain features including, among others, fireplaces, central air conditioning, overhead heat ducts, stipple-textured ceilings, decorative wood grain vinyl floors, wood cabinetry and energy conservation elements.

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

Industrialized Housing and Buildings law (known as the Texas Modular Code). In addition to traditional manufactured homes, we offer a diverse assortment of tiny houses, which are recreational structures between 320 and 400 square feet in size that are used as temporary dwellings, can be pulled by a pick-up truck and are generally aesthetically similar to larger homes. Our tiny houses are built in a variety of models and floor plans and typically range from 1 to 3 bedrooms with 1 to 2 bathrooms.

Manufacturing Process. Our manufactured homes are entirely constructed and equipped at our three factories. Our homes are constructed using high-volume production techniques and employ approximately 150 to 275 employees at each facility. Most of our homes are constructed in one or more sections (or floors) on a steel chassis. Each section is assembled in stages beginning with the construction of the chassis, followed by the addition of other constructed and purchased components and ending with a final quality control inspection. The efficiency of the production process and the benefits of constructing homes in a controlled factory environment enable us to produce homes in less time and at a lower cost per-square-foot than traditional home building. The finished home is then transported directly to a customer at a retail sales center, work site or manufactured home community. In 2017 and 2016, we manufactured 3,424 and 2,506 homes, including 327 and 293 tiny houses, respectively.

Manufacturing Facilities. We currently operate three manufacturing facilities located in Fort Worth, Texas, Commerce, Texas and Eatonton, Georgia, each of which range in size from approximately 97,000 to 388,000 square feet. The production schedules for our manufacturing facilities are based on wholesale orders received from distributors, which fluctuate from week to week. In general, our facilities are structured to operate on one 8- to 9-hour shift per day, five days per week. We currently manufacture a typical home in approximately three to six production days. During the year ended December 31, 2017, we produced, on average, more than 69 home sections per week, and we believe that we will be able to continue to increase this capacity as we grow.

Raw Materials and Suppliers. The principal materials used in the production of our manufactured homes include wood, wood products, steel, aluminum, gypsum wallboard, windows, doors, fiberglass insulation, carpet, vinyl, fasteners, plumbing materials, appliances and electrical items. We currently buy these materials from various third-party manufacturers and distributors. We intend to continuing seeking greater direct sourcing of materials from original manufacturers. This will allow us to save costs, gain greater control over the quality of the materials we use in our products and increase customization to meet our customers' changing preferences. The inability to obtain any materials used in the production of our homes, whether resulting from material shortages, limitation of supplier facilities or other events affecting production of component parts, may affect our ability to meet or maintain production requirements. We have not previously experienced any such material shortages for any significant period of time.

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

Distribution

We currently distribute our manufactured homes across 13 states through a network of 132 independent retail locations, nine company-owned retail locations and direct sales to owners of manufactured home communities. As is common in the industry, our independent distributors typically sell manufactured homes produced by other manufacturers in addition to our manufactured homes. Additionally, some independent retailers operate multiple sales outlets. No independent retailer accounted for 10% or more of our manufacturing net revenues during 2017 or 2016.

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

Our independent retailers generally either pay cash to purchase inventory or finance their inventory needs through our floor plan financing solution. Certain of our independent retailers finance a portion of their inventory through wholesale floor plan financing arrangements with third parties. In such cases, we verify the order with the third party, then manufacture the home and ship it to the retailer. Payment is due from the third-party lender upon shipment of the product to the retailer and, depending on the terms of each arrangement, we may or may not have limited repurchase obligations associated with this inventory.

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

Sales and Marketing

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

Our sales and marketing strategy focuses on households with annual incomes of less than \$60,000 which includes young families, working class families and persons age 55 and older. We also market to other types of customers, including owners of manufactured home communities, buyers interested in tiny houses, recreational buyers and houses for workforces or man-camp housing. Additionally, we continue to be well-positioned to react to any increase in demand for affordable, quickly-delivered manufactured homes as a result of unforeseen harsh weather conditions and similar events. All of our customers are located in the United States. During the years ended December 31, 2017 and 2016, no single customer accounted for more than 10% of our net revenues.

Financing Solutions for Our Customers

We offer three types of financing solutions. We provide floor plan financing for our independent retailers, which takes the form of a consignment arrangement between the retailer and us. We also provide consumer financing for our products sold directly to end-users through both independent and our company-owned retail locations, and financing to community owners that buy our products for use

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

We provide wholesale financing for most of our independent retailers for products we manufacture and for pre-owned products. This wholesale financing is a consignment from us to our independent retailers. The retailers pay their own freight and pay us a monthly fee ranging from 0.6% to 1.4% per month of the wholesale invoice amount of the home. They are also obligated to pay \$1,000 toward the invoice amount each year after the consignment with the first \$1,000 reduction due one year following consignment. Upon sale, the independent retailer is obligated to pay us the invoice amount, less any prepaid reductions, prior to moving the home away from their retail location. If they provide certain documentation to us, we allow them to move the home to their customer's location and we notify the customer's lending source to pay us the amount due upon funding of the loan. We have proprietary technology that we install in each consigned home that gives us the ability to determine if any consigned home has been moved from the retail location without permission. The independent dealer is free to terminate the consignment agreement by giving us 90-days' advance notice if it is current on all its obligations to us. Our wholesale consignment contracts allow us to defer income recognition until we are paid in full. For periods ended December 31, 2017 and 2016, our cost basis of consigned inventory was \$[] and \$26,132,067, respectively, and the consigned values for the inventory were \$[] and \$33,293,113, respectively.

We provide retail consumer financing to consumers who purchase our full-size manufactured homes and tiny houses. In 2017, 79% of these loans originated through joint ventures with our independent dealers who participated in the ownership of their portfolios with us. Under these arrangements, we advance to the retailer 80% of their gross margin through these joint ventures and they leave 20% of their gross margins in the joint venture. They are obligated to remarket the repossessions associated with their portfolio and obtain 90% of the outstanding balance on the home at the time of repossession. We charge each joint venture fees for servicing the loans and receive a preferred return of 10% to 12% per annum for amounts we invest. Upon payback of our investment, fees and preferred returns, we split overages with the independent retailer according to a negotiated formula. As of December 31, 2017, we owned 2,578 retail consumer loans with an average principal balance of \$34,848. Our average remaining term on these loans as of December 31, 2017 was 146 months and the average percentage rate (APR) of interest was 13.98%. We have not financed, and have no plans to finance, new homes manufactured by our competitors in the ordinary course of our business.

We also provide financing to owners of manufactured home communities for our products that they buy in order to rent to their residents. These loans generally have a ten-year term and bear interest at the prime rate plus 4%, with a floor and a ceiling. Down payments, delivery expenses and installation expenses are negotiated on a case-by-case basis. As of periods ended December 31, 2017 and 2016, we owned loans to manufactured home communities with principal balances totaling \$[] and \$47,281,283 comprised [] and 253 loans, respectively. Our average remaining term on these loans as of December 31, 2017 and 2016 was [] and five years, respectively.

We also make loans to community owners for the purpose of acquiring or developing properties and, as part of the arrangement, these community owners contract to buy homes from us. These loans typically range in term from two to five years and carry interest at 8% to 12%. As of December 31, 2017 and 2016, we owned [] and two real estate loans to owners of manufactured home communities with a total principal balance of \$[] and \$3,393,609, respectively.

All loan applications go through an underwriting process to evaluate credit risk. The interest rates on approved loans are determined by a buyer's credit score and down payment amount. We use payment history to monitor the credit quality of the portfolio loans on an ongoing basis.

Third-Party Inventory Financing. Certain of our wholesale factory-built housing sales to independent retailers are purchased through wholesale floor plan financing arrangements. Under a typical floor plan financing arrangement, an independent financial institution specializing in this line of business provides the retailer with a loan for the purchase price of the home and maintains a security interest in the home as collateral. The financial institution customarily requires us, as the manufacturer of the home, to enter into a separate repurchase agreement with the financial institution under which we are obligated, upon default by the retailer and under certain other circumstances, to repurchase the financed home at declining prices over the term of the repurchase agreement (which, in most cases, is 18 to 36 months). The price at which we may be obligated to repurchase a home under these agreements is based upon the amount financed, plus certain administrative and shipping expenses. Our obligation under these repurchase agreements ceases upon the purchase of the home by the retail customer. We currently have no repurchase obligations. The risk of loss under these agreements is spread over many retailers and is further reduced by the resale value of the homes. We carry no reserve for this contingent liability.

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

Competition

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

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

Among lenders to manufactured home buyers, there are significant competitors including national, regional and local banks, independent finance companies, mortgage brokers and mortgage banks such as 21st Mortgage Corporation, an affiliate of Clayton Homes, Inc., Berkshire Hathaway, Inc., Triad

Finance Corporation and CU Factory Built Lending, LP. Certain of these competitors are larger than us and have access to substantially more capital and cost efficiencies.

Protection of Proprietary Technology

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

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

Government Regulation

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

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

Transportation and Zoning Regulations. The transportation of manufactured homes on highways is subject to regulation by various federal, state and local authorities. Such regulations may prescribe size and road use limitations and impose lower than normal speed limits and various other requirements.

Our manufactured homes (including our tiny houses) are also subject to local zoning and housing regulations. In certain cities and counties in areas where our homes are sold, local governmental ordinances and regulations have been enacted which restrict the placement of manufactured homes on privately-owned land or which require the placement of manufactured homes in manufactured home communities. Such ordinances and regulations may adversely affect our ability to sell homes for installation in communities where they are in effect. A number of states have adopted procedures governing the installation of manufactured homes. Utility connections are subject to state and local regulations which must be complied with by the retailer or other person installing the home.

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

Financial Services Regulations. A variety of laws affect the financing of the homes we manufacture. The Federal Consumer Credit Protection Act and Regulation Z promulgated under that act require written disclosure of information relating to such financing, including the amount of the annual percentage interest rate and the finance charge. The Federal Fair Credit Reporting Act also requires certain disclosures to potential customers concerning credit information used as a basis to deny credit. The Federal Equal Credit Opportunity Act and Regulation B promulgated under that act prohibit discrimination against any credit applicant based on certain specified grounds. The Real Estate Settlement Procedures Act and Regulation X promulgated under that act require certain disclosures regarding the nature and costs of real estate settlements. The Federal Trade Commission has adopted or proposed various Trade Regulation Rules dealing with unfair credit and collection practices and the preservation of consumers' claims and defenses. Installment sales contracts, direct loans and mortgage loans eligible for inclusion in a Ginnie Mae program are subject to the credit underwriting requirements of the FHA. The American Housing Rescue and Foreclosure Prevention Act provides assistance for the housing industry, including manufactured homes, including, among other things, increased loan limits for chattel (home-only Title I) loans. Recent FHA guidelines provide Ginnie Mae the ability to securitize manufactured home FHA Title I loans to allow lenders to obtain new capital, which can then be used to fund new loans for our customers. The Secure and Fair Enforcement for Mortgage Licensing Act established requirements for the licensing and registration of all individuals that are Mortgage Loan Originators ("MLOs"). Traditionally, manufactured housing retailers have assisted home buyers with securing financing for the purchase of homes, including negotiating rates and the terms for their loans. Under the act, however, these activities are prohibited unless performed by a registered or licensed MLO. A variety of state laws also regulate the form of financing documents and the allowable deposits, finance charge and fees chargeable pursuant to financing documents. Regulation C of the Home Mortgage Disclosure Act, among other things, requires certain financial institutions, including non-depository institutions, to collect, record, report and disclose information about their mortgage lending activity, which is used to identify potential discriminatory lending patterns and enforce anti-discrimination statutes.

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was passed into law and established the Consumer Financial Protection Bureau ("CFPB") to regulate consumer financial products and services. Certain CFPB mortgage finance rules apply to consumer credit transactions secured by a dwelling, including real property mortgages and chattel loans secured by manufactured homes. These rules, among other things, define standards for origination of "Qualified Mortgages," establish specific requirements for lenders to prove borrowers' ability to repay, outline conditions under

which Qualified Mortgages are subject to safe harbor limitations on liability to borrowers and establish interest rates and other cost parameters for determining which Qualified Mortgages fall under safe harbor protection. While many manufactured homes are financed with agency-conforming mortgages in which the ability to repay is verified, and interest rates and other costs are within the safe harbor limits, a significant amount of loans to finance the purchase of manufactured homes, particularly chattel loans and non-conforming land-home loans, fall outside such safe harbors. Additionally, the CFPB rules, among other things, amended the Truth-in-Lending Act and the Real Estate Settlement Procedures Act by expanding the types of mortgage loans that are subject to the protections of the Home Ownership and Equity Protections Act of 1994 ("HOEPA") and imposing additional restrictions on mortgages that are covered by HOEPA. As a result, certain manufactured home loans are now subject to HOEPA limits on interest rates and fees. Loans with rates or fees in excess of the limits are deemed "High Cost Mortgages" and provide additional protections for borrowers, including with respect to determining the value of the home. Most loans for the purchase of manufactured homes have been written at rates and fees that would not appear to be considered High Cost Mortgages under these rules and while some lenders may offer loans that are deemed High Cost Mortgages, the rate and fee limits may deter some lenders from offering such loans to borrowers or be reluctant to enter into loans subject to the provisions of HOEPA. Additionally, certain CFPB rules apply to appraisals on principal residences securing higher-priced mortgage loans. Certain loans secured by manufactured homes, primarily chattel loans, could be considered higher-priced mortgage loans. Among other things, the rules require creditors to provide copies of appraisal reports to borrowers prior to loan closing. Compliance with the regulations may constrain lenders' ability to profitably price certain loans or may cause lenders to incur additional costs to implement new processes, procedures, controls and infrastructure and may cause some lenders to curtail underwriting certain loans altogether. Furthermore, some investors may be reluctant to participate in owning such loans because of the uncertainty of potential litigation and other costs. As a result, some prospective buyers of manufactured homes may be unable to secure necessary financing. Failure to comply with these regulations, changes in these or other regulations, or the imposition of additional regulations, could affect our earnings, limit our access to capital and have a material adverse effect on our business and results of operations.

If passed by Congress and signed into law, the proposed Preserving Access to Manufactured Housing Act of 2017 (House of Representatives Bill 1699) would amend some Dodd-Frank Act provisions that affect manufactured housing financing. The bill would revise the triggers by which small-sized manufactured home loans are considered "High-Cost" under HOEPA and clarify the MLO licensing requirements for manufactured home retailers and their employees.

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

Seasonality

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

Facilities

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

<u>Location</u>	<u>Date of Commencement of Operations</u>	<u>Owned / Leased</u>	<u>Square Feet</u>
<i>Manufacturing/Warehouse Facilities</i>			
Fort Worth, TX	2005	Owned	96,880
Commerce, TX	2007	Owned	129,600
Eatonton, GA	2016	Leased	388,000
<i>Retail Locations</i>			
Asheboro, NC	2017	Leased	1,472
Athens, GA	2016	Leased	2,016
Jennings, LA	2017	Leased	2,432
Minden, LA	2017	Leased	2,369
Mobile, AL	2017	Leased	1,700
Mt. Pleasant, TX	2016	Leased	1,792
Greenville, TX	2016	Owned	1,256
Gainesville, TX	2017	Owned	2,240
Oklahoma City, OK	2016	Owned	2,100
<i>Corporate/Regional Headquarters</i>			
Bedford, TX	2018	Leased	5,398
Norcross, GA	2018	Leased	3,358

We own the manufacturing facilities and the land on which the facilities are located in Fort Worth, Texas and Commerce, Texas. We believe that these facilities are adequately maintained and suitable for the purposes for which they are used. We currently lease our facility in Eatonton, Georgia. In December 2016, we entered into a Payment in Lieu of Taxes ("PILOT") agreement commonly offered in Georgia by local community development programs to encourage industry development. The net effect of the PILOT agreement is to provide us with incentives through the abatement of local, city and county property taxes and to provide financing for improvements of our Georgia plant (the "Project"). In connection with the PILOT agreement, the Putnam County Development Authority provides a credit facility for up to \$10,000,000 that can be drawn upon to fund Project improvements and capital expenditures as defined in the agreement. If funds are drawn, we would pay transaction costs and debt service payments. The PILOT agreement requires interest payments of 6.00% per annum on outstanding balances, which is due each December 1 through maturity on December 1, 2021, at which time all unpaid principal and interest are due. The PILOT agreement is collateralized by the assets of the Project. As of December 31, 2017, we had not drawn down on this credit facility.

We currently have nine retail locations. Each retail location sits on approximately five to seven acres of land. We lease six of the retail locations we operate in the business, pursuant to leases expiring from 2020 to 2023. Total rent expense was approximately \$[·] and \$229,550 under our leased retail locations for 2017 and 2016, respectively.

Employees

As of December 31, 2017, we had approximately 900 employees. Of our employees, approximately 800 individuals are hourly employees and approximately 100 individuals are salaried employees. Our employees are currently not represented by any collective bargaining unit. We believe that our relationship with our employees is good.

Legal Proceedings

We are party to certain legal proceedings that have arisen in the ordinary course of our business and are incidental to our business. Certain of the claims pending against us allege, among other things, breach of contract, breach of express and implied warranties, construction defects, deceptive trade practices, unfair insurance practices, product liability and personal injury. Although litigation is inherently uncertain, and we believe we are insured against many such instances, based on past experience and the information currently available, management does not believe that the currently pending and threatened litigation or claims will have a material adverse effect on our company's consolidated financial position, liquidity or results of operations. However, future events or circumstances, currently unknown to management, will determine whether the resolution of pending or threatened litigation or claims will ultimately have a material effect on our consolidated financial position, liquidity or results of operations in any future reporting periods.

MANAGEMENT

Executive Officers and Directors

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

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Executive Officers		
Curtis D. Hodgson	63	Co-Chief Executive Officer and Director
Kenneth E. Shipley	58	Co-Chief Executive Officer and Director
Jeffrey V. Burt	56	Chief Financial Officer
Larry G. Badgley	61	Director of Corporate Development
Neal J. Suit	42	General Counsel
Non-Employee Directors		
		Director
		Director
		Director

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

Executive Officers and Employee Directors

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

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

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

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

Jeffrey V. Burt joined our company in September 2010 and serves as Chief Financial Officer. In this capacity, Mr. Burt oversees all accounting functions with respect to our manufacturing facilities. Mr. Burt began his career with our company as Controller from 2010 to 2013, then as Chief Financial

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

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

Neal J. Suit joined our company in January 2018 and serves as General Counsel. In this capacity, Mr. Suit oversees the legal affairs of our company, as well as its corporate controls and governance. Prior to joining our company, Mr. Suit worked in the law firm of Carrington, Coleman, Sloman & Blumenthal, LLP in Dallas, Texas from December 2008 to January 2018, where he was a partner, and previously he was a lawyer at the law firms Bell Nunnally & Martin LLP from February 2006 to December 2008 and Baker Botts, LLP from September 2003 to January 2006. Mr. Suit has practiced law for more than 14 years, primarily handling complex litigation matters and serving as outside general counsel to numerous companies. Mr. Suit earned his B.A. degree from Baylor University and J.D. from Harvard Law School.

Non-Employee Directors

We have undertaken to identify and elect three independent directors with relevant business experience before we circulate a preliminary prospectus for this offering.

Board Composition

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

Director Independence

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

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (i) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (ii) be an affiliated person of the listed company or any of its subsidiaries.

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

Board Committees

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

Audit committee. In accordance with our audit committee charter, after this offering, our audit committee will: oversee our corporate accounting and financial reporting processes and our internal controls over financial reporting; evaluate the independent public accounting firm's qualifications, independence and performance; engage and provide for the compensation of the independent public accounting firm; approve the retention of the independent public accounting firm to perform any proposed permissible non-audit services; review our consolidated financial statements; review our critical accounting policies and estimates and internal controls over financial reporting; and discuss with management and the independent registered public accounting firm the results of the annual audit and the reviews of our quarterly consolidated financial statements. We believe that our audit committee members meet the requirements for financial literacy under the current requirements of the Sarbanes-Oxley Act, The Nasdaq and SEC rules and regulations. In addition, the board of directors has determined that [· ·] is qualified as an audit committee financial expert within the meaning of SEC regulations. We have made this determination based on information received by our board of directors, including questionnaires provided by the members of our audit committee. We plan on naming the individuals who will serve on this committee prior to marketing the transaction.

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

requirements to the extent they become applicable to us. We plan on naming the individuals who will serve on this committee prior to marketing the transaction.

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

Code of Business Conduct and Ethics

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

Compensation Committee Interlocks and Insider Participation

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

Limitations on Director and Officer Liability and Indemnification

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

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

Upon completion of this offering, our certificate of incorporation and our bylaws will provide that we are required to indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. Any repeal of or modification to our certificate of incorporation and our bylaws may not adversely affect any right or protection of a director or officer for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal. Upon completion of this offering, our bylaws will also provide that we shall advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure

insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in connection with their services to us, regardless of whether our bylaws permit such indemnification.

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

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

EXECUTIVE COMPENSATION**Summary Compensation Table**

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

<u>Name and Position</u>	<u>Years</u>	<u>Salary</u>	<u>Bonus</u>	<u>Stock Awards</u>	<u>Option Awards</u>	<u>Total</u>
Curtis D. Hodgson, Co-Chief Executive Officer	2017	\$ 50,000	—	—	—	\$ 50,000
	2016	\$ 50,000	—	—	—	\$ 50,000
Kenneth E. Shipley, Co-Chief Executive Officer	2017	\$ 50,000	—	—	—	\$ 50,000
	2016	\$ 50,000	—	—	—	\$ 50,000
Jeffrey V. Burt Chief Financial Officer	2017	\$ 190,000	30,000	—	—	\$ 220,000
	2016	\$ 180,000	10,000	—	—	\$ 190,000
Larry G. Badgley, Director, Corporate Development(1)	2017	\$ 140,000	5,000	—	—	\$ 145,000
	2016	\$ 46,650	—	—	—	\$ 46,650
Neal J. Suit, General Counsel(2)	2017	\$ —	—	—	—	—
	2016	\$ —	—	—	—	—

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

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

Employment Agreements

As of December 31, 2017, and through the date of this prospectus, we have no employment agreements in place with any of our executive officers and key employees.

Outstanding Equity Awards at December 31, 2017

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

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

2018 Incentive Compensation Plan

In January 2018, our board of directors and holders of a majority of our outstanding shares of common stock adopted and approved a new 2018 Incentive Compensation Plan (the "Plan"). The purpose of our Plan is to assist us in attracting, motivating, retaining and rewarding high-quality

executives and other employees, officers, directors, consultants and other persons who provide services to us. No awards under the Plan have been made to date.

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

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

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

Shares Available for Awards; Annual Per-Person Limitations. The total number of shares of common stock that may be subject to the granting of awards under our Plan at any time during the term of the Plan will be equal to 10,000,000 shares. This limit will be increased by the number of shares with respect to which awards previously granted under our Plan that are forfeited, expire or otherwise terminate without issuance of shares, or that are settled for cash or otherwise do not result in the issuance of shares, and the number of shares that are tendered (either actually or by attestation) or withheld upon exercise of an award to pay the exercise price or any tax withholding requirements.

Our Plan imposes individual limitations on the amount of certain awards. Under these limitations, during any 12-month period, the number of options, stock appreciation rights, shares of restricted stock, shares of deferred stock, performance shares and other stock based-awards granted to any one participant under the Plan may not exceed 2,000,000 shares, subject to adjustment in certain circumstances. The maximum amount that may be paid out as performance units in any 12-month period is \$3,000,000 multiplied by the number of full years in the performance period.

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

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

of unexercised options or stock appreciation rights at or following termination of employment generally are fixed by the committee, except that no option or stock appreciation right may have a term exceeding ten years.

Restricted and Deferred Stock. The committee is authorized to grant restricted stock and deferred stock. Restricted stock is a grant of shares of common stock which may not be sold or disposed of, and which may be forfeited in the event of certain terminations of employment, prior to the end of a restricted period specified by the committee. A participant granted restricted stock generally has all of the rights of a stockholder of our company, unless otherwise determined by the committee. An award of deferred stock confers upon a participant the right to receive shares of common stock at the end of a specified deferral period, subject to possible forfeiture of the award in the event of certain terminations of employment prior to the end of a specified restricted period. Prior to settlement, an award of deferred stock carries no voting or dividend rights or other rights associated with share ownership, although dividend equivalents may be granted, as discussed below.

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

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

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

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

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

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

Acceleration of Vesting; Change in Control. The committee may, in its discretion, accelerate the exercisability, the lapsing of restrictions or the expiration of deferral or vesting periods of any award, and such accelerated exercisability, lapse, expiration and if so provided in the award agreement or

otherwise determined by the committee, vesting will occur automatically in the case of a "change in control" of our company, as defined in our Plan (including the cash settlement of stock appreciation rights which may be exercisable in the event of a change in control). In addition, the committee may provide in an award agreement that the performance goals relating to any performance award will be deemed to have been met upon the occurrence of any "change in control."

Amendment and Termination. The board of directors may amend, alter, suspend, discontinue or terminate our Plan or the committee's authority to grant awards without further stockholder approval, except stockholder approval must be obtained for any amendment or alteration if such approval is required by law or regulation or under the rules of any stock exchange or quotation system on which shares of common stock are then listed or quoted. Thus, stockholder approval may not necessarily be required for every amendment to our Plan which might increase the cost of our Plan or alter the eligibility of persons to receive awards. Stockholder approval will not be deemed to be required under laws or regulations, such as those relating to ISOs, that condition favorable treatment of participants on such approval, although the board of directors may, in its discretion, seek stockholder approval in any circumstance in which it deems such approval advisable. Our Plan will terminate at the earliest of (a) such time as no shares of common stock remain available for issuance under our Plan, (b) termination of our Plan by the board of directors, or (c) the tenth anniversary of the effective date of the Plan. Awards outstanding upon expiration of our Plan will remain in effect until they have been exercised or terminated, or have expired.

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

Director Compensation

Following the closing of this offering, we intend to compensate each non-employee director through annual stock option grants and by paying a cash fee for each board of directors and committee meeting attended. Currently, we do not compensate our directors for serving on our board of directors, other than reimbursement of reasonable expenses for attendance at board meetings. No compensation was paid to our directors in the year ended December 31, 2017. Our board of directors will review director compensation annually and adjust it according to then current market conditions and good business practices.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Policies and Procedures for Transactions with Related Persons

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

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

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

Transactions and Relationships with Directors, Officers and 5% Stockholders

On February 2, 2016, we entered into a \$1,500,000 note payable agreement with stated annual interest rates of 3.75% with one of the Captives (the "Captive"), which is currently held by Kenneth E. Shipley, our Co-Chief Executive Officer and a director, and is due on demand. Interest paid on the note payable for the years ended December 31, 2017 and 2016 were \$[·] and \$46,875 respectively, and the balances outstanding on the notes payable at December 31, 2017 and 2016 were \$[·] and \$1,500,000, respectively.

Bell Mobile Homes, a Lubbock, Texas based manufactured home retailer owned by Kenneth E. Shipley, purchases manufactured homes from us. Accounts receivable balances due from Bell Mobile Homes were \$[·] and \$40,895 at December 31, 2017 and 2016, respectively. Accounts payable balances due to Bell Mobile Homes for maintenance and related services were \$[·] and \$53,892 at December 31, 2017 and 2016, respectively. Manufactured home revenues related to Bell Mobile Homes for the years ended December 31, 2017 and 2016 were \$[·] and \$2,321,393, respectively.

Shipley Bros., Ltd., a Lubbock, Texas based manufactured home retailer owned by Kenneth E. Shipley, purchases manufactured homes from us. Accounts receivable balances due from Shipley Bros. were \$[·] and \$67,957 at December 31, 2017 and 2016, respectively. Manufactured home revenues

related to Shipley Bros. for the years ended December 31, 2017 and 2016 were \$[·] and \$2,020,478, respectively.

Indemnification Agreements

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

Corporate Conversion

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

PRINCIPAL STOCKHOLDERS

The following table and accompanying footnotes set forth certain information with respect to the beneficial ownership of our common stock as of February 1, 2018, referred to in the table below as the "Beneficial Ownership Date," and as adjusted to reflect the sale of shares of our common stock offered by this prospectus, by:

- each person who is known to be the beneficial owner of 5% or more of the outstanding shares of our common stock;
- each member of our board of directors and each of our named executive officers individually; and
- all our directors and executive officers as a group.

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

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

<u>Name and Address of Beneficial Owner</u>	<u>Shares of Common Stock Beneficially Owned Immediately Prior to the Completion of this Offering</u>		<u>Shares of Common Stock Beneficially Owned Immediately After this Offering</u>	
	<u>Number of Shares</u>	<u>Percentage</u>	<u>Number of Shares</u>	<u>Percentage</u>
Stockholders				
William Shipley(1)			%	%
Douglas Shipley(1)			%	%
Directors and Executive Officers				
Curtis D. Hodgson(2)			%	%
Kenneth E. Shipley(1)			%	%
Jeffrey V. Burt			%	%
Larry G. Badgley			%	%
Neal J. Suit			%	%
			%	%
All directors and executive officers as a group ([·] persons)			%	%

* Less than 1% of outstanding shares.

- (1) Kenneth E. Shipley, William Shipley and Douglas Shipley are brothers. The share ownership of each Shipley brother excludes the ownership of each other brother.
- (2) Includes [·] shares of common stock owned by Hodgson Ventures, a Texas limited partnership, of which Mr. Hodgson is the general partner, and [·] shares of common stock owned by the Hodgson 2015 Grandchild's Trust, of which Mr. Hodgson shares voting and investment power with respect to such shares.

DESCRIPTION OF CAPITAL STOCK

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

General

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

Upon closing of this offering, our authorized capital stock will consist of 100,000,000 shares of common stock with a \$0.001 par value per share, and 10,000,000 shares of preferred stock with a \$0.001 par value per share, all of which shares of preferred stock are undesignated. Our board of directors may establish the rights and preferences of the preferred stock from time to time. As of February 1, 2018, there were [·] shares of common stock issued and outstanding, held of record by [·] stockholders, and no shares of preferred stock issued or outstanding.

Common Stock

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

Holders of our common stock have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of our common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which we may designate and issue in the future.

Preferred Stock

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

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

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

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

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

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

No cumulative voting

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

Undesignated preferred stock.

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

Calling of special meetings of stockholders and action by written consent.

Our charter documents provide that a special meeting of stockholders may be called only by resolution adopted by our board of directors, chairman of the board of directors or chief executive officer or upon the written request of stockholders owning at least 33¹/₃% of the outstanding common stock. Stockholder owning less than such required amount may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

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

Requirements for advance notification of stockholder nominations and proposals.

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

Amendment of certificate of incorporation and bylaws.

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

Section 203 of the Delaware General Corporation Law

Upon completion of this offering, we will be subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, our board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances, but not the outstanding voting stock owned by the interested stockholder; or
- At or after the time the stockholder became interested, the business combination was approved by our board of directors and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.
- Section 203 defines a business combination to include:
 - any merger or consolidation involving the corporation and the interested stockholder;
 - any sale, transfer, lease, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
 - subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
 - subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; and

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

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

Choice of Forum

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

Limitations of Liability and Indemnification

See "Certain Relationships and Related Transactions—Indemnification of Directors and Officers."

Exchange Listing

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

Transfer Agent and Registrar

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

SHARES ELIGIBLE FOR FUTURE SALE

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

We will have [·] shares of common stock outstanding immediately after the completion of this offering based on the number of shares outstanding on February 1, 2018 and assuming no exercise of outstanding options after such date (or [·] shares if the underwriter exercises its over-allotment option to purchase additional shares in full). Of those shares, the [·] shares of common stock sold in the offering (or [·] shares if the underwriter exercises its over-allotment option to purchase additional shares in full) will be freely transferable without restriction, unless purchased by persons deemed to be our "affiliates" as that term is defined in Rule 144 under the Securities Act. Any shares purchased by an affiliate may not be resold except pursuant to an effective registration statement or an applicable exemption from registration, including an exemption under Rule 144 promulgated under the Securities Act. The remaining [·] shares of common stock to be outstanding immediately following the completion of this offering are "restricted," which means they were originally sold in offerings that were not registered under the Securities Act. Restricted shares may be sold through registration under the Securities Act or under an available exemption from registration, such as provided through Rule 144, which rules are summarized below. Taking into account the lock-up agreements described below, and assuming the underwriter does not release any stockholders from the lock-up agreements, the restricted shares of our common stock will be available for sale in the public market as follows:

- [·] shares will be eligible for sale immediately upon completion of this offering;
- [·] shares will become eligible for sale, subject to the provisions of Rule 144 or Rule 701, upon the expiration of lock-up agreements not to sell such shares entered into between the underwriter and such stockholders beginning 180 days after the date of this prospectus; and
- [·] additional shares will be eligible for sale from time to time thereafter upon expiration of their respective six-month holding periods.

Rule 144

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

- 1% of the number of shares of common stock then outstanding ([·] shares immediately after this offering or [·] shares if the underwriter's over-allotment option to purchase additional shares is exercised in full); or
- the average weekly trading volume of our common stock on The Nasdaq during the four calendar weeks immediately preceding the date on which the notice of sale is filed with the SEC.
- Subject to the lock-up agreements described above, our affiliates who have beneficially owned shares of our common stock for at least six months, including the holding period of any prior owner other than one of our affiliates, will be entitled to sell within any three-month period a number of shares that does not exceed the greater of:
- 1% of the number of shares of our common stock then outstanding, which will equal approximately [·] shares immediately after this offering; and

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

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

Form S-8 Registration Statement

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

Rule 701

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

Lock-Up Agreements

All of the executive officers and directors and all of our stockholders have agreed that, without the prior written consent of the underwriter, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exercisable or exchangeable for our common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock;

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

UNDERWRITING

The underwriter named below has agreed to buy, subject to the terms of the underwriting agreement, the number of shares of common stock listed opposite its name below. The underwriter is committed to purchase and pay for all of the shares if any are purchased, other than those shares covered by the over-allotment option described below. _____ is the sole book-running manager for the offering.

<u>Underwriter</u>	<u>Number of Shares</u>
Total	

The underwriter has advised us that it proposes to offer the shares of common stock to the public at a price of \$[] per share. The underwriter proposes to offer the shares of common stock to certain dealers at the same price less a concession of not more than \$[] per share. After the offering, these figures may be changed by the underwriter.

The shares sold in this offering are expected to be ready for delivery against payment in immediately available funds on or about [], 2018, subject to customary closing conditions. The underwriter may reject all or part of any order.

We have granted to the underwriter an option to purchase up to an additional [] shares of common stock from us at the same price to the public, and with the same underwriting discount, as set forth in the table below. The underwriter may exercise this option any time during the 30-day period after the date of this prospectus, but only to cover over-allotments, if any. To the extent the underwriter exercises the option, the underwriter will become obligated, subject to certain conditions, to purchase the shares for which it exercises the option.

Commissions and Discounts

The table below summarizes the underwriting discounts that we will pay to the underwriter. These amounts are shown assuming both no exercise and full exercise of the over-allotment option. In addition to the underwriting discount, we have agreed to pay up to \$[] of the fees and expenses of the underwriter, which may include the fees and expenses of counsel to the underwriter. Except as disclosed in this prospectus, the underwriter has not received and will not receive from us any other item of compensation or expense in connection with this offering considered by FINRA to be underwriting compensation under FINRA Rule 5110. The underwriting discount was determined through an arms' length negotiation between us and the underwriter.

	<u>Per Share</u>	<u>Total with No Over-Allotment</u>	<u>Total with Over-Allotment</u>
Underwriting discount to be paid by us	\$	\$	\$

We estimate that the total expenses of this offering, excluding underwriting discounts, will be approximately \$[]. This includes \$[] of fees and expenses of the underwriter. These expenses are payable by us.

Indemnification

We also have agreed to indemnify the underwriter against certain liabilities, including civil liabilities under the Securities Act or to contribute to payments that the underwriter may be required to make in respect of those liabilities.

No Sales of Common Stock

We, each of our directors and officers and certain of our stockholders have agreed not to offer, sell, agree to sell, directly or indirectly, or otherwise dispose of any shares of common stock or any securities convertible into or exchangeable for shares of common stock without the prior written consent of the underwriter for a period of 180 days after the date of this prospectus. These lock-up agreements provide limited exceptions and their restrictions may be waived at any time by the underwriter.

Determination of Offering Price

The underwriter has advised us that it proposes to offer the shares directly to the public at the estimated initial public offering price range set forth on the cover page of this preliminary prospectus. That price range and the initial public offering price are subject to change as a result of market conditions and other factors. Prior to this offering, no public market exists for our common stock. The initial public offering price of the shares was determined by negotiation between us and the underwriter. The principal factors considered in determining the initial public offering price of the shares included:

- the information in this prospectus and otherwise available to the underwriter, including our financial information;
- the history and the prospects for the industry in which we compete;
- the ability and experience of our management;
- the prospects for our future earnings;
- the present state of our development and our current financial condition;
- the general condition of the economy and the securities markets in the United States at the time of this initial public offering;
- the recent market prices of, and the demand for, publicly-traded securities of generally comparable companies; and
- other factors as were deemed relevant.

We cannot be sure that the initial public offering price will correspond to the price at which the shares of common stock will trade in the public market following this offering or that an active trading market for the shares of common stock will develop or continue after this offering.

Price Stabilization, Short Positions and Penalty Bids

To facilitate this offering, the underwriter may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock during and after the offering. Specifically, the underwriter may create a short position in our common stock for its own accounts by selling more shares of common stock than we have sold to the underwriter. The underwriter may close out any short position by purchasing shares in the open market.

In addition, the underwriter may stabilize or maintain the price of our common stock by bidding for or purchasing shares in the open market and may impose penalty bids. If penalty bids are imposed,

selling concessions allowed to broker-dealers participating in this offering are reclaimed if shares previously distributed in this offering are repurchased, whether in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of our common stock at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of our common stock to the extent that it discourages resales of our common stock. The magnitude or effect of any stabilization or other transactions is uncertain. These transactions may be effected on The Nasdaq Capital Market or otherwise and, if commenced, may be discontinued at any time.

In connection with this offering, the underwriter and selling group members may also engage in passive market making transactions in our common stock on The Nasdaq Capital Market. Passive market making consists of displaying bids on The Nasdaq Capital Market limited by the prices of independent market makers and effecting purchases limited by those prices in response to order flow. Rule 103 of Regulation M promulgated by the SEC limits the amount of net purchases that each passive market maker may make and the displayed size of each bid. Passive market making may stabilize the market price of our common stock at a level above that which might otherwise prevail in the open market and, if commenced, may be discontinued at any time.

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

Electronic Offer, Sale and Distribution of Shares

The underwriter or syndicate members may facilitate the marketing of this offering online directly or through one of their respective affiliates. In those cases, prospective investors may view offering terms and a prospectus online and place orders online or through their financial advisors. Such websites and the information contained on such websites, or connected to such sites, are not incorporated into and are not a part of this prospectus.

Other Relationships

The underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriter has in the past, and may in the future, engage in investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. The underwriter has in the past, and may in the future, receive customary fees and commissions for these transactions.

In the ordinary course of their various business activities, the underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that it acquires, long and/or short positions in such securities and instruments.

Listing

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

Transfer Agent and Registrar

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

Selling Restrictions

Canada

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

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

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

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each a Relevant Member State, an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

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

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

United Kingdom

The underwriter has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or FSMA) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

Switzerland

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

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

Australia

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

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

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

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

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

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

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

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

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for the issuer by Olshan Frome Wolosky LLP, New York, New York.

EXPERTS

The consolidated financial statements of Legacy Housing, Ltd., as of December 31, 2016 and 2017, and for each of the two years in the period ended December 31, 2017, appearing in this prospectus and registration statement have been audited by Montgomery Coscia Greulich LLP, independent registered public accounting firm, as set forth in their report thereon appearing herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

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

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

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

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MONTGOMERY COSCIA GREILICH LLP

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INDEPENDENT AUDITOR'S REPORT

To the Partners of
Legacy Housing, Ltd.

We have audited the accompanying consolidated balance sheets of Legacy Housing, Ltd. (the "Partnership") as of December 31, 2016 and 2015, and the related consolidated statements of operations, partners' capital, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Partnership is not required to have an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Legacy Housing, Ltd. as of December 31, 2016 and 2015, and the consolidated results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

MONTGOMERY COSCIA GREILICH LLP

Plano, Texas

July 26, 2017

2500 Dallas Parkway, Suite 300
Plano, Texas 75093

300 Throckmorton Street, Suite 520
Fort Worth, Texas 76102

2901 Via Fortuna, Building 6, Suite 550
Austin, Texas 78776



LEGACY HOUSING, LTD.
CONSOLIDATED BALANCE SHEET

	<u>As of December 31, 2016</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,009,311
Accounts receivable, net of allowance for doubtful accounts of \$105,085 and \$94,315, in 2016 and 2015, respectively	1,286,187
Portfolio loans receivable, current	3,591,078
Notes receivable from mobile home parks, current	7,956,738
Advances to dealers, net of allowance for estimated losses of \$25,564 and \$19,983, in 2016 and 2015, respectively	674,661
Inventories, net	37,898,918
Repossessed portfolio loans related inventory, net of allowance for estimated losses of \$836,437 and \$1,139,446 in 2016 and 2015 respectively	2,467,900
Prepaid expenses and other current assets	2,092,029
Total current assets	56,976,822
PROPERTY, PLANT AND EQUIPMENT, net	11,205,579
PORTFOLIO LOANS RECEIVABLE, net	68,498,515
NOTES RECEIVABLE FROM MOBILE HOME PARKS, net	39,324,545
OTHER NON-CURRENT ASSETS, net	359,694
Total assets	\$ 176,365,155
LIABILITIES AND PARTNERS' CAPITAL	
CURRENT LIABILITIES	
Accounts payable	\$ 4,384,411
Accrued liabilities	5,043,767
Note payable to Captives	1,500,000
Escrow liability	3,157,713
Line of credit Revolver 1	27,561,349
Current portion of notes payable	246,933
Total current liabilities	41,894,173
LONG-TERM LIABILITIES	
Line of credit Revolver 2	12,000,000
Notes payable, net of current portion	4,169,795
Dealer portfolio positions	5,340,375
Total liabilities	63,404,343
PARTNERS' CAPITAL	
Legacy Housing Ltd.	111,900,502
Non-controlling interest	1,060,310
Total capital	112,960,812
Total liabilities and capital	\$ 176,365,155

The accompanying notes are an integral part of these consolidated financial statements

LEGACY HOUSING, LTD.

CONSOLIDATED STATEMENT OF OPERATIONS

	<u>Year Ended</u> <u>December 31,</u> <u>2016</u>
NET REVENUES	\$ 113,728,016
COST OF REVENUES	84,170,393
Gross profit	29,557,623
OPERATING EXPENSES	
Selling, general & administrative expenses	11,029,652
Provision for loan losses	908,641
	<u>11,938,293</u>
INCOME FROM OPERATIONS	17,619,330
OTHER INCOME (EXPENSE)	
Non-operating interest income	214,490
Interest expense	(172,990)
Other income, net	51,958
Realized gain on investments	—
Gain on early settlement of dealer portfolio positions	66,430
Total other income	<u>159,887</u>
Income before state income tax expense	17,779,217
STATE INCOME TAX EXPENSE	(209,191)
NET INCOME	<u>\$ 17,570,026</u>

The accompanying notes are an integral part of these consolidated financial statements

LEGACY HOUSING, LTD.**CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' CAPITAL****YEAR ENDED DECEMBER 31, 2016**

	<u>Legacy Housing, Ltd.</u>	<u>Non-Controlling interest</u>	<u>Total Capital</u>
BALANCES, DECEMBER 31, 2015	101,235,180	1,060,310	102,295,490
Distributions	(6,904,704)	—	(6,904,704)
Net income	17,570,026	—	17,570,026
BALANCES, DECEMBER 31, 2016	<u>\$ 111,900,501</u>	<u>\$ 1,060,310</u>	<u>\$ 112,960,812</u>

The accompanying notes are an integral part of these consolidated financial statements

LEGACY HOUSING, LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 17,570,026
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation and amortization expense	593,360
Realized gain on investments	—
Gain on derivative related activity	(26,351)
Gain on early settlement of dealer portfolio positions	—
Provisions for loan losses and estimated credit losses	926,087
Provision for slow moving inventory	(90,408)
Changes in operating assets and liabilities:	
Accounts receivable	2,808,195
Portfolio loans receivable	(16,503,582)
Notes receivable from mobile home parks	(2,837,885)
Advances to dealers	57,801
Inventories	(3,297,252)
Repossessed portfolio loans related inventory	204,530
Promissory notes receivable	(1,563,518)
Prepaid expenses and other current assets	333,331
Other non-current assets	
Accounts payable	(2,141,405)
Accrued liabilities	(420,102)
Escrow liability	1,168,575
Dealer portfolio positions	1,208,688
Net cash provided by operating activities	(2,009,910)
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash paid for purchases of property, plant and equipment	(2,183,683)
Proceeds from the sale of investments	—
Net cash used in investing activities	(2,183,683)
CASH FLOWS FROM FINANCING ACTIVITIES	
Partner distributions	(6,904,704)
Proceeds from line of credit Revolver 1	40,766,882
Payments on line of credit Revolver 1	(42,740,538)
Proceeds from line of credit Revolver 2	12,000,000
Proceeds from note payable	515,000
Principal payments on note payable	(220,966)
Principal payments on notes payable to Captives	1,500,000
Net cash used in financing activities	4,915,674
NET INCREASE IN CASH AND CASH EQUIVALENTS	722,081
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	287,230
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,009,311
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
CASH PAID FOR INTEREST	\$ 1,200,145
CASH PAID FOR TAXES	\$ 105,443

The accompanying notes are an integral part of these consolidated financial statements

LEGACY HOUSING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. NATURE OF OPERATIONS

Legacy Housing, Ltd. (the "Partnership") is a Texas limited partnership formed in May 2005 and headquartered in Fort Worth, Texas. The Partnership (1) builds and provides for the transport of mobile homes, (2) provides wholesale financing to dealers and mobile home parks and (3) provides retail financing to consumers. The Partnership manufactures its mobile homes at plants located in Fort Worth, Texas, Commerce, Texas and Eatonton, Georgia and finances its mobile homes through its consignment division. The Partnership relies on a network of dealers to market and sell its mobile homes. The Partnership also sells homes directly to dealers and mobile home parks. The Partnership will be dissolved upon an event of dissolution as stated in the partnership agreement, or December 31, 2103.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Partnership's consolidated financial statements include the accounts of Legacy Housing, Ltd., and its general partner GPLH, LLC ("GPLH"), a variable interest entity. The Partnership determined it was the primary beneficiary of GPLH based on the power it maintained to direct the activities of GPLH, through common ownership with the Partnership, and the implicit obligation it had to extend financial support to GPLH. GPLH did not have operating activities during the year ended December 31, 2016. The Partnership has no ownership interest in GPLH and accordingly, the capital accounts of GPLH have been presented as a non-controlling interest in the accompanying consolidated financial statements.

All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Partnership considers all cash and highly liquid investments with an original maturity of three months or less to be cash equivalents. The Partnership maintains cash balances in bank accounts that may, at times, exceed federally insured limits. The Partnership has not incurred any losses from such accounts and management considers the risk of loss to be minimal.

Accounts Receivable

Included in accounts receivable are receivables for direct sales of mobile homes to customers, interest receivables, receivables from the sales of parts and supplies to customers, and advances to dealers. Advances to dealers enable the dealers to acquire mobile homes on the secondary market and are charged interest until the advance is repaid, which generally occurs when the acquired mobile home is sold by the dealer.

Accounts receivable are subject to normal industry risk and the Partnership provides for reserves against accounts receivable for estimated losses that may result from a customer's inability to pay the amounts owed. The Partnership provides for estimated uncollectible accounts receivable balances through a charge to earnings and a credit to a valuation allowance.

LEGACY HOUSING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Portfolio Loans Receivable

Portfolio loans receivable result from financing transactions entered into with retail buyers of mobile homes sold through retail dealers. Portfolio loans receivable generally consist of the sales price and any additional financing fees, less the customer's down payment. Interest income is recognized monthly as payments come due. The average contractual interest rate per loan was 13.9% as of December 31, 2016. Portfolio loans receivable have maturities that range from 5 to 25 years.

Loan applications go through an underwriting process which considers credit history to evaluate credit risk. Interest rates on approved loans are determined by a buyer's credit score and down payment amount. The Partnership uses payment history to monitor the credit quality of the portfolio loans on an ongoing basis.

The Partnership assesses the collectability of loans on a loan by loan basis to determine if formal foreclosure proceedings are necessary. The total principal balance of portfolio loans for which the Partnership has begun formal foreclosure proceedings was \$1,224,769 at December 31, 2016.

Allowance for Loan Losses

The Partnership has established an allowance for loan losses for portfolio loans receivable. The policy for determining the allowance is based on current economic conditions that may affect the borrower's ability to pay and historical loss experience. The Partnership believes allowances are adequate to absorb any known or probable losses. Payments not collected on or before their scheduled payment date, generally monthly, are considered past due. The Partnership will charge off a loan once it is determined to be uncollectible. At the time of charge off, the Partnership will estimate the loss based on the estimated fair value of the related collateral for the loan.

The Partnership's policy is to place a portfolio loan on nonaccrual status when either principal or interest is past due and remains unpaid for 90 days or more. Payments received on nonaccrual portfolio loans are accounted for on a cash basis, first to interest and then to principal. The accrual of interest resumes when the past due principal or interest payments are brought within 90 days of current. Due to management's judgment in setting the allowance for loan losses, the principal balance of portfolio loans on nonaccrual status does not directly represent the balance in allowance for loan losses. Total principal outstanding for portfolio loans on nonaccrual status was \$1,290,431 as of December 31, 2016.

Notes Receivable from Mobile Home Parks

The notes receivable from mobile home parks ("MHP Notes") relate to mobile homes sold to mobile home parks financed through notes receivable. The notes have varying maturity dates and call for monthly principal and interest payments. The MHP Notes are collateralized by the mobile homes being financed and are typically personally guaranteed by the borrowers. The interest rate on the MHP Notes are typically set at 4.0% above prime with a minimum of 8.0%. The Partnership reserves for estimated losses on the MHP Notes based on current economic conditions that may affect the borrower's ability to pay, the borrower's financial strength, and historical loss experience. The allowance for loan losses on MHP Notes was \$50,573 at December 31, 2016.

LEGACY HOUSING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Inventories**

Inventories are stated at the lower of cost or market, with cost determined as follows: raw material costs are determined using standard costs which are updated periodically for actual costs. Purchased finished goods inventory is carried at purchased cost and is tracked using the specific identification method. The cost of manufactured finished goods inventory is determined using the retail inventory method adapted for specific circumstances of the Partnership. Manufacturing costs include costs of materials, labor and manufacturing overhead. The Partnership records repossessed homes as part of inventory on the repossession date at the lower of the principal balance outstanding on the related loan or at fair market value.

The Partnership regularly evaluates slow-moving inventory based on the age and market value of comparable units. The Partnership determined a reserve for slow moving inventory was not necessary for finished goods inventory. Dealers pay freight costs to receive consigned inventory and annual carrying charges as an incentive to sell these units.

An aging of finished goods inventory as of December 31, 2016 was as follows:

	<u>2016</u>
Aged less than 1 year	\$ 20,106,829
More than 1 but less than 2	5,181,833
More than 2 but less than 3	1,921,062
More than 3 but less than 4	313,432
More than 4 but less than 5	—
More than 5 years	22,181
	<u>\$ 27,545,337</u>

Property, Plant, and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of each asset. Estimated useful lives for significant classes of assets are as follows: buildings and improvements, 30 to 39 years; vehicles, 5 years; machinery and equipment, 7 years; and furniture and fixtures, 7 years. Repair and maintenance charges are expensed as incurred. Expenditures for major renewals or betterments which extend the useful lives of existing property, plant and equipment are capitalized and depreciated.

Impairment of Long-Lived Assets

The Partnership reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Assets are grouped at the lowest level in which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. In such cases, if the future undiscounted cash flows of the underlying assets are less than the carrying amount, then the carrying amount of the long-lived asset will be adjusted for impairment to a level commensurate with a discounted cash flow analysis of the underlying asset or its

LEGACY HOUSING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

determinable fair value. No impairment for long-lived assets was recorded for the year ended December 31, 2016.

Dealer Portfolio Positions

The dealer portfolio positions balance represents obligations to dealers payable in the future for deferred profits on homes sold by the dealers and amounts representing compensation for assisting with collection efforts on the portfolio loans. The payments on the obligation begin after the Partnership has recovered its contribution to the portfolio loan. The Partnership's contribution amount is reduced by payments received on the portfolio loans.

PRODUCT WARRANTIES

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

A tabular presentation of the activity within the warranty reserve account for the year ended December 31, 2016 is presented below:

	<u>2016</u>
Warranty reserve, beginning of period	\$ —
Product warranty accrued	2,780,255
Warranty costs incurred	<u>(2,413,793)</u>
Warranty reserve, end of period	<u>\$ 366,462</u>

Fair Value of Financial Instruments

The Partnership's financial instruments consist primarily of cash and cash equivalents, accounts receivable, advances to dealers, portfolio loans, MHP Notes, accounts payable, lines of credit, notes payable and dealer portfolio positions.

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate their respective fair values because of the short-term maturities or expected settlement dates of these instruments. The advances to dealers, portfolio loans, MHP Notes and notes payable have interest rates which reflect market rates and their fair value approximates their carrying value. The lines of credit have variable rates of interest, which reflect current market rates of interest and their fair values approximates their carrying amounts.

It was not practical for the Partnership to estimate the fair value of dealer portfolio positions. The Partnership has not developed a working model nor experienced enough payment history to evaluate this liability on a fair value basis.

LEGACY HOUSING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

The Partnership expenses all advertising and marketing expenses in the period incurred. Advertising costs for the year ended December 31, 2016 was \$665,307.

Fair Value Measurements

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

- | | |
|-----------|---|
| Level I | Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives. |
| Level II | Significant observable inputs other than quoted prices in active markets for which inputs to the valuation methodology include: (1) Quoted prices for similar assets or liabilities in active markets; (2) Quoted prices for identical or similar assets or liabilities in inactive markets; (3) Inputs other than quoted prices that are observable; (4) Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability. |
| Level III | Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. |

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

The Partnership uses derivatives to manage risks related to interest rate movements. The Partnership does not enter into derivative contracts for speculative purposes. Interest rate swap contracts are recognized as assets or liabilities on the consolidated balance sheets and are measured at fair value. The fair value was calculated and provided by the lender, a Level II input source per ASC 820-10, *Fair Value Measurement*. Management reviewed the fair values for the instruments as provided by the lender and determined the related liability to be an accurate estimate of future losses to the Partnership.

Revenue Recognition

Revenue from mobile homes sold to independent dealers is generally recognized when the home is shipped and collectability is reasonably assured. Homes sold to independent dealers are generally paid for prior to shipment or financed by the independent dealer through standard industry arrangements.

LEGACY HOUSING, LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****DECEMBER 31, 2016****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Retail sales made by dealers that have a consignment agreement with the Partnership are recognized when the Partnership receives full payment for direct sales and upon execution of a loan contract for Partnership financed loans. Revenue is recognized net of sales taxes.

Revenue from purchased home sales is recognized when title passes to the purchaser, and the Partnership receives full payment.

Revenue from transportation services is recognized when the service is performed, and the Partnership receives full payment.

Interest income on advances to dealers, MHP Notes and portfolio loans are recognized on an accrual basis. Prepaid financing charges received on portfolio loans are deferred and recognized in interest income over the life of the loan.

The major classes of revenues for the year ended December 31, 2016 were as follows:

	<u>2016</u>
Manufactured homes revenue	\$ 91,810,821
Purchased homes revenue	7,276,497
Transportation revenue	876,673
Interest income	13,760,950
Net revenues	<u>\$ 113,724,941</u>

Shipping and Handling Costs

Shipping and handling costs for transportation revenues and products sold are recognized as a component of cost of revenues and were \$1,702,113 for the year ended December 31, 2016.

Use of Estimates

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

LEGACY HOUSING, LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****DECEMBER 31, 2016****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Income Taxes**

The Partnership is a Texas limited partnership and is not a taxpaying entity for federal income tax purposes. As a result, no federal income tax expense has been recorded. The Partnership's annual tax income or loss is allocated to individual partners for reporting on their own individual federal tax returns. The Partnership is subject to certain state and local taxes.

The Partnership applies ASC 740-10, *Income Taxes*, in establishing standards for accounting for uncertain tax positions. The Partnership evaluates uncertain tax positions with the presumption of audit detection and applies a "more likely than not" standard to evaluate the recognition of tax benefits or provisions. ASC 740-10, *Income Taxes*, applies a two-step process to determine the amount of tax benefits or provisions to record in the consolidated financial statements. The Partnership first determines whether any amount may be recognized and then determines how much of a tax benefit or provision should be recognized. As of December 31, 2016, the Partnership had no uncertain tax positions.

CONCENTRATIONS

Financial instruments that potentially subject the Partnership to concentrations of credit risk are accounts receivable, advances to dealers, portfolio loans, and notes receivable from mobile home parks. Management believes that its credit policies are adequate to minimize potential credit risk related to accounts receivable. The portfolio loans are secured by the mobile homes that were financed through the loan. The MHP Notes are secured by mobile homes and other assets. For the year ended December 31, 2016, two customers represented approximately 33% of MHP Notes.

3. PORTFOLIO LOANS RECEIVABLE

Portfolio loans, net of allowance for loan losses and deferred financing fees, consisted of the following at December 31, 2016:

	<u>2016</u>
Portfolio loans receivable	\$ 79,219,928
Deferred financing fees, net	(713,093)
Allowance for loan losses	<u>(6,417,242)</u>
Portfolio loans receivable, net	<u>\$ 72,089,593</u>

LEGACY HOUSING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2016

3. PORTFOLIO LOANS RECEIVABLE (Continued)

The principal balance outstanding on the portfolio loans and the expected principal collections for the next five years and thereafter were as follows as of December 31, 2016:

2017	\$ 3,591,078
2018	3,666,885
2019	4,102,291
2020	4,492,847
2021	4,829,151
Thereafter	58,537,676
	<u>\$ 79,219,928</u>

The allowance for loan losses and net charge off activity consisted of the following at December 31, 2016:

	2016
Allowance Activity:	
Allowance for loan losses, beginning of period	\$ —
Provision for loan losses	1,468,314
Net charge-offs	(313,649)
Allowance for loan losses, end of period	<u>\$ 1,154,665</u>

A detailed aging of portfolio loans receivable that are past due as of December 31, 2016 were as follows:

	2016	%
Total portfolio loans receivable	<u>\$ 79,219,928</u>	<u>100.0</u>
Past due portfolio loans:		
31 - 60 days past due	\$ 518,475	0.6
61 - 120 days past due	881,333	1.1
121 - 180 days past due	279,388	0.4
Greater than 180 days past due	213,736	0.3
Total past due	<u>\$ 1,892,932</u>	<u>2.4</u>

LEGACY HOUSING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2016

4. NOTES RECEIVABLE FROM MOBILE HOME PARKS

The principal balance outstanding on the MHP Notes and the expected collections for the next five years and thereafter were as follows as of December 31, 2016:

2017	\$ 7,956,738
2018	8,140,613
2019	5,434,170
2020	5,227,240
2021	5,125,460
Thereafter	15,397,062
	<u>\$ 47,281,283</u>

5. INVENTORIES

Inventories consisted of the following at December 31, 2016:

	<u>2016</u>
Raw materials	\$ 9,509,947
Work in progress	360,115
Finished goods	27,545,337
Land and homes	103,049
	<u>37,518,448</u>
Less allowance for slow moving inventory	(38,346)
Net	<u>\$ 37,480,102</u>

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at December 31, 2016:

	<u>2016</u>
Land	\$ 3,019,844
Buildings and leasold improvements	8,365,297
Vehicles	1,035,772
Machinery and equipment	2,435,353
Furniture and fixtures	134,159
	<u>14,990,425</u>
Less accumulated depreciation	(3,784,846)
	<u>\$ 11,205,579</u>

Depreciation expense was \$576,190 with \$190,988 included as a component of cost of revenues for the year ended December 31, 2016.

LEGACY HOUSING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2016

7. OTHER NON-CURRENT ASSETS

Other non-current assets includes prepaid rent. Net prepaid rent was \$359,694 at December 31, 2016. The prepaid rent is being amortized on a straight line basis over 19 years and 10 months, the life of the lease. Amortization of prepaid rent was \$25,210 for the year ended December 31, 2016.

8. ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31, 2016:

	<u>2016</u>
Warranty reserve	\$ 2,125,685
Litigation reserve	425,000
Payroll related liabilities	—
Derivative liabilities	13,986
Credit card liabilities	215,779
Customer deposits	1,106,664
Other accrued liabilities	1,156,653
	<u>\$ 5,043,767</u>

9. DEBT**Lines of Credit****Revolver 1**

The Partnership has a revolving line of credit ("Revolver 1") with Capital One, N.A. with a maximum credit limit of \$35,000,000 at December 31, 2016. For the year ended December 31, 2016, Revolver 1 accrued interest at one month LIBOR plus 2.00%. The interest rates in effect as of December 31, 2016 was 2.77%. Amounts available under Revolver 1 are subject to a formula based on eligible portfolio loans and MHP Notes and are secured by all accounts receivable and a percentage of the portfolio loans receivable and MHP Notes. The amount of available credit under Revolver 1 was \$7,438,651 at December 31, 2016. The Partnership was in compliance with all required covenants as of December 31, 2016.

On May 12, 2017, subsequent to the consolidated balance sheet date, Revolver 1 was amended to extend the maturity date to May 11, 2020 and increase the maximum borrowing availability to \$45,000,000.

Revolver 1 is subject to an unused facility fee of 0.25% per annum of the unused balance. Revolver 1 is subject to a lock-box arrangement with the lender and in accordance with ASC 470-10-45, *Classification of Debt*, the Partnership classified Revolver 1 as a current liability in the consolidated balance sheet.

Revolver 2

In April of 2016, the Partnership entered into an agreement with Veritex Community Bank to secure an additional revolving line of credit of \$15,000,000 ("Revolver 2"). Revolver 2 accrues interest

LEGACY HOUSING, LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****DECEMBER 31, 2016****9. DEBT (Continued)**

at one month LIBOR plus 2.25% and all unpaid principal and interest is due at maturity on April 3, 2019. Revolver 2 is secured by all finished goods inventory excluding repossessed portfolio loans related inventory. Amounts available under Revolver 2 are subject to a formula based on eligible inventory. The amount of available credit under Revolver 2 was \$3,000,000 at December 31, 2016. The Partnership was in compliance with all required covenants as of December 31, 2016.

Interest incurred under Revolver 1 is considered a cost of financing portfolio loans receivable, MHP Notes and other financing receivables and interest incurred under Revolver 2 is considered a cost associated with the consignment fee revenues received from dealers for holding inventory on their lots. Accordingly, the Partnership included interest incurred under Revolver 1 and Revolver 2 in cost of revenues on the consolidated statement of operations. For the year ended December 31, 2016, interest expense included as a component of cost of revenues was \$1,071,120.

Notes Payable

On April 7, 2011, the Partnership signed a promissory note for \$4,830,000 with Woodhaven Bank. The amount due under the promissory note accrues interest at an annual rate of 3.85% through February 2, 2017 and then at the prime interest rate plus 0.60% through maturity on April 7, 2018. The promissory note calls for monthly principal and interest payments of \$29,706 with a final payment due at maturity of \$3,676,651. The note is secured by certain real property of the Partnership. The balance outstanding on the note payable at December 31, 2016 was \$3,924,059.

On May 24, 2016, the Partnership signed a promissory note for \$515,000 with Eagle One, LLC collateralized by the purchase of real property located in Oklahoma City, Oklahoma. The amount due under the promissory note accrues interest at an annual rate of 6.00%. The promissory note calls for monthly principal and interest payments of \$5,718 until June 1, 2026. The balance outstanding on the note payable at December 31, 2016 was \$492,669.

Future minimum principal payments on the notes payable at December 31, 2016 were as follows:

2017	\$ 246,933
2018	3,756,237
2019	45,022
2020	47,799
2021	50,747
Thereafter	269,990
	<u>\$ 4,416,728</u>

Note Payable to Captive

On February 2, 2016, the Partnership entered into a \$1,500,000 note payable agreement with stated annual interest rates of 3.75% with a captive insurance company (the "Captive") which is a related party through common ownership. The note is due on demand. Interest paid on the note payable to the Captive was \$48,688 for the period ended December 31, 2016. The balance outstanding on the note payable to the Captive at December 31, 2016 was \$1,500,000.

LEGACY HOUSING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2016

9. DEBT (Continued)

PILOT Agreement

In December of 2016, the Partnership entered into a Payment in Lieu of Taxes ("PILOT") agreement commonly offered in Georgia by local community development programs to encourage industry development. The net effect of the PILOT agreement is to provide the Partnership with incentives through the abatement of local, city and county property taxes and to provide financing for improvements to the Partnership's Georgia plant (the "Project"). In connection with the PILOT agreement, the Putman County Development Authority provides a credit facility for up to \$10,000,000 which can be drawn upon to fund Project improvements and capital expenditures as defined in the agreement. If funds are drawn, the Partnership would pay transactions costs and debt service payments. The PILOT agreement requires interest payments of 6.00% per annum on outstanding balances which is due each December 1st through maturity on December 1, 2021 at which time all unpaid principal and interest are due. The PILOT agreement is collateralized by the assets of the Project. As of December 31, 2016, the Partnership had not drawn on this credit facility.

10. DERIVATIVES

On February 2, 2012, the Partnership entered into a master interest rate swap agreement. The Partnership elected not to designate the interest rate swap agreements as cash flow hedges and therefore, gains or losses on the agreements as well as the other offsetting gains or losses on the hedged items attributable to the hedged risk are recognized in current earnings. ASC 815-10, *Derivatives and Hedging*, requires derivative instruments to be measured at fair value and recorded in the statements of financial position as either assets or liabilities. The fair values of the interest rate swap agreements are included in accrued liabilities and were \$13,986 at December 31, 2016. Included in the consolidated statements of operations for the year ended December 31, 2016 were gains of \$26,352 which are the result of the changes in the fair values of the interest rate swap agreements.

The Partnership entered into interest rate swap agreements with Capital One Bank to fix the variable rate portion for \$5,000,000 of the line of credit to an average fixed rate of 1.16%. The interest rate swap agreements mature at various dates through December 1, 2017.

11. PARTNERS' CAPITAL

Capital accounts have been established for each partner and are maintained according to the partnership agreement. Each partner's capital account is increased for the fair value of the partner's contributions, the partner's share of profits, and the amount of any Partnership liabilities assumed by the partner. Each partner's capital account is decreased for the fair value of any property distributed, the partner's share of losses, and the amount of any Partnership liabilities assumed by the partner.

All net profits and losses are allocated to each partner pro rata in accordance with each partner's respective partnership interest during the period over which such profits and losses were accrued. Any Partnership losses which cannot be allocated to the remaining partners without creating a negative capital account shall be allocated to the remaining partners in proportion to their capital accounts until all partners have a capital account of zero. Net losses allocated when all partners have a capital account of zero shall be allocated proportionately among the partners according to their respective partnership interests. GPLH may make cash or in-kind property distributions to the partners on a pro

LEGACY HOUSING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2016

11. PARTNERS' CAPITAL (Continued)

rata or non pro rata basis in its sole, absolute, unlimited, and non-reviewable discretion. Prior to the distribution of in-kind property distributions, the difference between the established fair market value and the book value of the property to be distributed shall be adjusted by a credit or charge, as is appropriate, to the partner's interest. Upon distribution, the adjusted value shall be charged to the capital accounts of the partner or partners receiving the distribution.

12. RELATED PARTY TRANSACTIONS

Bell Mobile Homes ("BMH") is a company that purchases mobile homes from the Partnership. The owner of BMH is also a partner in the Partnership. Accounts receivable balances due from BMH were \$40,895 at December 31, 2016. Accounts payable balances due to BMH were \$53,892 at December 31, 2016. Sales revenues related to BMH for the year ended December 31, 2016 were \$2,321,393.

Shipley Bros, Ltd ("Shipley") is a company that purchases mobile homes from the Partnership. Certain owners of Shipley are also partners in the Partnership. Accounts receivable balances due from Shipley were \$67,957 at December 31, 2016. Mobile home sales revenues related to Shipley for the year ended December 31, 2016 were \$2,020,478.

13. LITIGATION

The Partnership is party to certain legal proceedings that arise in the ordinary course and are incidental to its business. Legal proceedings that affect the Partnership allege, among other things, breach of contract and warranty, product liability and personal injury. Although litigation is inherently uncertain, based on past experience and the information currently available, management does not believe that the current pending and threatened litigation or claims will have a material adverse effect on the Partnership's financial position, liquidity or results of operations.

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

14. SUBSEQUENT EVENTS

The Partnership has evaluated events or transactions occurring after December 31, 2016, the consolidated balance sheet date, through July 26, 2017, the date the consolidated financial statements were available to be issued, and identified no events or transactions not previously disclosed in these notes to the consolidated financial statements which would impact the consolidated financial statements for the year ended December 31, 2016.

Shares



Legacy Housing Corporation

Common Stock

PROSPECTUS

Sole Managing Underwriter

, 2018

Until _____, 2018 (25 days after the date of this prospectus), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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 Capital Market listing fee:

	Amount to be Paid
SEC registration fee	\$ *
FINRA filing fee	*
Nasdaq listing fee	*
Blue Sky fees and expenses	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous	*
Total	\$ *

* To be provided by amendment.

Each of the amounts set forth above, other than the registration fee and the FINRA filing fee, is an estimate.

ITEM 14. Indemnification of Directors and Officers

Effective as of 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 underwriter 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 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 will be involved in the issuance.

ITEM 16. Exhibits and Financial Statement Schedules

Exhibit Number	Description
1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of Legacy Housing Corporation.
3.2	Amended and Restated Bylaws of Legacy Housing Corporation.
4.1	Specimen Common Stock Certificate.
5.1*	Opinion of Olshan Frome Wolosky LLP, as to the legality of the common stock.

<u>Exhibit Number</u>	<u>Description</u>
10.1†	2018 Incentive Compensation Plan.
10.2	Promissory Note, dated December 14, 2011, from Legacy Housing, Ltd. to Capital One, N.A.
10.3	Amended and Restated Promissory Note, dated December 12, 2013, from Legacy Housing, Ltd. to Capital One, N.A.
10.4	Second Amended and Restated Promissory Note, dated March 31, 2014, from Legacy Housing, Ltd. to Capital One, N.A.
10.5	Third Amended and Restated Promissory Note, dated May 12, 2017, from Legacy Housing, Ltd. to Capital One, N.A.
10.6	Fourth Amendment to Loan and Security Agreement, dated July 2015, between Legacy Housing, Ltd. and Capital One, N.A.
10.7	Amended and Restated Promissory Note, dated April 4, 2016, from Legacy Housing, Ltd. to Veritex Community Bank.
10.8	Promissory Note, dated April 7, 2011, from Legacy Housing, Ltd. to Woodhaven Bank Fossil Creek, a Branch of Woodhaven National Bank.
10.9	Promissory Note, dated May 24, 2016, from Legacy Housing, Ltd. to Eagle One, LLC.
10.10	Promissory Note, dated February 16, 2016, from Legacy Housing, Ltd. to DT Casualty Insurance Company Ltd.
14.1*	Code of Ethics.
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 Montgomery Coscia Greulich LLP, independent registered public accountants.
24.1*	Power of Attorney (set forth on signature page of the registration statement).

† Compensatory plan or agreement.

* To be filed by amendment.

(b) *Financial Statement Schedules*

All financial statement schedules are omitted because the information called for is not required or is shown either in the consolidated financial statements or in the notes thereto.

ITEM 17. Undertakings

The undersigned Registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriter 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 Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Bedford, State of Texas, on the _____ day of _____, 2018.

LEGACY HOUSING CORPORATION

By: _____

Name:

Title:

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Curtis D. Hodgson and Kenneth E. Shipley, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and to sign any registration statement for the same offering covered by the Registration Statement that is to be effective upon filing pursuant to Rule 462 promulgated under the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ Curtis D. Hodgson	Co-Chief Executive Officer and Director (<i>principal executive officer</i>)	, 2018
_____ Kenneth E. Shipley	Co-Chief Executive Officer and Director (<i>principal executive officer</i>)	, 2018
_____ Jeffrey V. Burt	Chief Financial Officer (<i>principal financial and accounting officer</i>)	, 2018
_____	Director	, 2018
_____	Director	, 2018
_____	Director	, 2018

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

LEGACY HOUSING CORPORATION

a Delaware corporation

Legacy Housing Corporation, a corporation organized and existing under the laws of the State of Delaware (the “**Corporation**”), hereby certifies as follows:

A. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware and effective on January 1, 2018.

B. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with Sections 242 and 245 of the Delaware General Corporation Law, as amended (the “**DGCL**”), and restates, integrates and further amends the provisions of the Corporation’s Certificate of Incorporation, and has been duly approved by the written consent of the stockholders of the Corporation in accordance with Section 228 of the DGCL.

C. The text of the Certificate of Incorporation of the Corporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I

The name of the corporation is Legacy Housing Corporation (the “Corporation”).

ARTICLE II

The registered office of the Corporation in the State of Delaware is to be located at 160 Greentree Drive, Suite 101, Dover, Delaware 19904, County of Kent. The registered agent at such address in charge thereof shall be National Registered Agents, Inc.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law, as amended (the “DGCL”).

ARTICLE IV

4.1 Authorized Capital Stock. The aggregate number of shares of capital stock that the Corporation is authorized to issue is 110 Million (110,000,000), of which 100 Million (100,000,000) shares are common stock having a par value of \$0.001 per share (the “Common Stock”), and 10 Million (10,000,000) shares are preferred stock having a par value of \$0.001 per share (the “Preferred Stock”).

4.2 Increase or Decrease in Authorized Capital Stock. The number of authorized shares of Preferred Stock or Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote generally in the election of directors,

irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), voting together as a single class, without a separate vote of the holders of the class or classes the number of authorized shares of which are being increased or decreased, unless a vote by any holders of one or more series of Preferred Stock is required by the express terms of any series of Preferred Stock as provided for or fixed pursuant to the provisions of Section 4.3 of this Article IV.

4.3 Preferred Stock.

(A) The Board of Directors of the Corporation (the “Board”) is hereby authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock from time to time in one or more series pursuant to a resolution or resolutions providing for such issuance duly adopted by the Board. The Board is further authorized, subject to limitations prescribed by law, to file a certificate of designation pursuant to the applicable law of the State of Delaware (any such certificate, a “Preferred Stock Designation”), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and the qualifications, limitations, and restrictions thereof. The authority of the Board with respect to each series shall include, but shall not be limited to and shall not require (unless otherwise required by applicable law), determination of the following:

(i) The designation of the series, which may be by distinguishing number, letter, or title;

(ii) The number of shares of the series, which number the Board may thereafter (except where otherwise provided in the applicable Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding);

(iii) The amounts payable on, and the preferences, if any, of, shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative;

(iv) The dates on which dividends, if any, shall be payable;

(v) The redemption rights and price or prices, if any, for shares of the series;

(vi) The terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;

(vii) The amounts payable on, and the preferences, if any, of, shares of the series in the event of any voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the Corporation;

(viii) Whether the shares of the series shall be convertible into or exchangeable for shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereto, the date or dates at which such shares shall be convertible or exchangeable, and all other terms and conditions upon which such conversion or exchange may be made;

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(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.

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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,

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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

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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

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claimant hereunder are paid by such other entity, the claimant's right to indemnification and advancement of expenses hereunder shall be reduced.

(F) Neither any amendment nor repeal of this Article VI, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article VI, shall eliminate or reduce the effect of this Article VI in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article VI, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VII

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under §291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under §279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

ARTICLE VIII

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (A) any derivative action or proceeding brought on behalf of the Corporation, (B) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of the Corporation to the Corporation or the Corporation's stockholders, (C) any action asserting a claim arising pursuant to any provision of the DGCL, or (D) any action asserting a claim governed by the internal affairs doctrine as such doctrine exists under the law of the State of Delaware.

ARTICLE IX

The Corporation reserves the right to restate this Certificate of Incorporation and to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation (including any rights, preferences or other designations of Preferred Stock) in the manner now or hereafter prescribed by law, and all rights and powers conferred herein on stockholders, directors, and officers are subject to this reserved power. Notwithstanding any other provision of this Certificate of Incorporation, and in addition to any other vote that may be required by law or the terms of any series of Preferred Stock, the affirmative vote of the holders of at least 66-2/3% of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, alter or repeal, or adopt any provision of this Certificate of Incorporation inconsistent with the purpose and intent of, Section 4.3 of Article IV, Article V, Article VI or this Article IX (including, without limitation, any such Article as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other Article).

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**AMENDED AND RESTATED BYLAWS
OF
LEGACY HOUSING CORPORATION**

A Delaware corporation

(Adopted as of January 1, 2018)

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AMENDED AND RESTATED BYLAWS OF LEGACY HOUSING CORPORATION

A Delaware corporation

ARTICLE 1

OFFICES

Section 1.1. Registered Office. The address of the registered office of the Corporation in Delaware shall be 160 Greentree Drive, Suite 101, Dover, Delaware 19904, County of Kent. The registered agent at such address in charge thereof shall be National Registered Agents, Inc., all of which shall be subject to change from time to time as permitted by law.

Section 1.2. Other Offices. The Corporation may also have an office or offices or place or places of business within or without the State of Delaware as the Board may from time to time designate.

ARTICLE 2

MEETINGS OF STOCKHOLDERS

Section 2.1. Annual Meeting. The annual meeting of the stockholders shall be held at the principal place of business of the Corporation or at such other place within or outside of Delaware (or may not be held at any place, but may instead be held solely by means of remote communication if so decided by the Board in its sole discretion), on such date and at such time as shall be determined from time to time by the Board, for the purpose of electing directors and for transacting other proper business.

Section 2.2. Special Meetings.

(a) Special meetings of the stockholders for any purpose or purposes, other than those required by statute, may be called at any time by the Board, the Chairman of the Board, or the Chief Executive Officer and shall be called by the Corporation upon the request of the stockholders as set forth in Section 2.2(b) below. Except as set forth in this Section 2.2, no other person may call a special meeting of stockholders. Special meetings of the stockholders shall be held at the principal place of business of the Corporation or at such other place within or outside of Delaware (or may not be held at any place, but may instead be held solely by means of remote communication if so decided by the Board in its sole discretion), on such date and at such time as shall be determined from time to time by the Board, for the purpose set forth in the Corporations notice of meeting.

(b) A special meeting of the stockholders shall be called by the Corporation following the receipt by the Secretary of a written request for a special meeting of the stockholders (a "Special Meeting Request") from one or more record stockholders representing ownership of at least thirty-three and one-third percent (33-1/3%) of the outstanding shares of the Corporation's stock entitled to vote (the "Requisite Holders") if such Special Meeting Request complies with the requirements set forth in this Section 2.2(b). A Special Meeting Request shall only be valid if it is signed and dated by each of the Requisite Holders (or their duly authorized

agents) and if such request sets forth all information required in Section 2.3(a)(2). If a Special Meeting Request complies with this Section 2.2, the Board may fix a record date (in accordance with Section 2.5 herein), which shall not precede and shall not be more than ten (10) days after the close of business on the date on which the resolution fixing the record date is adopted by the Board. If the Board, within ten (10) days after the date on which a valid Special Meeting Request is received, fails to adopt a resolution fixing the record date, the record date shall be the close of business on the tenth (10th) day after the first date on which the Special Meeting Request is received by the Secretary. The Board shall also establish the place (if any), date and time of the special meeting of stockholders requested in such Special Meeting Request. The date of any such special meeting shall not be more than ninety (90) days after the Secretary's receipt of the properly submitted Special Meeting Request; provided, however, that in the event that a Special Meeting Request is received after the expiration of the advance notice period set forth in Section 2.3(a)(2), but before the annual meeting of stockholders, the Board may use its discretion to set the date of a special meeting no more than ten (10) days following the annual meeting of stockholders. Only matters that are stated in the Special Meeting Request shall be brought before and acted upon during the special meeting of stockholders called according to the Special Meeting Request; provided, however, that nothing herein shall prohibit the Board from submitting any matters to the stockholders at any special meeting of stockholders called by the stockholders pursuant to this Section 2.2(b). Requisite Holders may revoke a Special Meeting Request by written revocation delivered to the Corporation at any time prior to the special meeting of stockholders; provided, however, the Board shall have the sole discretion to determine whether to proceed with the special meeting of stockholders following such written revocation. Additionally, a Requisite Holder whose signature (or authorized agent's signature) appears on a Special Meeting Request may revoke such Requisite Holder's participation in a Special Meeting Request at any time by written revocation delivered to the Secretary in the same manner as the Special Meeting Request and if, following any such revocation, the remaining Requisite Holders participating in the Special Meeting Request do not represent at least the Requisite Percentage, the Special Meeting Request shall be deemed revoked. Likewise, any reduction in percentage stock ownership of the Requisite Holders below the Requisite Percentage following delivery of the Special Meeting Request to the Secretary shall be deemed to be a revocation of the Special Meeting Request. If written revocations of requests for the special meeting have been delivered to the Secretary

and the result is that stockholders (or their agents duly authorized in writing), as of the date of the Special Meeting Request, entitled to cast less than the Requisite Percentage have delivered, and not revoked, requests for a special meeting to the Secretary, the Secretary shall refrain from mailing the notice of the meeting and send to all requesting stockholders who have not revoked such requests a written notice of any revocation of a request for the special meeting or, if the notice of meeting has been mailed, the Secretary shall send to all requesting stockholders who have not revoked requests for a special meeting a written notice of any revocation of a request for the special meeting and of the Secretary's intention to revoke the notice of the meeting, and shall there thereafter revoke the notice of the meeting at any time before ten days before the commencement of the meeting. Any request for a special meeting received after a revocation by the Secretary of a notice of a meeting shall be considered a request for a new special meeting. A Special Meeting Request shall not be valid (and thus the special meeting of stockholders requested pursuant to the Special Meeting Request will not be held) if (i) the Special Meeting Request relates to an item of business that is not a proper subject for stockholder action under applicable law; or (ii) the Special Meeting Request was made in a manner that involved a violation of Section 14(a) under the Exchange Act and the rules and regulations thereunder. In addition, if none of the Requisite Holders appears or sends a representative to present the business or nomination submitted by the stockholders in the Special Meeting Request to be conducted at the special meeting of stockholders, the Corporation need not conduct any such business or nomination for a vote at such special meeting of stockholders.

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Section 2.3. Notice of Stockholder Business and Nominations.

(a) Annual Meetings of Stockholders.

(1) At an annual meeting of stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting of stockholders, nominations of persons for election to the Board of the Corporation and the proposal of other business must be brought (A) pursuant to the Corporation's notice of meeting (or any supplement thereto), (B) by or at the direction of the Board or any committee thereof, or (C) by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.3(a) is delivered to the Secretary of the Corporation and on the record date for the determination of stockholders entitled to vote at the annual meeting, who is entitled to vote at the meeting, and who complies with the notice procedures set forth in this Section 2.3(a). For the avoidance of doubt, clause (C) above shall be the exclusive means for a stockholder to make nominations and submit other business (other than matters properly included in the Corporation's notice of meeting of stockholders an proxy statement under Rule 14a-8 of the Exchange Act) before an annual meeting of stockholders.

(2) For any nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of paragraph (a)(1) of this Section 2.3, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation at the Corporation's principal executive offices, and any such proposed business (other than the nominations of persons for election to the Board) must constitute a proper matter for stockholder action at such meeting. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than thirty (30) days prior to such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (A) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of such nominee, (ii) the principal occupation or employment of such nominee, (iii) the class or series and number of shares of stock that are owned beneficially and of record by such nominee as well as any derivative or synthetic instrument, convertible security, put, option, stock appreciation right, swap or similar contract, agreement, arrangement or understanding the value of or return on which is based on or linked to the value of or return on any shares of stock, (iv) a description of any agreement, arrangement, or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such nominee, whether or not such instrument or right shall be subject to settlement in underlying shares of stock, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such nominee with respect to securities of the Corporation, (v) all information relating to such nominee that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise

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required, in each case pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, and (vi) such nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, (i) a brief description of the business desired to be brought before the meeting, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Bylaws, the language of the proposed amendment), (iii) the reasons for conducting such business at the meeting, and (iv) any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and any beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class or series and number of shares of stock that are owned beneficially and of record by such stockholder and such beneficial owner as well as any derivative or synthetic instrument, convertible security, put, option, stock appreciation right, swap or similar contract, agreement, arrangement or understanding the value of or return on which is based on or linked to the value of or return on any shares of stock, (iii) a description of any agreement, arrangement, or understanding with respect to the nomination or proposal between or among such stockholder and/or such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing, including, in the case of a nomination, the nominee, (iv) a description of any agreement, arrangement, or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder and such beneficial owners, whether or not such instrument or right shall be subject to settlement in underlying shares of stock, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to securities of the Corporation, (v) a representation that the stockholder is a holder of record of stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (vi) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group that intends (I) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the outstanding stock required to approve or adopt the proposal or elect the nominee

and/or (II) otherwise to solicit proxies or votes from stockholders in support of such proposal or nomination, and (vii) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) At the request of the Board, any person nominated by a stockholder for election or reelection as a director must furnish to the Secretary of the Corporation (A) that information required to be set forth in the stockholder's notice of nomination of such person as a director as of a date subsequent to the date on which the notice of such person's nomination was given and (B) such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director or audit committee financial expert of the corporation under applicable law, securities exchange rule or regulation, or any publicly-disclosed corporate governance guideline or committee charter of the Corporation and (C) that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee; in the absence of the furnishing of such

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information if requested, such stockholder's nomination shall not be considered in proper form pursuant to this Section 2.3.

(4) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 2.3 to the contrary, in the event that the number of directors to be elected to the Board of the Corporation at the annual meeting is increased effective after the time period for which nominations would otherwise be due under paragraph (a)(2) of this Section 2.3, and there is no public announcement by the Corporation naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.3 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(b) *Special Meetings of Stockholders.*

(1) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (A) by or at the direction of the Board or (B) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.3(b) is delivered to the Secretary of the Corporation and on the record date for the determination of stockholders entitled to vote at the special meeting, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 2.3(b).

(2) In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder delivers a notice in the form as is required by paragraph (a)(2) of this Section 2.3 to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) *General.*

(1) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in this Section 2.3 shall be eligible to be elected at an annual or special meeting of stockholders to serve as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.3. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty (A) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as

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the case may be, in accordance with the procedures set forth in this Section 2.3, and (B) if any proposed nomination or business was not made or proposed in compliance with this Section 2.3, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted.

Notwithstanding the foregoing provisions of this Section 2.3, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.3, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders, and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(2) A stockholder providing written notice required by this Section 2.3 shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the meeting and (ii) the date that is ten (10) business days prior to the meeting and, in the event of any adjournment or postponement thereof, ten (10) business days prior to such adjourned or postponed meeting. In the case of an update and supplement pursuant to clause (i) of this Section 2.3(c)(2), such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting. In the case of an update and supplement pursuant to clause (ii) of this Section 2.3(c)(2), such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days prior to the date for the meeting, and, in the event of any adjournment or postponement thereof, five (5) business days prior to such adjourned or postponed meeting.

(3) For purposes of this Section 2.3, “public announcement” shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press, or other national news service, or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(4) Notwithstanding the foregoing provisions of this Section 2.3, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 2.3; provided, however, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 2.3, and compliance with this Section 2.3 shall be the exclusive means for a stockholder to make nominations or submit other business (other than, as provided in the last sentence of (a)(1), business other than nominations brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in this Section 2.3 shall be deemed to affect any rights (A) of stockholders to request inclusion of proposals or nominations in the Corporation’s proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act, or (B) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the certificate of incorporation

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Section 2.4. Notice of Meetings. Notice of all stockholders’ meetings shall be given in writing by the Secretary or another officer of the Corporation authorized to give such notice, or (b) in case of a special meeting duly requested by stockholders pursuant to Section 2.2 and for which the Secretary has refused to give notice, by the stockholders entitled to call such meeting. Notice of any stockholders’ meeting shall state the date and hour when and the place where it is to be held, if any (or, the means of remote communication, if any, by which stockholders may be deemed to be present in person and vote at such meeting), the record date for determining the stockholders entitled to vote at such meeting if such date is different from the record date for determining the stockholders entitled to notice of such meeting, and, in the case of a special meeting, the purpose or purposes for which such meeting is called. Subject to Section 7.3, and unless otherwise required by law, not more than sixty (60) nor less than ten (10) days prior to any such meeting, such notice shall be given to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting, directed by United States mail, postage prepaid, to such stockholder’s address as it appears upon the records of the Corporation.

Section 2.5. Record Date. The Board may fix a date, which date shall not precede the date upon which the resolution fixing such date is adopted by the Board and shall not be more than sixty (60) nor less than ten (10) days preceding any meeting of stockholders, as the record date for the determination of the stockholders entitled to notice of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of such meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which such meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the provisions of Section 213 of the DGCL and this Section 2.5 at the adjourned meeting. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 2.6. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; provided, however, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares of stock registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting, during ordinary business hours, at the

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principal place of business of the Corporation. A list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place, if any, of the meeting during the whole time thereof and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. The stock ledger shall be the only evidence as to who are the stockholders entitled to vote in person or by proxy at any meeting of stockholders.

Section 2.7. Voting. Except as may be otherwise required by law, the Certificate of Incorporation, or these Bylaws, (a) every stockholder of record shall be entitled to one (1) vote for each share of stock held of record by such stockholder on the record date for determining the stockholders entitled to vote or act by written consent; (b) in all matters other than a contested election of directors, the affirmative vote of the majority of shares of stock present in person or represented by proxy at a stockholders’ meeting having a quorum and entitled to vote on the subject matter shall be the act of the stockholders; and (c) in a contested election of directors, directors shall be elected by a plurality of the votes of the shares of stock present in person or represented by proxy at a stockholders’ meeting having a quorum and entitled to vote on the election of directors. No stockholder will be permitted to cumulate votes at any election of directors.

Section 2.8. No Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation and may not be effected by any consent in writing by the stockholders.

Section 2.9. Proxies. At any meeting of the stockholders, any stockholder entitled to vote thereat may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by transmission permitted by law filed in accordance with the procedure established for the meeting, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a

proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL. A written proxy may be in the form of a telegram, cablegram, or other means of electronic transmission which sets forth or is submitted with information from which it can be determined that the telegram, cablegram, or other means of electronic transmission was authorized by the person.

Section 2.10. Quorum. Except as may be otherwise required by law or the Certificate of Incorporation, at any meeting of the stockholders, the presence in person or by proxy of the holders of record of shares of stock that would constitute a majority of the votes if all the issued and outstanding shares of stock entitled to vote at such meeting were present and voted shall be necessary to constitute a quorum; provided, however, that, where a separate vote by a class or series of stock is required, a quorum shall consist of the presence in person or by proxy of the holders of record of shares of stock that would constitute a majority of the votes of such class or series if all issued and outstanding shares of stock of such class or series entitled to vote at such meeting were present and voted. In the absence of a quorum and until a quorum is secured, either the chairman of the meeting or a majority of the votes cast at the meeting by stockholders who are present in person or by proxy may adjourn the meeting, from time to time, without further notice if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken. No business shall be transacted at any such adjourned meeting except such as might have been lawfully transacted at the original meeting.

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Section 2.11. Adjournment. Any meeting of stockholders may be adjourned at the meeting from time to time, either by the chairman of the meeting, for an announced proper purpose, or by the stockholders, for any purpose, to reconvene at a later time and at the same or some other place, if any, and by the same or other means of remote communication, if any, and, unless otherwise required by law, notice need not be given of any such adjourned meeting if the time and place, if any, or the means of remote communication, if any, thereof are announced at the meeting at which the adjournment is taken. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix a new record date for notice of such adjourned meeting in accordance with the DGCL and section 2.5 herein and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting. No business shall be transacted at any such adjourned meeting except such as might have been lawfully transacted at the original meeting.

Section 2.12. Organization of Meetings. Meetings of stockholders shall be presided over by the chairman of the meeting, who shall be one of the following, here listed in the order of preference: (a) the Chairman of the Board; or (b) in the Chairman's absence, the Chief Executive Officer; or (c) in the Chief Executive Officer's absence, the President; or (d) in the President's absence, a Vice President; or (e) in the absence of the foregoing officers, a chairman chosen by the stockholders at the meeting. The Secretary shall act as secretary of the meeting, but in such officer's absence, the chairman of the meeting shall appoint a secretary of the meeting.

Section 2.13. Conduct of Meetings. Subject to and to the extent permitted by law, the Board may adopt by resolution such rules and regulations for the conduct of meetings of stockholders as it shall deem appropriate. Except to the extent inconsistent with law or such rules and regulations as adopted by the Board, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations, and procedures, and to do all such acts, as in the judgment of such chairman are appropriate for the proper conduct of the meeting. Such rules, regulations, or procedures, whether adopted by the Board or prescribed by the chairman of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting and announcement of the date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders, their duly authorized proxies, or such other persons as the chairman of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; (e) limitations on the time allotted to questions or comments by participants; and (f) appointment of inspectors of election and other voting procedures, including those procedures set out in Section 231 of the DGCL. Unless and to the extent determined otherwise by the Board or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.14. Joint Owners Of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but

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the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in Section 217(b) of the DGCL. If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

ARTICLE 3

BOARD OF DIRECTORS

Section 3.1. Number. Except as may be otherwise provided in the Certificate of Incorporation and subject to the rights of holders of any series of Preferred Stock, the entire Board shall consist of one (1) or more directors, the total number thereof shall be authorized first by the incorporator of the Corporation and thereafter from time to time solely by resolution of the Board. Each director shall serve until his or her successor is duly elected and qualified or until his or her death, resignation, or removal. Directors need not be stockholders of the Corporation.

Section 3.2. Resignations and Vacancies.

(a) Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation; provided, however, that if such notice is given by electronic transmission, such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the director. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. Acceptance of such resignation shall not be necessary to make it effective. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is

irrevocable. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, when one or more directors resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

(b) Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, and except as otherwise provided in the DGCL, vacancies occurring on the Board for any reason and newly created directorships resulting from an increase in the authorized number of directors shall be filled only by vote of a majority of the remaining members of the Board, although less than a quorum, or by a sole remaining director, at any meeting of the Board. A person so elected by the Board to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been assigned by the Board and until his or her successor shall be duly elected and qualified, or until such director's earlier death, resignation, or removal.

Section 3.3. Meetings. The Board may by resolution provide for regular meetings to be held at such times and places as it may determine, and such meetings may be held without further notice. Special meetings of the Board may be called by the Chairman, the Chief Executive Officer, the President, or by not less than a majority of the directors then in office. Subject to Section 7.3, notice of the time and place of such meeting shall be given by or at the direction of the person or persons calling the meeting, and shall be delivered personally, telephoned, or sent by electronic mail or facsimile, to each director at least twenty-four (24) hours prior to the time of the meeting, or sent by First Class United States mail, postage prepaid, to each director at such

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director's address as shown on the records of the Corporation, in which case such notice shall be deposited in the United States mail no later than the fourth (4th) business day preceding the day of the meeting. Unless otherwise specified in the notice of a special meeting, any and all business may be transacted at such meeting. Meetings of the Board, both regular and special, may be held either within or outside the State of Delaware. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the board of directors, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 3.4. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all the directors or all members of the committee, as the case may be, consent thereto in writing or by electronic transmission, and such writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee, as the case may be.

Section 3.5. Quorum. At any meeting of the Board, the presence of (a) a majority of the directors then in office or (b) one-third (1/3) of the total number of directors, whichever is greater, shall be necessary to constitute a quorum for the transaction of business. Notwithstanding the foregoing, if at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time without further notice if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken.

Section 3.6. Vote Necessary to Act and Participation by Conference Telephone. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board, except as may otherwise be provided by law, the Certificate of Incorporation, or these Bylaws. Participation in a meeting by conference telephone or similar means by which all participating directors can hear each other shall constitute presence in person at such meeting.

Section 3.7 Fees and Compensation of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have the authority to fix the compensation of directors.

Section 3.8. Executive and Other Committees.

(a) The Board may by resolution designate an Executive Committee and/or one or more other committees, each committee to consist of two (2) or more directors, except that the Executive Committee, if any, shall consist of not less than (3) directors. Any such committee, to the extent provided in such resolution or in these Bylaws, shall have and may exercise the powers and authority of the Board in the management of the business and affairs of the Corporation, except in reference to powers or authority expressly forbidden such committee by law, and may authorize the seal of the corporation to be fixed to all papers that may require it.

(b) During the intervals between meetings of the Board, the Executive Committee, unless restricted by resolution of the Board, shall possess and may exercise, under the control and direction of the Board, all of the powers of the Board in the management and control of the business of the Corporation to the fullest extent permitted by law. All action taken by the Executive Committee shall be reported to the Board at its first meeting thereafter and shall be subject to revision or rescission by the Board; provided, however, that rights of third parties shall not be affected by any such action by the Board.

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(c) If any member of any such committee other than the Executive Committee is absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member.

(d) Any such committee shall meet at stated times or on notice to all of its own number. It shall fix its own rules of procedure. A majority shall constitute a quorum, but the affirmative vote of a majority of the whole committee shall be necessary to act in every case.

Section 3.9. Indemnification.

(a) Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an

official capacity as such director, officer, employee, or agent, or in any other capacity while serving as such director, officer, employee, or agent, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than the DGCL permitted the Corporation to provide prior to such amendment), against all expense, liability, and loss (including attorneys' fees, judgments, fines, other expenses and losses, amounts paid or to be paid in settlement, and excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer, employee, or agent, and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that, except as provided in paragraph (b) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board. The right to indemnification conferred in this Section 3.9 shall be a contract right and shall include the right of a director or officer to be paid by the Corporation the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of an undertaking, which undertaking shall itself be sufficient without the need for further evaluation of any credit aspects of the undertaking or with respect to such advancement, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined by a final, non-appealable order of a court of competent jurisdiction that such director or officer is not entitled to be indemnified under this Section 3.9 or otherwise.

(b) If a claim under Section 3.9(a) is not paid in full by the Corporation within sixty (60) days after a written claim, together with reasonable evidence as to the amount of such claim, has been received by the Corporation, except in the case of a claim for advancement of expenses (including attorneys' fees), in which case the applicable period shall be twenty (20) days, the claimant may at any time thereafter bring suit against the Corporation to recover the

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unpaid amount of the claim, and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense, including attorneys' fees, of prosecuting such suit. It shall be a defense to any such suit, other than a suit brought to enforce a claim for expenses (including attorneys' fees) incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation, that the claimant has not met the standards of conduct that make it permissible under the DGCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including the Board or a committee thereof, independent legal counsel, or the stockholders) to have made a determination prior to the commencement of such suit that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including the Board or a committee thereof, independent legal counsel, or the stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the suit or create a presumption that the claimant has not met the applicable standard of conduct. In any suit brought by an indemnitee to enforce a right to indemnification or to advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to such indemnification, or to such advancement of expenses, under this Section 3.9 or otherwise shall be on the Corporation.

(c) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 3.9 shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaw, agreement, or vote of stockholders or disinterested directors, or otherwise.

(d) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee, or agent of the Corporation or another corporation, partnership, joint venture, trust, or other enterprise against any such expense, liability, or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability, or loss under the DGCL.

(e) In the case of a claim for indemnification or advancement of expenses against the Corporation under this Section 3.9 arising out of acts, events, or circumstances for which the claimant, who was at the relevant time serving as a director, officer, employee, or agent of any other entity at the request of the Corporation, may be entitled to indemnification or advancement of expenses pursuant to such other entity's certificate of incorporation, bylaws, or other governing document, or a contractual agreement between the claimant and such entity, the claimant seeking indemnification or advancement of expenses hereunder shall first seek indemnification or advancement of expenses pursuant to any such governing document or agreement. To the extent that amounts to be paid in indemnification or advancement to a claimant hereunder are paid by such other entity, the claimant's right to indemnification and advancement of expenses hereunder shall be reduced.

Section 3.10. Removal. Except as may be otherwise provided in the Certificate of Incorporation and subject to the rights of holders of any series of Preferred Stock, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

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Section 3.11. Chairman. The Board shall elect a Chairman from among the directors. The Chairman shall preside at all meetings of the Board and shall perform such other duties as may be directed by resolution of the Board or as otherwise set forth in these Bylaws.

ARTICLE 4

OFFICERS

Section 4.1. Officers Generally. The Corporation shall have the Chief Executive Officer, the President, the Chief Financial Officer, Chief Operating Officer, the Secretary, the Treasurer and one or more Vice Presidents, all of whom shall be chosen by the Board. The Corporation may also have one or more Assistant Secretaries, Assistant Treasurers, and other officers and agents as the Board may deem advisable, all of whom shall be chosen by the Board. The Board may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the Corporation at any one time unless specifically prohibited therefrom by law. All officers shall hold office for one (1) year and until their successors are selected and qualified, unless otherwise specified by the Board; provided, however, that any officer shall be subject to removal at any time by

Board and the Board may fill any vacant officer position. The officers shall have such powers and shall perform such duties, executive or otherwise, as from time to time may be assigned to them by the Board and, to the extent not so assigned, as generally pertain to their respective offices, subject to the control of the Board. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board.

Section 4.2. Duties of Officers.

(a) *Chief Executive Officer.* The Chief Executive Officer shall preside at all meetings of the stockholders and at all meetings of the Board, unless the Chairman of the Board has been appointed and is present. Unless an officer has been appointed Chief Executive Officer of the Corporation, the President shall be the chief executive officer of the Corporation and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Corporation. To the extent that a Chief Executive Officer has been appointed and no President has been appointed, all references in these Bylaws to the President shall be deemed references to the Chief Executive Officer. The Chief Executive Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board shall designate from time to time.

(b) *President.* The President shall preside at all meetings of the stockholders and at all meetings of the Board (if a director), unless the Chairman of the Board or the Chief Executive Officer has been appointed and is present. Unless another officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the Corporation and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Corporation. The President shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board shall designate from time to time.

(c) *Chief Financial Officer.* The Chief Financial Officer shall keep or cause to be kept the books of account of the Corporation in a thorough and proper manner and shall render statements of the financial affairs of the Corporation in such form and as often as required by the Board or the President. The Chief Financial Officer, subject to the order of the Board, shall have the custody of all funds and securities of the Corporation. The Chief Financial Officer shall

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perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board or the President shall designate from time to time. To the extent that a Chief Financial Officer has been appointed and no Treasurer has been appointed, all references in these Bylaws to the Treasurer shall be deemed references to the Chief Financial Officer. The President may direct the Treasurer, if any, or any Assistant Treasurer, or the Controller or any Assistant Controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each Controller and Assistant Controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board or the President shall designate from time to time.

(d) *Chief Operating Officer.* The Chief Operating Officer shall preside at all meetings of the stockholders and at all meetings of the Board (if a director), unless the Chairman of the Board, the Chief Executive Officer or the President has been appointed and is present. The Chief Operating Officer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board, Chief Executive Officer or President shall designate from time to time.

(e) *Secretary.* The Secretary shall attend all meetings of the stockholders and of the Board and shall record all acts and proceedings thereof in the minute book of the Corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers, as the Board shall designate from time to time. The President may direct any Assistant Secretary or other officer to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board or the President shall designate from time to time.

(f) *Treasurer.* Unless another officer has been appointed Chief Financial Officer of the Corporation, the Treasurer shall be the chief financial officer of the Corporation and shall keep or cause to be kept the books of account of the Corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board, the Chief Executive Officer or the President, and, subject to the order of the Board, shall have the custody of all funds and securities of the Corporation. The Treasurer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board, the Chief Executive Officer or the President shall designate from time to time.

(g) *Vice Presidents.* The Vice Presidents may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board or the Chief Executive Officer, or, if the Chief Executive Officer has not been appointed or is absent, the President shall designate from time to time.

(h) *Other Officers.* Other officers of the Corporation shall have such powers and shall perform such duties as may be assigned by the Board.

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Section 4.3. Authority to Sign. The Board may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the Corporation any corporate instrument or document, or to sign on behalf of the Corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the Corporation. All checks and drafts drawn on banks or other depositaries on funds to the credit of the Corporation or in special accounts of the Corporation shall be signed by such person or persons as the Board shall authorize so to do. Unless authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 4.4. Voting Of Securities Owned By The Corporation. All stock and other securities of other corporations owned or held by the Corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to

do by resolution of the Board, or, in the absence of such authorization, by the Chairman of the Board, the Chief Executive Officer, the President, or any Vice President.

ARTICLE 5

STOCK

Section 5.1. Certificates. Shares of stock shall be represented by certificates, provided that the Board may provide by resolution that some or all of any or all classes or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of record of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, the Chief Operating Officer or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of shares of stock owned by such holder. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.

Section 5.2. Lost, Stolen, or Destroyed Stock Certificates; Issuance of New Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 5.3. Transfers. Transfers of record of shares of stock of the Corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares. The Corporation shall have power to enter

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into and perform any agreement with any number of stockholders of any one or more classes of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 5.4. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE 6

DIVIDENDS

Section 6.1. Declaration Of Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 6.2. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Board shall think conducive to the interests of the corporation, and the Board may modify or abolish any such reserve in the manner in which it was created.

ARTICLE 7

GENERAL MATTERS

Section 7.1. Seal. The corporate seal shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board.

Section 7.2. Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board.

Section 7.3. Waiver of Notice of Meetings of Stockholders, Directors, and Committees. Any waiver of notice given by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, and does object, at the beginning of such meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of the Board need be specified in a waiver of notice.

Section 7.4. Amendments to the Bylaws. Subject to the provisions of the Certificate of Incorporation, the Board is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series

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of stock of the Corporation required by law or by the Certificate of Incorporation, any amendment or modification of Section 2.2, Section 2.3, Section 2.7, Section 2.8, Section 3.1, Section 3.2, Section 3.9, Section 3.10 and this Section 7.4 shall require the affirmative vote of the holders of at least sixty-six and

two-thirds percent (66-2/3%) of the voting power of all of the then outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE 8

CONSTRUCTION AND DEFINED TERMS

Section 8.1. Construction. As appropriate in context, whenever the singular number is used in these Bylaws, the same includes the plural, and whenever the plural number is used in these Bylaws, the same includes the singular. As used in these Bylaws, each of the neuter, masculine, and feminine genders includes the other two genders. As used in these Bylaws, “include,” “includes,” and “including” shall be deemed to be followed by “without limitation”.

Section 8.2. Defined Terms. As used in these Bylaws,

“**Affiliates**” and “**associates**” shall have the meanings set forth in Rule 405 under the Securities Act.

“**Board**” means the board of directors of the Corporation.

“**Bylaws**” means these bylaws of the Corporation, as the same may be amended from time to time.

“**Certificate of Incorporation**” means the Certificate of Incorporation of the Corporation, as the same may be amended from time to time.

“**Common Stock**” means the common stock of the Corporation, par value \$0.001 per share.

“**Corporation**” means Legacy Housing Corporation.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**DGCL**” means the General Corporation Law of the State of Delaware, as the same may be amended from time to time.

“**Securities Act**” means the Securities Act of 1933, as amended.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

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LEGACY HOUSING CORPORATION
AUTHORIZED CAPITAL 100,000,000 SHARES, COMMON STOCK, PAR VAULE \$0.001 PER SHARE
SEE REVERSE SIDE FOR CERTAIN DEFINITIONS.

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[]([])

Date: , 20

Curtis D. Hodgson, Co-Chief Executive
Officer and Secretary

Kenneth E. Shipley, Co-Chief Executive
Officer and Treasurer



LEGACY HOUSING CORPORATION
2018 INCENTIVE COMPENSATION PLAN

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1. *Purpose.* The purpose of this LEGACY HOUSING CORPORATION 2018 INCENTIVE COMPENSATION PLAN (the “Plan”) is to assist Legacy Housing Corporation, a Delaware corporation (the “Company”) and its Related Entities (as hereinafter defined) in attracting, motivating, retaining and rewarding high-quality executives and other employees, officers, directors, consultants and other persons who provide services to the Company or its Related Entities by enabling such persons to acquire or increase a proprietary interest in the Company in order to strengthen the mutuality of interests between such persons and the Company’s shareholders, and providing such persons with performance incentives to expend their maximum efforts in the creation of shareholder value.
2. *Definitions.* For purposes of the Plan, the following terms shall be defined as set forth below, in addition to such terms defined in Section 1 hereof.
- (a) “Award” means any Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award, Share granted as a bonus or in lieu of another award, Dividend Equivalent, Other Stock-Based Award or Performance Award, together with any other right or interest, granted to a Participant under the Plan.
- (b) “Award Agreement” means any written agreement, contract or other instrument or document evidencing any Award granted by the Committee hereunder.
- (c) “Beneficiary” means the person, persons, trust or trusts that have been designated by a Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Plan upon such Participant’s death or to which Awards or other rights are transferred if and to the extent permitted under Section 10(b) hereof. If, upon a Participant’s death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive such benefits.
- (d) “Beneficial Owner” shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act and any successor to such Rule.
- (e) “Board” means the Company’s Board of Directors.
- (f) “Cause” shall, with respect to any Participant have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, “Cause” shall have the equivalent meaning or the same meaning as “cause” or “for cause” set forth in any employment, consulting, or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such agreement or any such definition in such agreement, such term shall mean (i) the failure by the Participant to perform, in a reasonable manner, his or her duties as assigned by the Company or a Related Entity, (ii) any violation or breach by the Participant of his or her employment, consulting or other similar agreement with the Company or a Related Entity, if any, (iii) any violation or breach by the Participant of any non-competition, non-solicitation, non-disclosure and/or other similar agreement with the Company or a Related Entity, (iv) any act by the Participant of dishonesty or bad faith with respect to the Company or a Related Entity, (v) use of alcohol, drugs or other similar substances in a manner that adversely affects the Participant’s work performance, or (vi) the commission by the Participant of any act, misdemeanor, or crime reflecting unfavorably upon the Participant or the Company or any Related Entity. The good faith determination by the Committee of

whether the Participant’s Continuous Service was terminated by the Company for “Cause” shall be final and binding for all purposes hereunder.

- (g) “Change in Control” means a Change in Control as defined with related terms in Section 9(b) of the Plan.
- (h) “Code” means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.
- (i) “Committee” means a committee designated by the Board to administer the Plan; provided, however, that if the Board fails to designate a committee or if there are no longer any members on the committee so designated by the Board, then the Board shall serve as the Committee. The Committee shall consist of at least two directors, and each member of the Committee shall be (i) a “non-employee director” within the meaning of Rule 16b-3 (or any successor rule) under the Exchange Act, unless administration of the Plan by “non-employee directors” is not then required in order for exemptions under Rule 16b-3 to apply to transactions under the Plan, (ii) an “outside director” within the meaning of Section 162(m) of the Code, and (iii) “Independent.”
- (j) “Consultant” means any person (other than an Employee or a Director, solely with respect to rendering services in such person’s capacity as a director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(k) “Continuous Service” means the uninterrupted provision of services to the Company or any Related Entity in any capacity of Employee, Director, Consultant or other service provider. Continuous Service shall not be considered to be interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entities, or any successor entities, in any capacity of Employee, Director, Consultant or other service provider, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director, Consultant or other service provider (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(l) “Covered Employee” means an Eligible Person who is a “covered employee” within the meaning of Section 162(m)(3) of the Code, or any successor provision thereto.

(m) “Deferred Stock” means a right to receive Shares, including Restricted Stock, cash or a combination thereof, at the end of a specified deferral period.

(n) “Deferred Stock Award” means an Award of Deferred Stock granted to a Participant under Section 6(e) hereof.

(o) “Director” means a member of the Board or the board of directors of any Related Entity.

(p) “Disability” means a permanent and total disability (within the meaning of Section 22(e) of the Code), as determined by a medical doctor satisfactory to the Committee.

(q) “Discounted Option” means any Option awarded under Section 6(b) hereof with an exercise price that is less than the Fair Market Value of a Share on the date of grant.

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(r) “Discounted Stock Appreciation Right” means any Stock Appreciation Right awarded under Section 6(c) hereof with an exercise price that is less than the Fair Market Value of a Share on the date of grant.

(s) “Dividend Equivalent” means a right, granted to a Participant under Section 6(g) hereof, to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares, or other periodic payments.

(t) “Effective Date” means the effective date of the Plan, which shall be January , 2018.

(u) “Eligible Person” means each officer, Director, Employee, Consultant and other person who provides services to the Company or any Related Entity. The foregoing notwithstanding, only employees of the Company, or any parent corporation or subsidiary corporation of the Company (as those terms are defined in Sections 424(e) and (f) of the Code, respectively), shall be Eligible Persons for purposes of receiving any Incentive Stock Options. An Employee on leave of absence may be considered as still in the employ of the Company or a Related Entity for purposes of eligibility for participation in the Plan.

(v) “Employee” means any person, including an officer or Director, who is an employee of the Company or any Related Entity. The payment of a director’s fee by the Company or a Related Entity shall not be sufficient to constitute “employment” by the Company.

(w) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(x) “Fair Market Value” means the fair market value of Shares, Awards or other property as determined by the Committee, or under procedures established by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of a Share as of any given date shall be the closing sale price per Share reported on a consolidated basis for stock listed on the principal stock exchange or market on which Shares are traded on the date as of which such value is being determined or, if there is no sale on that date, then on the last previous day on which a sale was reported.

(y) “Good Reason” shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, “Good Reason” shall have the equivalent meaning or the same meaning as “good reason” or “for good reason” set forth in any employment, consulting or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such agreement or any such definition in such agreement, such term shall mean (i) the assignment to the Participant of any duties inconsistent in any material respect with the Participant’s position, authority, duties or responsibilities as assigned by the Company or a Related Entity, or any other action by the Company or a Related Entity which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose any action not taken in bad faith and which is remedied by the Company or a Related Entity promptly after receipt of notice thereof given by the Participant, or any action taken with the consent of the Participant; or (ii) any material failure by the Company or a Related Entity to comply with its obligations to the Participant as agreed upon, other than any failure not occurring in bad faith and which is remedied by the Company or a Related Entity promptly after receipt of notice thereof given by the Participant.

(z) “Incentive Stock Option” means any Option intended to be designated as an incentive stock option within the meaning of Section 422 of the Code or any successor provision thereto.

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(aa) “Independent,” when referring to either the Board or members of the Committee, shall have the same meaning as used in the rules of the American Stock Exchange or any national securities market on which any securities of the Company are listed for trading, and if not quoted or listed for trading, by the rules of the American Stock Exchange.

(bb) “Incumbent Board” means the Incumbent Board as defined in Section 9(b)(ii) of the Plan.

(cc) “Option” means a right granted to a Participant under Section 6(b) hereof, to purchase Shares or other Awards at a specified price during specified time periods.

(dd) “Optionee” means a person to whom an Option is granted under this Plan or any person who succeeds to the rights of such person under this Plan.

(ee) “Option Proceeds” means the cash actually received by the Company for the exercise price in connection with the exercise of Options that are exercised after the Effective Date of the Plan, plus the maximum tax benefit that could be realized by the Company as a result of the exercise of such Options, which tax benefit shall be determined by multiplying (i) the amount that is deductible for Federal income tax purposes as a result of any such option exercise (currently, equal to the amount upon which the Participant’s withholding tax obligation is calculated), times (ii) the maximum Federal corporate income tax rate for the year of exercise. With respect to Options, to the extent that a Participant pays the exercise price and/or withholding taxes with Shares, Option Proceeds shall not be calculated with respect to the amounts so paid in Shares.

(ff) “Other Stock-Based Awards” means Awards granted to a Participant under Section 6(i) hereof.

(gg) “Outside Director” means a member of the Board who is not an Employee.

(hh) “Participant” means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.

(ii) “Performance Award” shall mean any Award of Performance Shares or Performance Units granted pursuant to Section 6(h).

(jj) “Performance Period” means that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.

(kk) “Performance Share” means any grant pursuant to Section 6(h) of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

(ll) “Performance Unit” means any grant pursuant to Section 6(h) of a unit valued by reference to a designated amount of property (including cash) other than Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

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(mm) “Person” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a “group” as defined in Section 13(d) thereof.

(nn) “Related Entity” means any Subsidiary, and any business, corporation, partnership, limited liability company or other entity designated by Board in which the Company or a Subsidiary holds a substantial ownership interest, directly or indirectly.

(oo) “Restricted Stock” means any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such risks of forfeiture and other restrictions as the Committee, in its sole discretion, may impose (including any restriction on the right to vote such Share and the right to receive any dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

(pp) “Restricted Stock Award” means an Award granted to a Participant under Section 6(d) hereof.

(qq) “Rule 16b-3” means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(rr) “Shareholder Approval Date” means the date on which this Plan is approved by the shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Code Sections 162(m) (if applicable) and 422, Rule 16b-3 under the Exchange Act (if applicable), applicable requirements under the rules of any stock exchange or automated quotation system on which the Shares may be listed or quoted, and other laws, regulations and obligations of the Company applicable to the Plan.

(ss) “Shares” means the shares of common stock of the Company, par value \$.001 per share, and such other securities as may be substituted (or resubstituted) for Shares pursuant to Section 10(c) hereof.

(tt) “Stock Appreciation Right” means a right granted to a Participant under Section 6(c) hereof.

(uu) “Subsidiary” means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% or more of the assets on liquidation or dissolution.

(vv) “Substitute Awards” shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company acquired by the Company or any Related Entity or with which the Company or any Related Entity combines.

(a) *Authority of the Committee.* The Plan shall be administered by the Committee, except to the extent the Board elects to administer the Plan, in which case the Plan shall be administered

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by only those directors who are Independent Directors, in which case references herein to the "Committee" shall be deemed to include references to the Independent members of the Board. The Committee shall have full and final authority, subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants, grant Awards, determine the type, number and other terms and conditions of, and all other matters relating to, Awards, prescribe Award Agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award Agreements and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. In exercising any discretion granted to the Committee under the Plan or pursuant to any Award, the Committee shall not be required to follow past practices, act in a manner consistent with past practices, or treat any Eligible Person or Participant in a manner consistent with the treatment of other Eligible Persons or Participants.

(b) *Manner of Exercise of Committee Authority.* The Committee, and not the Board, shall exercise sole and exclusive discretion on any matter relating to a Participant then subject to Section 16 of the Exchange Act with respect to the Company to the extent necessary in order that transactions by such Participant shall be exempt under Rule 16b-3 under the Exchange Act. Any action of the Committee shall be final, conclusive and binding on all persons, including the Company, its Related Entities, Participants, Beneficiaries, transferees under Section 10(b) hereof or other persons claiming rights from or through a Participant, and shareholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or managers of the Company or any Related Entity, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions as the Committee may determine to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company and will not cause Awards intended to qualify as "performance-based compensation" under Code Section 162(m) to fail to so qualify. The Committee may appoint agents to assist it in administering the Plan.

(c) *Limitation of Liability.* The Committee and the Board, and each member thereof, shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or Employee, the Company's independent auditors, Consultants or any other agents assisting in the administration of the Plan. Members of the Committee and the Board, and any officer or Employee acting at the direction or on behalf of the Committee or the Board, shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

4. *Shares Subject to Plan.*

(a) *Limitation on Overall Number of Shares Available for Delivery Under Plan.* Subject to adjustment as provided in Section 10(c) hereof, the total number of Shares reserved and available for delivery under the Plan shall be [10,000,000]. Any Shares delivered under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

(b) *Application of Limitation to Grants of Award.* No Award may be granted if the number of Shares to be delivered in connection with such an Award or, in the case of an Award relating to Shares but settled only in cash (such as cash-only Stock Appreciation Rights), the number of Shares to which such Award relates, exceeds the number of Shares remaining available for delivery under the Plan,

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minus the number of Shares deliverable in settlement of or relating to then outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of Shares actually delivered differs from the number of Shares previously counted in connection with an Award.

(c) *Availability of Shares Not Delivered under Awards and Adjustments to Limits.*

(i) If any Shares subject to an Award are forfeited, expire or otherwise terminate without issuance of such Shares, or any Award is settled for cash or otherwise does not result in the issuance of all or a portion of the Shares subject to such Award or award, the Shares shall, to the extent of such forfeiture, expiration, termination, cash settlement or non-issuance, again be available for Awards under the Plan, subject to Section 4(c) (v) below.

(ii) In the event that any Option or other Award granted hereunder is exercised through the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, or withholding tax liabilities arising from such option or other award are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, then only the number of Shares issued net of the Shares tendered or withheld shall be counted for purposes of determining the maximum number of Shares available for grant under the Plan.

(iii) Shares reacquired by the Company on the open market using Option Proceeds shall be available for Awards under the Plan. The increase in Shares available pursuant to the repurchase of Shares with Option Proceeds shall not be greater than the amount of such proceeds divided by the Fair Market Value of a Share on the date of exercise of the Option giving rise to such Option Proceeds.

(iv) Substitute Awards shall not reduce the Shares authorized for grant under the Plan or authorized for grant to a Participant in any period. Additionally, in the event that a company acquired by the Company or any Related Entity or with which the Company or any Related Entity combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for delivery pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for delivery under the Plan; provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-

existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

(v) Any Shares that again become available for delivery pursuant to this Section 4(c) shall be added back as one (1) Share.

(vi) Notwithstanding anything in this Section 4(c) to the contrary and solely for purposes of determining whether Shares are available for the delivery of Incentive Stock Options, the maximum aggregate number of shares that may be granted under this Plan shall be determined without regard to any Shares restored pursuant to this Section 4(c) that, if taken into account, would cause the Plan to fail the requirement under Code Section 422 that the Plan designate a maximum aggregate number of shares that may be issued.

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5. *Eligibility; Per-Person Award Limitations.* Awards may be granted under the Plan only to Eligible Persons. Subject to adjustment as provided in Section 10(c), in any fiscal year of the Company during any part of which the Plan is in effect, no Participant may be granted (i) Options or Stock Appreciation Rights with respect to more than [2,000,000] Shares or (ii) Restricted Stock, Deferred Stock, Performance Shares and/or Other Stock-Based Awards with respect to more than [2,000,000] Shares. In addition, the maximum dollar value payable to any one Participant with respect to Performance Units is (x) \$3,000,000 with respect to any 12-month Performance Period, and (y) with respect to any Performance Period that is more than 12 months, \$3,000,000 multiplied by the number of full years in the Performance Period.

6. *Specific Terms of Awards.*

(a) *General.* Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 10(e)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of the Participant's Continuous Service and terms permitting a Participant to make elections relating to his or her Award. The Committee shall retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under the Plan. Except in cases in which the Committee is authorized to require other forms of consideration under the Plan, or to the extent other forms of consideration must be paid to satisfy the requirements of applicable law, no consideration other than services may be required for the grant (but not the exercise) of any Award.

(b) *Options.* The Committee is authorized to grant Options to any Eligible Person on the following terms and conditions:

(i) *Exercise Price.* Other than in connection with Substitute Awards, the exercise price per Share purchasable under an Option shall be determined by the Committee, provided that such exercise price shall not, in the case of Incentive Stock Options, be less than 100% of the Fair Market Value of a Share on the date of grant of the Option and shall not, in any event, be less than the par value of a Share on the date of grant of the Option. If an Employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and an Incentive Stock Option is granted to such employee, the exercise price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no less than 110% of the Fair Market Value a Share on the date such Incentive Stock Option is granted.

(ii) *Time and Method of Exercise.* The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Options shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the methods by which the exercise price may be paid or deemed to be paid (including in the discretion of the Committee a cashless exercise procedure), the form of such payment, including, without limitation, cash, Shares, other Awards or awards granted under other plans of the Company or a Related Entity, or other property (including notes or other contractual obligations of Participants to make payment on a deferred basis provided that such deferred payments are not in violation of the Sarbanes-Oxley Act of 2002, or any rule or regulation adopted thereunder or any other

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applicable law), and the methods by or forms in which Shares will be delivered or deemed to be delivered to Participants.

(iii) *Incentive Stock Options.* The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options (including any Stock Appreciation Right issued in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify either the Plan or any Incentive Stock Option under Section 422 of the Code, unless the Participant has first requested, or consents to, the change that will result in such disqualification. Thus, if and to the extent required to comply with Section 422 of the Code, Options granted as Incentive Stock Options shall be subject to the following special terms and conditions:

(A) the Option shall not be exercisable more than ten years after the date such Incentive Stock Option is granted; provided, however, that if a Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and the Incentive Stock Option is granted to such Participant, the term of the Incentive Stock Option shall be (to the extent required by the Code at the time of the grant) for no more than five years from the date of grant; and

(B) The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the Shares with respect to which Incentive Stock Options granted under the Plan and all other option plans of the Company (and any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) during any calendar year exercisable for the first time by the Participant during any calendar year shall not (to the extent required by the Code at the time of the grant) exceed \$100,000.

(c) *Stock Appreciation Rights.* The Committee may grant Stock Appreciation Rights to any Eligible Person in conjunction with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option (a "Tandem Stock Appreciation Right"), or without regard

to any Option (a “Freestanding Stock Appreciation Right”), in each case upon such terms and conditions as the Committee may establish in its sole discretion, not inconsistent with the provisions of the Plan, including the following:

(i) *Right to Payment.* A Stock Appreciation Right shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one Share on the date of exercise over (B) the grant price of the Stock Appreciation Right as determined by the Committee. The grant price of a Stock Appreciation Right shall not be less than 100% of the Fair Market Value of a Share on the date of grant, in the case of a Freestanding Stock Appreciation Right, or less than the associated Option exercise price, in the case of a Tandem Stock Appreciation Right.

(ii) *Other Terms.* The Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a Stock Appreciation Right may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Stock Appreciation Rights shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which

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Shares will be delivered or deemed to be delivered to Participants, whether or not a Stock Appreciation Right shall be in tandem or in combination with any other Award, and any other terms and conditions of any Stock Appreciation Right.

(iii) *Tandem Stock Appreciation Rights.* Any Tandem Stock Appreciation Right may be granted at the same time as the related Option is granted or, for Options that are not Incentive Stock Options, at any time thereafter before exercise or expiration of such Option. Any Tandem Stock Appreciation Right related to an Option may be exercised only when the related Option would be exercisable and the Fair Market Value of the Shares subject to the related Option exceeds the exercise price at which Shares can be acquired pursuant to the Option. In addition, if a Tandem Stock Appreciation Right exists with respect to less than the full number of Shares covered by a related Option, then an exercise or termination of such Option shall not reduce the number of Shares to which the Tandem Stock Appreciation Right applies until the number of Shares then exercisable under such Option equals the number of Shares to which the Tandem Stock Appreciation Right applies. Any Option related to a Tandem Stock Appreciation Right shall no longer be exercisable to the extent the Tandem Stock Appreciation Right has been exercised, and any Tandem Stock Appreciation Right shall no longer be exercisable to the extent the related Option has been exercised.

(d) *Restricted Stock Awards.* The Committee is authorized to grant Restricted Stock Awards to any Eligible Person on the following terms and conditions:

(i) *Grant and Restrictions.* Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, or as otherwise provided in this Plan, covering a period of time specified by the Committee (the “Restriction Period”). The terms of any Restricted Stock Award granted under the Plan shall be set forth in a written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award Agreement relating to a Restricted Stock Award, a Participant granted Restricted Stock shall have all of the rights of a shareholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee). During the Restriction Period, subject to Section 10(b) below, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant.

(ii) *Forfeiture.* Except as otherwise determined by the Committee, upon termination of a Participant’s Continuous Service during the applicable Restriction Period, the Participant’s Restricted Stock that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited and reacquired by the Company; provided that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to Restricted Stock Awards shall be waived in whole or in part in the event of terminations resulting from specified causes.

(iii) *Certificates for Stock.* Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

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(iv) *Dividends and Splits.* As a condition to the grant of a Restricted Stock Award, the Committee may require or permit a Participant to elect that any cash dividends paid on a Share of Restricted Stock be automatically reinvested in additional Shares of Restricted Stock or applied to the purchase of additional Awards under the Plan. Unless otherwise determined by the Committee, Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Shares or other property have been distributed.

(e) *Deferred Stock Award.* The Committee is authorized to grant Deferred Stock Awards to any Eligible Person on the following terms and conditions:

(i) *Award and Restrictions.* Satisfaction of a Deferred Stock Award shall occur upon expiration of the deferral period specified for such Deferred Stock Award by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, a Deferred Stock Award shall be subject to such restrictions (which may include a risk of forfeiture) as the Committee may impose, if any, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine. A Deferred Stock Award may be satisfied by delivery of Shares, cash equal to the Fair Market Value of the specified number of Shares covered by the Deferred Stock, or a combination thereof, as determined by the Committee at the date of grant or thereafter. Prior to satisfaction of a Deferred Stock Award, a Deferred Stock Award carries no voting or dividend or other rights associated with Share ownership.

(ii) *Forfeiture.* Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the Deferred Stock Award), the Participant's Deferred Stock Award that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited; provided that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to a Deferred Stock Award shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of any Deferred Stock Award.

(iii) *Dividend Equivalents.* Unless otherwise determined by the Committee at date of grant, any Dividend Equivalents that are granted with respect to any Deferred Stock Award shall be either (A) paid with respect to such Deferred Stock Award at the dividend payment date in cash or in Shares of unrestricted stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such Deferred Stock Award and the amount or value thereof automatically deemed reinvested in additional Deferred Stock, other Awards or other investment vehicles, as the Committee shall determine or permit the Participant to elect.

(f) *Bonus Stock and Awards in Lieu of Obligations.* The Committee is authorized to grant Shares to any Eligible Persons as a bonus, or to grant Shares or other Awards in lieu of obligations to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, provided that, in the case of Eligible Persons subject to Section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Committee to the extent necessary to ensure that acquisitions of Shares or other Awards are exempt from liability under Section 16(b) of the Exchange Act. Shares or Awards granted hereunder shall be subject to such other terms as shall be determined by the Committee.

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(g) *Dividend Equivalents.* The Committee is authorized to grant Dividend Equivalents to any Eligible Person entitling the Eligible Person to receive cash, Shares, other Awards, or other property equal in value to the dividends paid with respect to a specified number of Shares, or other periodic payments. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Shares, Awards, or other investment vehicles, and subject to such restrictions on transferability and risks of forfeiture, as the Committee may specify.

(h) *Performance Awards.* The Committee is authorized to grant Performance Awards to any Eligible Person payable in cash, Shares, or other Awards, on terms and conditions established by the Committee, subject to the provisions of Section 8 if and to the extent that the Committee shall, in its sole discretion, determine that an Award shall be subject to those provisions. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. Except as provided in Section 9 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria set forth in Section 8(b), or in the case of an Award that the Committee determines shall not be subject to Section 8 hereof, any other criteria that the Committee, in its sole discretion, shall determine should be used for that purpose. The amount of the Award to be distributed shall be conclusively determined by the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis.

(i) *Other Stock-Based Awards.* The Committee is authorized, subject to limitations under applicable law, to grant to any Eligible Person such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan. Other Stock-Based Awards may be granted to Participants either alone or in addition to other Awards granted under the Plan, and such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan. The Committee shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(i) shall be purchased for such consideration (including, without limitation, loans from the Company or a Related Entity provided that such loans are not in violation of the Sarbanes Oxley Act of 2002, or any rule or regulation adopted thereunder or any other applicable law) paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards or other property, as the Committee shall determine.

7. *Certain Provisions Applicable to Awards.*

(a) *Stand-Alone, Additional, Tandem and Substitute Awards.* Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Related Entity, or any business entity to be acquired by the Company or a Related Entity, or any other right of a Participant to receive payment from the Company or any Related Entity. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award or award, the Committee shall require the surrender of such other Award or award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under

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other plans of the Company or any Related Entity, in which the value of Stock subject to the Award is equivalent in value to the cash compensation (for example, Deferred Stock or Restricted Stock), or in which the exercise price, grant price or purchase price of the Award in the nature of a right that may be exercised is equal to the Fair Market Value of the underlying Stock minus the value of the cash compensation surrendered (for example, Options or Stock Appreciation Right granted with an exercise price or grant price "discounted" by the amount of the cash compensation surrendered).

(b) *Term of Awards.* The term of each Award shall be for such period as may be determined by the Committee; provided that in no event shall the term of any Option or Stock Appreciation Right exceed a period of ten years (or in the case of an Incentive Stock Option such shorter term as may be required under Section 422 of the Code).

(c) *Form and Timing of Payment Under Awards; Deferrals.* Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Related Entity upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Shares, other Awards or other property, and may be made in a single payment or

transfer, in installments, or on a deferred basis. Any installment or deferral provided for in the preceding sentence shall, however, be subject to the Company's compliance with the provisions of the Sarbanes-Oxley Act of 2002, the rules and regulations adopted by the U.S. Securities and Exchange Commission thereunder, and all applicable rules of the Nasdaq Stock Market or any national securities exchange on which the Company's securities are listed for trading and, if not listed for trading on either the Nasdaq Stock Market or a national securities exchange, then the rules of the Nasdaq Stock Market. The settlement of any Award may be accelerated, and cash paid in lieu of Shares in connection with such settlement, in the discretion of the Committee or upon occurrence of one or more specified events (in addition to a Change in Control). Installment or deferred payments may be required by the Committee (subject to Section 10(e) of the Plan, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award Agreement) or permitted at the election of the Participant on terms and conditions established by the Committee. Payments may include, without limitation, provisions for the payment or crediting of a reasonable interest rate on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Shares.

(d) *Exemptions from Section 16(b) Liability.* It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16 pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of this Plan or any Award Agreement does not comply with the requirements of Rule 16b-3 then applicable to any such transaction, such provision shall be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under Section 16(b).

8. *Code Section 162(m) Provisions.*

(a) *Covered Employees.* The Committee, in its discretion, may determine at the time an Award is granted to an Eligible Person who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, that the provisions of this Section 8 shall be applicable to such Award.

(b) *Performance Criteria.* If an Award is subject to this Section 8, then the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as

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applicable, shall be contingent upon achievement of one or more objective performance goals. Performance goals shall be objective and shall otherwise meet the requirements of Section 162(m) of the Code and regulations thereunder including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being "substantially uncertain." One or more of the following business criteria for the Company, on a consolidated basis, and/or for Related Entities, or for business or geographical units of the Company and/or a Related Entity (except with respect to the total shareholder return and earnings per share criteria), shall be used by the Committee in establishing performance goals for such Awards: (1) earnings per share; (2) revenues or margins; (3) cash flow; (4) operating margin; (5) return on net assets, investment, capital, or equity; (6) economic value added; (7) direct contribution; (8) net income; pretax earnings; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings after interest expense and before extraordinary or special items; operating income; income before interest income or expense, unusual items and income taxes, local, state or federal and excluding budgeted and actual bonuses which might be paid under any ongoing bonus plans of the Company; (9) working capital; (10) management of fixed costs or variable costs; (11) identification or consummation of investment opportunities or completion of specified projects in accordance with corporate business plans, including strategic mergers, acquisitions or divestitures; (12) total shareholder return; and (13) debt reduction. Any of the above goals may be determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Committee including, but not limited to, the Standard & Poor's 500 Stock Index or a group of companies that are comparable to the Company. The Committee may exclude the impact of an event or occurrence which the Committee determines should appropriately be excluded, including without limitation (i) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (ii) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management, or (iii) a change in accounting standards required by generally accepted accounting principles.

(c) *Performance Period; Timing For Establishing Performance Goals.* Achievement of performance goals in respect of such Performance Awards shall be measured over a Performance Period no shorter than 12 months and no longer than five years, as specified by the Committee. Performance goals shall be established not later than 90 days after the beginning of any Performance Period applicable to such Performance Awards, or at such other date as may be required or permitted for "performance-based compensation" under Code Section 162(m).

(d) *Adjustments.* The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with Awards subject to this Section 8, but may not exercise discretion to increase any such amount payable to a Covered Employee in respect of an Award subject to this Section 8. The Committee shall specify the circumstances in which such Awards shall be paid or forfeited in the event of termination of Continuous Service by the Participant prior to the end of a Performance Period or settlement of Awards.

(e) *Committee Certification.* No Participant shall receive any payment under the Plan unless the Committee has certified, by resolution or other appropriate action in writing, that the performance criteria and any other material terms previously established by the Committee or set forth in the Plan, have been satisfied to the extent necessary to qualify as "performance based compensation" under Code Section 162(m).

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9. *Change in Control.*

(a) *Effect of "Change in Control."* Subject to Section 9(a)(iv), and if and only to the extent provided in the Award Agreement, or to the extent otherwise determined by the Committee, upon the occurrence of a "Change in Control," as defined in Section 9(b):

(i) Any Option or Stock Appreciation Right that was not previously vested and exercisable as of the time of the Change in Control, shall become immediately vested and exercisable, subject to applicable restrictions set forth in Section 10(a) hereof.

(ii) Any restrictions, deferral of settlement, and forfeiture conditions applicable to a Restricted Stock Award, Deferred Stock Award or an Other Stock-Based Award subject only to future service requirements granted under the Plan shall lapse and such Awards shall be deemed fully

vested as of the time of the Change in Control, except to the extent of any waiver by the Participant and subject to applicable restrictions set forth in Section 10(a) hereof.

(iii) With respect to any outstanding Award subject to achievement of performance goals and conditions under the Plan, the Committee may, in its discretion, deem such performance goals and conditions as having been met as of the date of the Change in Control.

(iv) Notwithstanding the foregoing, if in the event of a Change in Control the successor company assumes or substitutes for an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award, then each outstanding Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award shall not be accelerated as described in Sections 9(a)(i), (ii) and (iii). For the purposes of this Section 9(a)(iv), an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award shall be considered assumed or substituted for if following the Change in Control the award confers the right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting a Change in Control by holders of Shares for each Share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the transaction constituting a Change in Control is not solely common stock of the successor company or its parent or subsidiary, the Committee may, with the consent of the successor company or its parent or subsidiary, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award or Other Stock-Based Award, for each Share subject thereto, will be solely common stock of the successor company or its parent or subsidiary substantially equal in fair market value to the per share consideration received by holders of Shares in the transaction constituting a Change in Control. The determination of such substantial equality of value of consideration shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding.

(b) *Definition of "Change in Control."* Unless otherwise specified in an Award Agreement, a "Change in Control" shall mean the occurrence of any of the following:

(i) The acquisition by any Person of Beneficial Ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company

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entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities) (the foregoing Beneficial Ownership hereinafter being referred to as a "Controlling Interest"); provided, however, that for purposes of this Section 9(b), the following acquisitions shall not constitute or result in a Change of Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary; or (z) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) below; or

(ii) During any period of two (2) consecutive years (not including any period prior to the Effective Date) individuals who constitute the Board on the Effective Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its Subsidiaries (each a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination or any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest) beneficially owns, directly or indirectly, fifty percent (50%) or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the Board of Directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

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10. *General Provisions.*

(a) *Compliance With Legal and Other Requirements.* The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Shares or payment of other benefits under any Award until completion of such registration or qualification of such Shares or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or

automated quotation system upon which the Shares or other Company securities are listed or quoted, or compliance with any other obligation of the Company, as the Committee, may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Shares or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

(b) *Limits on Transferability; Beneficiaries.* No Award or other right or interest granted under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party, or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights (other than Incentive Stock Options and Stock Appreciation Rights in tandem therewith) may be transferred to one or more Beneficiaries or other transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee pursuant to the express terms of an Award Agreement (subject to any terms and conditions which the Committee may impose thereon). A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award Agreement applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) *Adjustments.*

(i) *Adjustments to Awards.* In the event that any extraordinary dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Shares and/or such other securities of the Company or any other issuer such that a substitution, exchange, or adjustment is determined by the Committee to be appropriate, then the Committee shall, in such manner as it may deem equitable, substitute, exchange or adjust any or all of (A) the number and kind of Shares which may be delivered in connection with Awards granted thereafter, (B) the number and kind of Shares by which annual per-person Award limitations are measured under Section 5 hereof, (C) the number and kind of Shares subject to or deliverable in respect of outstanding Awards, (D) the exercise price, grant price or purchase price relating to any Award and/or make provision for payment of cash or other property in respect of any outstanding Award, and (E) any other aspect of any Award that the Committee determines to be appropriate.

(ii) *Adjustments in Case of Certain Corporate Transactions.* In the event of any merger, consolidation or other reorganization in which the Company does not survive, or in the event of any Change in Control, any outstanding Awards may be dealt with in accordance with any of the following approaches, as determined by the agreement effectuating the transaction or, if and to the extent not so determined, as determined by the Committee: (a) the continuation of the outstanding Awards by the Company, if the Company is a surviving corporation, (b) the assumption or substitution for, as those terms are defined in Section 9(b)(iv) hereof, the outstanding Awards by the surviving corporation or its

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parent or subsidiary, (c) full exercisability or vesting and accelerated expiration of the outstanding Awards, or (d) settlement of the value of the outstanding Awards in cash or cash equivalents or other property followed by cancellation of such Awards (which value, in the case of Options or Stock Appreciation Rights, shall be measured by the amount, if any, by which the Fair Market Value of a Share exceeds the exercise or grant price of the Option or Stock Appreciation Right as of the effective date of the transaction). The Committee shall give written notice of any proposed transaction referred to in this Section 10(c)(ii) a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after the approval of such transaction), in order that Participants may have a reasonable period of time prior to the closing date of such transaction within which to exercise any Awards that are then exercisable (including any Awards that may become exercisable upon the closing date of such transaction). A Participant may condition his exercise of any Awards upon the consummation of the transaction.

(iii) *Other Adjustments.* The Committee (and the Board if and only to the extent such authority is not required to be exercised by the Committee to comply with Section 162(m) of the Code) is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Performance Awards, or performance goals relating thereto) in recognition of unusual or nonrecurring events (including, without limitation, acquisitions and dispositions of businesses and assets) affecting the Company, any Related Entity or any business unit, or the financial statements of the Company or any Related Entity, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any Related Entity or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant; provided that no such adjustment shall be authorized or made if and to the extent that such authority or the making of such adjustment would cause Options, Stock Appreciation Rights, Performance Awards granted pursuant to Section 8(b) hereof to Participants designated by the Committee as Covered Employees and intended to qualify as "performance-based compensation" under Code Section 162(m) and the regulations thereunder to otherwise fail to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder.

(d) *Taxes.* The Company and any Related Entity are authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company or any Related Entity and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis in the discretion of the Committee.

(e) *Changes to the Plan and Awards.* The Board may amend, alter, suspend, discontinue or terminate the Plan, or the Committee's authority to grant Awards under the Plan, without the consent of shareholders or Participants, except that any amendment or alteration to the Plan shall be subject to the approval of the Company's shareholders not later than the annual meeting next following such Board action if such shareholder approval is required by any federal or state law or regulation (including, without limitation, Rule 16b-3 or Code Section 162(m)) or the rules of any stock exchange or automated quotation system on which the Shares may then be listed or quoted, and the Board may otherwise, in its discretion, determine to submit other such changes to the Plan to shareholders for approval; provided that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any previously granted and

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outstanding Award. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award Agreement relating thereto, except as otherwise provided in the Plan; provided that, without the consent of an affected Participant, no such Committee or the Board action may materially and adversely affect the rights of such Participant under such Award.

(f) *Limitation on Rights Conferred Under Plan.* Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a Related Entity; (ii) interfering in any way with the right of the Company or a Related Entity to terminate any Eligible Person's or Participant's Continuous Service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and Employees, or (iv) conferring on a Participant any of the rights of a shareholder of the Company unless and until the Participant is duly issued or transferred Shares in accordance with the terms of an Award.

(g) *Unfunded Status of Awards; Creation of Trusts.* The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Shares pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Committee may authorize the creation of trusts and deposit therein cash, Shares, other Awards or other property, or make other arrangements to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee may specify and in accordance with applicable law.

(h) *Code Section 409A.* It is intended that any amounts payable under this Plan shall either be exempt from Section 409A of the Code or shall comply with Section 409A (including Treasury regulations and other published guidance related thereto) so as not to subject the Employee to payment of any other additional tax, penalty or interest imposed under Section 409A of the Code. The provisions of this Plan shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Section 409A of the Code yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Employee. Notwithstanding the foregoing, the Company makes no representations regarding the tax treatment of any payments hereunder, and the Employee shall be responsible for any and all applicable taxes on the severance payments provided by the Plan.

(i) *Nonexclusivity of the Plan.* Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable including incentive arrangements and awards which do not qualify under Section 162(m) of the Code.

(j) *Payments in the Event of Forfeitures; Fractional Shares.* Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash or other consideration, the Participant shall be repaid the amount of such cash or other consideration. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

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(k) *Governing Law.* The validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to principles of conflict of laws, and applicable federal law.

(l) *Non-U.S. Laws.* The Committee shall have the authority to adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or its Subsidiaries may operate to assure the viability of the benefits from Awards granted to Participants performing services in such countries and to meet the objectives of the Plan.

(m) *Plan Effective Date and Shareholder Approval; Termination of Plan.* The Plan shall become effective on the Effective Date, subject to subsequent approval, within 12 months of its adoption by the Board, by shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Code Sections 162(m) (if applicable) and 422, Rule 16b-3 under the Exchange Act (if applicable), applicable requirements under the rules of any stock exchange or automated quotation system on which the Shares may be listed or quoted, and other laws, regulations, and obligations of the Company applicable to the Plan. Awards may be granted subject to shareholder approval, but may not be exercised or otherwise settled in the event the shareholder approval is not obtained. The Plan shall terminate at the earliest of (a) such time as no Shares remain available for issuance under the Plan, (b) termination of this Plan by the Board, or (c) the tenth anniversary of the Effective Date. Awards outstanding upon expiration of the Plan shall remain in effect until they have been exercised or terminated, or have expired.

Adopted January 2018

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CAPITAL ONE, N.A. - LOAN NO.

PROMISSORY NOTE

\$20,000,000.00

DECEMBER 14, 2011

FOR VALUE RECEIVED, LEGACY HOUSING, LTD, a Texas limited partnership ("*Debtor*"), unconditionally promises to pay to the order of CAPITAL ONE, N.A., a national association (together with its successors and assigns, "*Lender*"), without setoff, at its offices at 600 N. Pearl Street, Suite 2500, Dallas (Dallas County), TX 75201, or at such other place as may be designated by Lender, the principal amount of TWENTY MILLION AND NO/100 DOLLARS (\$20,000,000.00), or so much thereof as may be advanced from time to time in immediately available funds, together with interest computed daily on the outstanding principal balance hereunder, at an annual interest rate (the "*Rate*"), and in accordance with the payment schedule indicated below. This PROMISSORY NOTE (this "*Note*") is executed pursuant to and evidences the loan funded by Lender pursuant to that certain LOAN AND SECURITY AGREEMENT dated as of even date herewith, between Debtor and Lender (as the amended, modified or restated from time to time, the "*Loan Agreement*"), to which reference is made for a statement of the collateral, rights and obligations of Debtor and Lender in relation thereto; but neither this reference to the Loan Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of Debtor to pay unpaid principal of and interest on this Note when due. Capitalized terms not otherwise defined herein shall have the same meanings as in the Loan Agreement.

1. Rate. Prior to the Maturity Date, the Rate shall be the LESSER of (a) the MAXIMUM RATE, or (b) TWO AND ONE-HALF OF ONE PERCENT (2.50%) plus the LIBO RATE, provided that the LIBO Rate shall be subject to a floor of ONE AND ONE-HALF OF ONE PERCENT (1.50%). From after the Maturity Date, the Rate shall be equal to the Maturity Rate. "LIBO Rate" means the London Inter-Bank Offered Rate for United States Dollars established by the British Bankers Association for interest periods of ONE (1) month. Lender will tell Debtor the current LIBO Rate upon Debtor's request. Debtor understands that Lender may make loans based on other rates as well. If the LIBO Rate referenced in the preceding sentences is not available, the Rate will be determined by Lender. The LIBO Rate shall be adjusted from time to time in Lender's sole discretion for then applicable reserve requirements, deposit insurance assessment rates, marginal emergency, supplemental, special and other reserve percentages, and other regulatory costs. Notwithstanding any provision of this Note or any other agreement or commitment between Debtor and Lender, whether written or oral, express or implied, Lender shall never be entitled to charge, receive or collect, nor shall amounts received hereunder be credited so that Lender shall be paid, as interest a sum greater than interest at the Maximum Rate. It is the intention of the parties that this Note, and all instruments securing the payment of this Note or executed or delivered in collection therewith, shall comply with applicable law. If Lender ever contracts for, charges, receives or collects anything of value which is deemed to be interest under applicable law, and if the occurrence of any circumstance or contingency, whether acceleration of maturity of this Note, prepayment of this Note, delay in advancing proceeds of this Note or any other event, should cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum Rate shall be applied to the reduction of the unpaid principal balance of this Note or any other indebtedness owed to Lender by Debtor, and if this Note and such other indebtedness are paid in full, any remaining excess shall be paid to Debtor. In determining whether the interest exceeds interest at the Maximum Rate, the total amount of interest shall be spread, prorated and amortized throughout the entire term of this Note until its payment in full. The term "Maximum Rate" as used in this Note means the maximum nonusurious rate of interest per annum permitted by whichever of applicable United States federal law or Texas law permits the higher interest rate, including to the extent permitted by applicable law, any amendments thereof hereafter or any new law hereafter coming into effect to the extent a higher Maximum Rate is permitted thereby. If at any time the Rate shall exceed the Maximum Rate, the Rate shall be automatically limited to the Maximum Rate until the total amount of interest accrued hereunder equals the amount of interest which would have accrued if there had been no limitation to the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code, as amended, (the "Act") is relevant to Lender for purposes of determining the Maximum Rate, the parties elect to determine the Maximum Rate under the Act pursuant to the "weekly ceiling" from time to time in effect, as referred to and defined in §303.001-303.016 of the Act; subject, however, to any right Lender subsequently may have under applicable law to change the method of determining the Maximum Rate.

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2. Accrual Method. Interest on the Indebtedness evidenced by this Note shall be computed on the basis of a THREE HUNDRED SIXTY (360) day year and shall accrue on the actual number of days elapsed for any whole or partial month in which interest is being calculated. In computing the number of days during which interest accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall be included unless repayment is credited prior to the close of business on the Business Day received as provided herein.

3. Rate Change Date. The Rate will change as of the FIRST (1st) Business Day of each month.

4. Payment Schedule. Except as expressly provided herein to the contrary, all payments on this Note shall be applied in the following order of priority: (a) the payment or reimbursement of any expenses, costs or obligations (other than the outstanding principal balance hereof and interest hereon) for which either Debtor shall be obligated or Lender shall be entitled pursuant to the provisions of this Note or the other Loan Documents, (b) the payment of accrued but unpaid interest hereon, and (c) the payment of all or any portion of the principal balance hereof then outstanding hereunder, in the direct order of maturity. If a Default exists under any of the other Loan Documents, then Lender may, at the sole option of Lender, apply any such payments, at any time and from time to time, to any of the items specified in clauses (a), (b) or (c) above without regard to the order of priority otherwise specified herein and any application to the outstanding principal balance hereof may be made in either direct or inverse order of maturity. If any payment of principal or interest on this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. The outstanding principal balance of this Note, plus accrued and unpaid interest thereon shall be due and payable on the earlier of (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents; (ii) DECEMBER 14, 2013; or (iii) such other date as may be established by a written instrument between Debtor and Lender, from time to time (the "Maturity Date"). Accrued and unpaid interest on the outstanding principal balance of this Note shall be due and payable monthly commencing on JANUARY 1, 2012, and continuing on the same day of each month thereafter and on the Maturity Date.

5. Delinquency Charge. To the extent permitted by law, a delinquency charge will be imposed in an amount not to exceed FIVE PERCENT (5.00%) of any payment that is more than TEN (10) days late.

6. Waivers, Consents and Covenants. Debtor, any endorser or guarantor hereof, or any other party hereto (individually an "Obligo" and collectively "Obligors") and each of them jointly and severally: (a) waives presentment, demand, protest, notice of demand, notice of intent to accelerate,

notice of acceleration of maturity, notice of protest, notice of nonpayment, notice of dishonor, and any other notice required to be given under the law to any Obligor in connection with the delivery, acceptance, performance, default or enforcement of this Note, any indorsement or guaranty of this Note, or any other documents executed in connection with this Note or any other Loan Documents now or hereafter executed in connection with any obligation of Debtor to Lender; (b) consents to all delays, extensions, renewals or other modifications of this Note or the Loan Documents, or waivers of any term hereof or of the Loan Documents, or release or discharge by Lender of any of Obligors, or release, substitution or exchange of any security for the payment hereof, or the failure to act on the part of Lender, or any indulgence shown by Lender (without notice to or further assent from any of Obligors); (c) agrees that no such action, failure to act or failure to exercise any right or remedy by Lender shall in any way affect or impair the obligations of any Obligors or be construed as a waiver by Lender of, or otherwise affect, any of Lender's rights under this Note, under any indorsement or guaranty of this Note or under any of the Loan Documents; and (d) agrees to pay, on demand, all costs and expenses of collection or defense of this Note or of any indorsement or guaranty hereof and/or the enforcement or defense of Lender's rights with respect to, or the administration, supervision, preservation, or protection of, or realization upon, any property securing payment hereof, including, without limitation, reasonable attorney's fees, including fees related to any suit, mediation or arbitration proceeding, out of court payment agreement, trial, appeal, bankruptcy proceedings or other proceeding, in such amount as may be determined reasonable by any arbitrator or court, whichever is applicable.

7. Prepayments. Debtor shall have the right to prepay, at any time and from time to time, without fee, premium or penalty (except as noted below), any portion of the outstanding principal balance hereof, provided that Debtor shall provide FIVE (5) days prior written notice to Lender of prepayment of the entire Note. Any such prepayment shall also include (a) any and all accrued but unpaid interest on the amount of principal being so

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prepaid through and including the date of prepayment, plus any other sums which have become due to Lender under the other Loan Documents on or before the date of prepayment, but which have not been fully paid and (b) any Funding Indemnification. Prepayments of principal will be applied in inverse order of maturity. "Funding Indemnification" means an amount (which shall be payable on demand by Lender) necessary to promptly compensate Lender for, and hold it harmless from, any loss, cost or expense incurred by it as a result of any payment or prepayment of any part of the Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise), including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such portion or from fees payable to terminate the deposits from which such funds were obtained. Debtor shall also pay any customary administrative fees charged by Lender in connection with the foregoing. For purposes of calculating amounts payable by Debtor to Lender hereunder, Lender shall be deemed to have funded the Loan by a matching deposit or other borrowing in the London inter-bank market for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

8. Remedies Upon Default. Whenever there is a Default under the Loan Documents (a) the entire balance outstanding hereunder and all other obligations of any Obligor to Lender (however acquired or evidenced) shall, at the option of Lender, become immediately due and payable and any obligation of Lender to permit further borrowing under this Note shall immediately cease and terminate, (b) Lender shall have all rights and remedies available to it under the Mortgage and other Loan Documents, and/or (c) to the extent permitted by law, the Rate of interest on the unpaid principal shall be increased at Lender's discretion up to the Maximum Rate, or if none, EIGHTEEN PERCENT (18.00%) per annum (the "Maturity Rate"). The provisions herein for a Maturity Rate shall not be deemed to extend the time for any payment hereunder or to constitute a "grace period" giving Obligors a right to cure any default. At Lender's option, any accrued and unpaid interest, fees or charges may, for purposes of computing and accruing interest on a daily basis after the due date of this Note or any installment thereof, be deemed to be a part of the principal balance, and interest shall accrue on a daily compounded basis after such date at the Maturity Rate provided in this Note until the entire outstanding balance of principal and interest is paid in full. Upon a Default, Lender is hereby authorized at any time, at its option and without notice or demand, to set off and charge against any deposit accounts of any Obligor (as well as any money, instruments, securities, documents, chattel paper, credits, claims, demands, income and any other property, rights and interests of any Obligor), which at any time shall come into the possession or custody or under the control of Lender or any of its agents, affiliates or correspondents, any and all obligations due hereunder.

9. Waiver. The failure at any time of Lender to exercise any of its options or any other rights hereunder shall not constitute a waiver thereof, nor shall it be a bar to the exercise of any of its options or rights at a later date. All rights and remedies of Lender shall be cumulative and may be pursued singly, successively or together, at the option of Lender. The acceptance by Lender of any partial payment shall not constitute a waiver of any default or of any of Lender's rights under this Note. No waiver of any of its rights hereunder, and no modification or amendment of this Note, shall be deemed to be made by Lender unless the same shall be in writing, duly signed on behalf of Lender; each such waiver shall apply only with respect to the specific instance involved, and shall in no way impair the rights of Lender or the obligations of Obligors to Lender in any other respect at any other time.

10. Applicable Law, Venue and Jurisdiction. Debtor agrees that this Note shall be deemed to have been made in the State of Texas at Lender's address indicated at the beginning of this Note and shall be governed by, and construed in accordance with, the laws of the State of Texas and is performable in the City and County of Texas indicated at the beginning of this Note (the "Venue Site"). In any litigation in connection with or to enforce this Note or any indorsement or guaranty of this Note or any Loan Documents, Obligors, and each of them, irrevocably consent to and confer personal jurisdiction on the courts of the State of Texas or the United States courts located within the Venue Site.

11. Partial Invalidity. The unenforceability or invalidity of any provision of this Note shall not affect the enforceability or validity of any other provision herein and the invalidity or unenforceability of any provision of this Note or of the Loan Documents to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

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12. Binding Effect. This Note shall be binding upon and inure to the benefit of Debtor, Obligors and Lender and their respective successors, assigns, heirs and personal representatives, provided, however, that no obligations of Debtor or Obligors hereunder can be assigned without prior written consent of Lender.

13. Controlling Document. To the extent that this Note conflicts with or is in any way incompatible with any other document related specifically to the loan evidenced by this Note, this Note shall control over any other such document, and if this Note does not address an issue, then each other such document shall control to the extent that it deals most specifically with an issue.

14. **Commercial Purpose.** DEBTOR REPRESENTS TO LENDER THAT THE PROCEEDS OF TIDS LOAN ARE TO BE USED PRIMARILY FOR BUSINESS, COMMERCIAL OR AGRICULTURAL PURPOSES. DEBTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD, AND AGREES TO BE BOUND BY, ALL TERMS AND CONDITIONS OF THIS NOTE.

15. **Collection.** If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceeding at law or in equity or in bankruptcy, receivership or other court proceedings, Debtor agrees to pay all costs of collection, including, but not limited to, court costs and reasonable attorneys' fees.

16. **Notice of Balloon Payment.** At maturity (whether by acceleration or otherwise), Debtor must repay the entire principal balance of this Note and unpaid interest then due. Lender is under no obligation to refinance the outstanding principal balance of this Note (if any) at that time. Debtor will, therefore, be required to make payment out of other assets Debtor may own; or Debtor will have to find a lender willing to lend Debtor the money at prevailing market rates, which may be higher than the interest rate on the outstanding principal balance of this Note. If Obligors have guaranteed payment of this Note, Obligors may be required to perform under such guaranty.

17. **Waiver of Jury Trial.** DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF THIS NOTE OR ANY OF THE LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF TIDS NOTE OR THE OTHER LOAN DOCUMENTS.

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EXECUTED as of the date first written above.

DEBTOR:

LEGACY HOUSING, LTD

By: GPLH, LC
Its: General Partner

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

ADDRESS:

4801 Mark IV Parkway
Fort Worth, TX 76106

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CAPITAL ONE, N.A. — LOAN NO.

AMENDED AND RESTATED PROMISSORY NOTE

\$30,000,000.00

DECEMBER 12, 2013

FOR VALUE RECEIVED, LEGACY HOUSING, LTD., a Texas limited partnership (“Debtor”), unconditionally promises to pay to the order of CAPITAL ONE, N.A., a national association (together with its successors and assigns, “Lender”), without setoff, at its offices at 600 N. Pearl Street, Suite 2500, Dallas (Dallas County), TX 75201, or at such other place as may be designated by Lender, the principal amount of **THIRTY MILLION AND NO/100 DOLLARS (\$30,000,000.00)**, or so much thereof as may be advanced from time to time in immediately available funds, together with interest computed daily on the outstanding principal balance hereunder, at an annual interest rate (the “Rate”), and in accordance with the payment schedule indicated below. This **AMENDED AND RESTATED PROMISSORY NOTE** (this “Note”) is executed pursuant to and evidences the loan funded by Lender pursuant to that certain **LOAN AND SECURITY AGREEMENT** dated as of **DECEMBER 14, 2011**, between Debtor and Lender (as the amended, modified or restated from time to time, the “Loan Agreement”), to which reference is made for a statement of the collateral, rights and obligations of Debtor and Lender in relation thereto; but neither this reference to the Loan Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of Debtor to pay unpaid principal of and interest on this Note when due. Capitalized terms not otherwise defined herein shall have the same meanings as in the Loan Agreement.

1. **Rate.** Prior to the Maturity Date or an Event of Default, the Rate shall be the **LESSER** of (a) the **MAXIMUM RATE**, or (b) **TWO PERCENT (2.00%) plus the LIBOR RATE**. From after the Maturity Date, the Rate shall be equal to the Maturity Rate. “LIBO Rate” means the London Inter-Bank Offered Rate for United States Dollars established by the British Bankers Association for interest periods of **ONE (1)** month. Lender will tell Debtor the current LIBO Rate upon Debtor’s request. Debtor understands that Lender may make loans based on other rates as well. If the LIBO Rate referenced in the preceding sentences is not available, the Rate will be determined by Lender. The LIBO Rate shall be adjusted from time to time in Lender’s sole discretion for then applicable reserve requirements, deposit insurance assessment rates, marginal emergency, supplemental, special and other reserve percentages, and other regulatory costs. Notwithstanding any provision of this Note or any other agreement or commitment between Debtor and Lender, whether written or oral, express or implied, Lender shall never be entitled to charge, receive or collect, nor shall amounts received hereunder be credited so that Lender shall be paid, as interest a sum greater than interest at the Maximum Rate. It is the intention of the parties that this Note, and all instruments securing the payment of this Note or executed or delivered in connection therewith, shall comply with applicable law. If Lender ever contracts for, charges, receives or collects anything of value which is deemed to be interest under applicable law, and if the occurrence of any circumstance or contingency, whether acceleration of maturity of this Note, prepayment of this Note, delay in advancing proceeds of this Note or any other event, should cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum Rate shall be applied to the reduction of the unpaid principal balance of this Note or any other indebtedness owed to Lender by Debtor, and if this Note and such other indebtedness are paid in full, any remaining excess shall be paid to Debtor. In determining whether the interest exceeds interest at the Maximum Rate, the total amount of interest shall be spread, prorated and amortized throughout the entire term of this Note until its payment in full. The term “Maximum Rate” as used in this Note means the maximum nonusurious rate of interest per annum permitted by whichever of applicable United States federal law or Texas law permits the higher interest rate, including to the extent permitted by applicable law, any amendments thereof hereafter or any new law hereafter coming into effect to the extent a higher Maximum Rate is permitted thereby. If at any time the Rate shall exceed the Maximum Rate, the Rate shall be automatically limited to the Maximum Rate until the total amount of interest accrued hereunder equals the amount of interest which would have accrued if there had been no limitation to the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code, as amended, (the “Act”) is relevant to Lender for purposes of determining the Maximum Rate, the parties elect to determine the Maximum Rate under the Act pursuant to the “weekly ceiling” from time to time in effect, as referred to and defined in §303.001-303.016 of the Act; subject, however, to any right Lender subsequently may have under applicable law to change the method of determining the Maximum Rate. Notwithstanding the foregoing, if Debtor and Lender now or hereafter enter into a Swap Agreement in connection with this Note, **THEN**, Lender in its reasonable discretion may adjust, to coordinate with its and industry practices pursuant to the Swap Agreement, interest rate periods, interest payment dates and Business Days under this Note. In

such circumstances the remainder of this Section and this Note shall continue to apply without change. “Swap Agreement” means any International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement and Schedule thereto, and any confirmations or other related documents or agreements thereunder pertaining to interest rate swaps or similar products, or any other documents or instruments pertaining to interest rate swaps or similar products, in each case if entered into with or through Lender or any of its affiliates.

2. **Accrual Method.** Interest on the Indebtedness evidenced by this Note shall be computed on the basis of a **THREE HUNDRED SIXTY (360)** day year and shall accrue on the actual number of days elapsed for any whole or partial month in which interest is being calculated. In computing the number of days during which interest accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall be included unless repayment is credited prior to the close of business on the Business Day received as provided herein.

3. **Rate Change Date.** The Rate will change as of the **FIRST (1st)** Business Day of each month.

4. **Payment Schedule.** Except as expressly provided herein to the contrary, all payments on this Note shall be applied in the following order of priority: (a) the payment or reimbursement of any expenses, costs or obligations (other than the outstanding principal balance hereof and interest hereon) for which either Debtor shall be obligated or Lender shall be entitled pursuant to the provisions of this Note or the other Loan Documents, (b) the payment of accrued but unpaid interest hereon, and (c) the payment of all or any portion of the principal balance hereof then outstanding hereunder, in the direct order of maturity. If a Default exists under any of the other Loan Documents, then Lender may, at the sole option of Lender, apply any such payments, at any time and from time to time, to any of the items specified in clauses (a), (b) or (c) above without regard to the order of priority otherwise specified herein and any application to the outstanding principal balance hereof may be made in either direct or inverse order of maturity. If any payment of principal or interest on this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. The outstanding principal balance of this Note, **plus** accrued and unpaid interest thereon shall be due and payable on the earlier of (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents; or (ii) **DECEMBER**

12, 2016 (the earliest of such dates being the "Maturity Date"). Accrued and unpaid interest on the outstanding principal balance of this Note shall be due and payable monthly commencing on **JANUARY 1, 2014**, and continuing on the same day of each month thereafter and on the Maturity Date.

5. **Delinquency Charge.** To the extent permitted by law, a delinquency charge will be imposed in an amount not to exceed **FIVE PERCENT (5.00%)** of any payment that is more than **TEN (10)** days late.

6. **Waivers, Consents and Covenants.** Debtor, any indorser or guarantor hereof, or any other party hereto (individually an "Obligor" and collectively "Obligors") and each of them jointly and severally: (a) waives presentment, demand, protest, notice of demand, notice of intent to accelerate, notice of acceleration of maturity, notice of protest, notice of nonpayment, notice of dishonor, and any other notice required to be given under the law to any Obligor in connection with the delivery, acceptance, performance, default or enforcement of this Note, any indorsement or guaranty of this Note, or any other documents executed in connection with this Note or any other Loan Documents now or hereafter executed in connection with any obligation of Debtor to Lender; (b) consents to all delays, extensions, renewals or other modifications of this Note or the Loan Documents, or waivers of any term hereof or of the Loan Documents, or release or discharge by Lender of any of Obligors, or release, substitution or exchange of any security for the payment hereof, or the failure to act on the part of Lender, or any indulgence shown by Lender (without notice to or further assent from any of Obligors); (c) agrees that no such action, failure to act or failure to exercise any right or remedy by Lender shall in any way affect or impair the obligations of any Obligors or be construed as a waiver by Lender of, or otherwise affect, any of Lender's rights under this Note, under any indorsement or guaranty of this Note or under any of the Loan Documents; and (d) agrees to pay, on demand, all costs and expenses of collection or defense of this Note or of any indorsement or guaranty hereof and/or the enforcement or defense of Lender's rights with respect to, or the administration, supervision, preservation, or protection of, or realization upon, any property securing payment hereof, including, without limitation, reasonable attorney's fees, including fees related to any suit, mediation or arbitration proceeding, out of court payment agreement, trial, appeal, bankruptcy proceedings or other proceeding, in such amount as may be determined reasonable by any arbitrator or court, whichever is applicable.

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7. **Prepayments.** Debtor shall have the right to prepay, at any time and from time to time, without fee, premium or penalty (except as noted below), any portion of the outstanding principal balance hereof, provided that Debtor shall provide **FIVE (5)** days prior written notice to Lender of prepayment of the entire Note. Any such prepayment shall also include (a) any and all accrued but unpaid interest on the amount of principal being so prepaid through and including the date of prepayment, plus any other sums which have become due to Lender under the other Loan Documents on or before the date of prepayment, but which have not been fully paid and (b) any Funding Indemnification. Prepayments of principal will be applied in inverse order of maturity. "Funding Indemnification" means an amount (which shall be payable on demand by Lender) necessary to promptly compensate Lender for, and hold it harmless from, any loss, cost or expense incurred by it as a result of any payment or prepayment of any part of the Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise), including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such portion or from fees payable to terminate the deposits from which such funds were obtained. Debtor shall also pay any customary administrative fees charged by Lender in connection with the foregoing. For purposes of calculating amounts payable by Debtor to Lender hereunder, Lender shall be deemed to have funded the Loan by a matching deposit or other borrowing in the London inter-bank market for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

8. **Remedies Upon Default.** Whenever there is a Default under the Loan Documents (a) the entire balance outstanding hereunder and all other obligations of any Obligor to Lender (however acquired or evidenced) shall, at the option of Lender, become immediately due and payable and any obligation of Lender to permit further borrowing under this Note shall immediately cease and terminate, (b) Lender shall have all rights and remedies available to it under the Loan Agreement and other Loan Documents, and/or (c) to the extent permitted by law, the Rate of interest on the unpaid principal shall be increased at Lender's discretion up to the Maximum Rate, or if none, **EIGHTEEN PERCENT (18.00%)** per annum (the "Maturity Rate"). The provisions herein for a Maturity Rate shall not be deemed to extend the time for any payment hereunder or to constitute a "grace period" giving Obligors a right to cure any default. At Lender's option, any accrued and unpaid interest, fees or charges may, for purposes of computing and accruing interest on a daily basis after the due date of this Note or any installment thereof, be deemed to be a part of the principal balance, and interest shall accrue on a daily compounded basis after such date at the Maturity Rate provided in this Note until the entire outstanding balance of principal and interest is paid in full. Upon a Default, Lender is hereby authorized at any time, at its option and without notice or demand, to set off and charge against any deposit accounts of any Obligor (as well as any money, instruments, securities, documents, chattel paper, credits, claims, demands, income and any other property, rights and interests of any Obligor), which at any time shall come into the possession or custody or under the control of Lender or any of its agents, affiliates or correspondents, any and all obligations due hereunder.

9. **Waiver.** The failure at any time of Lender to exercise any of its options or any other rights hereunder shall not constitute a waiver thereof, nor shall it be a bar to the exercise of any of its options or rights at a later date. All rights and remedies of Lender shall be cumulative and may be pursued singly, successively or together, at the option of Lender. The acceptance by Lender of any partial payment shall not constitute a waiver of any default or of any of Lender's rights under this Note. No waiver of any of its rights hereunder, and no modification or amendment of this Note, shall be deemed to be made by Lender unless the same shall be in writing, duly signed on behalf of Lender; each such waiver shall apply only with respect to the specific instance involved, and shall in no way impair the rights of Lender or the obligations of Obligors to Lender in any other respect at any other time.

10. **Applicable Law, Venue and Jurisdiction.** Debtor agrees that this Note shall be deemed to have been made in the State of Texas at Lender's address indicated at the beginning of this Note and shall be governed by, and construed in accordance with, the laws of the State of Texas and is performable in the City and County of Texas indicated at the beginning of this Note (the "Venue Site"). In any litigation in connection with or to enforce this Note or any indorsement or guaranty of this Note or any Loan Documents, Obligors, and each of them, irrevocably consent to and confer personal jurisdiction on the courts of the State of Texas or the United States courts located within the Venue Site.

11. **Partial Invalidity.** The unenforceability or invalidity of any provision of this Note shall not affect the enforceability or validity of any other provision herein and the invalidity or unenforceability of any provision of this Note or of the Loan Documents to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

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12. **Binding Effect.** This Note shall be binding upon and inure to the benefit of Debtor, Obligors and Lender and their respective successors, assigns, heirs and personal representatives, provided, however, that no obligations of Debtor or Obligors hereunder can be assigned without prior written

consent of Lender.

13. **Controlling Document.** To the extent that this Note conflicts with or is in any way incompatible with any other document related specifically to the loan evidenced by this Note, this Note shall control over any other such document, and if this Note does not address an issue, then each other such document shall control to the extent that it deals most specifically with an issue.

14. **Commercial Purpose.** DEBTOR REPRESENTS TO LENDER THAT THE PROCEEDS OF THIS LOAN ARE TO BE USED PRIMARILY FOR BUSINESS, COMMERCIAL OR AGRICULTURAL PURPOSES. DEBTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD, AND AGREES TO BE BOUND BY, ALL TERMS AND CONDITIONS OF THIS NOTE.

15. **Collection.** If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceeding at law or in equity or in bankruptcy, receivership or other court proceedings, Debtor agrees to pay all costs of collection, including, but not limited to, court costs and reasonable attorneys' fees.

16. **Notice of Balloon Payment.** At maturity (whether by acceleration or otherwise), Debtor must repay the entire principal balance of this Note and unpaid interest then due. Lender is under no obligation to refinance the outstanding principal balance of this Note (if any) at that time. Debtor will, therefore, be required to make payment out of other assets Debtor may own; or Debtor will have to find a lender willing to lend Debtor the money at prevailing market rates, which may be higher than the interest rate on the outstanding principal balance of this Note. If Obligors have guaranteed payment of this Note, Obligors may be required to perform under such guaranty.

17. **Amendment and Restatement.** This Note is executed and delivered by Debtor to amend and restate in its entirety that certain PROMISSORY NOTE dated as of DECEMBER 14, 2011 in the original notational amount of TWENTY MILLION AND NO/100 DOLLARS (\$20,000,000.00), executed and delivered by Debtor and payable to the order of Lender (the "Original Note"). Neither the execution nor delivery of this Note or the amendment and restatement of the Original Note constitutes a novation or payment of any part of the indebtedness evidenced by the Original Note.

18. **Waiver of Jury Trial.** DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF THIS NOTE OR ANY OF THE LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THIS NOTE OR THE OTHER LOAN DOCUMENTS.

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EXECUTED as of the date first written above.

DEBTOR:

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

CAPITAL ONE, N.A. — LOAN NO.

SECOND AMENDED AND RESTATED PROMISSORY NOTE

\$35,000,000.00

MARCH 31, 2014

FOR VALUE RECEIVED, LEGACY HOUSING, LTD, a Texas limited partnership ("Debtor"), unconditionally promises to pay to the order of CAPITAL ONE, N.A., a national association (together with its successors and assigns, "Lender"), without setoff, at its offices at 600 N. Pearl Street, Suite 2500, Dallas (Dallas County), TX 75201, or at such other place as may be designated by Lender, the principal amount of **THIRTY-FIVE MILLION AND NO/100 DOLLARS (\$35,000,000.00)**, or so much thereof as may be advanced from time to time in immediately available funds, together with interest computed daily on the outstanding principal balance hereunder, at an annual interest rate (the "Rate"), and in accordance with the payment schedule indicated below. This **SECOND AMENDED AND RESTATED PROMISSORY NOTE** (this "Note") is executed pursuant to and evidences the loan funded by Lender pursuant to that certain **LOAN AND SECURITY AGREEMENT** dated as of **DECEMBER 14, 2011**, between Debtor and Lender (as the amended, modified or restated from time to time, the "Loan Agreement"), to which reference is made for a statement of the collateral, rights and obligations of Debtor and Lender in relation thereto; but neither this reference to the Loan Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of Debtor to pay unpaid principal of and interest on this Note when due. Capitalized terms not otherwise defined herein shall have the same meanings as in the Loan Agreement.

1. **Rate.** Prior to the Maturity Date or an Event of Default, the Rate shall be the **LESSER** of (a) the **MAXIMUM RATE**, or (b) **TWO PERCENT (2.00%) plus the LIBOR RATE**. From after the Maturity Date, the Rate shall be equal to the Maturity Rate. "LIBO Rate" means the London Inter-Bank Offered Rate for United States Dollars established by the British Bankers Association for interest periods of **ONE (1)** month. Lender will tell Debtor the current LIBO Rate upon Debtor's request. Debtor understands that Lender may make loans based on other rates as well. If the LIBO Rate referenced in the preceding sentences is not available, the Rate will be determined by Lender. The LIBO Rate shall be adjusted from time to time in Lender's sole discretion for then applicable reserve requirements, deposit insurance assessment rates, marginal emergency, supplemental, special and other reserve percentages, and other regulatory costs. Notwithstanding any provision of this Note or any other agreement or commitment between Debtor and Lender, whether written or oral, express or implied, Lender shall never be entitled to charge, receive or collect, nor shall amounts received hereunder be credited so that Lender shall be paid, as interest a sum greater than interest at the Maximum Rate. It is the intention of the parties that this Note, and all instruments securing the payment of this Note or executed or delivered in connection therewith, shall comply with applicable law. If Lender ever contracts for, charges, receives or collects anything of value which is deemed to be interest under applicable law, and if the occurrence of any circumstance or contingency, whether acceleration of maturity of this Note, prepayment of this Note, delay in advancing proceeds of this Note or any other event, should cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum Rate shall be applied to the reduction of the unpaid principal balance of this Note or any other indebtedness owed to Lender by Debtor, and if this Note and such other indebtedness are paid in full, any remaining excess shall be paid to Debtor. In determining whether the interest exceeds interest at the Maximum Rate, the total amount of interest shall be spread, prorated and amortized throughout the entire term of this Note until its payment in full. The term "Maximum Rate" as used in this Note means the maximum nonusurious rate of interest per annum permitted by whichever of applicable United States federal law or Texas law permits the higher interest rate, including to the extent permitted by applicable law, any amendments thereof hereafter or any new law hereafter coming into effect to the extent a higher Maximum Rate is permitted thereby. If at any time the Rate shall exceed the Maximum Rate, the Rate shall be automatically limited to the Maximum Rate until the total amount of interest accrued hereunder equals the amount of interest which would have accrued if there had been no limitation to the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code, as amended, (the "Act") is relevant to Lender for purposes of determining the Maximum Rate, the parties elect to determine the Maximum Rate under the Act pursuant to the "weekly ceiling" from time to time in effect, as referred to and defined in §303.001-303.016 of the Act; subject, however, to any right Lender subsequently may have under applicable law to change the method of determining the Maximum Rate. Notwithstanding the foregoing, if Debtor and Lender now or hereafter enter into a Swap Agreement in connection with this Note, **THEN**, Lender in its reasonable discretion may adjust, to coordinate with its and industry practices pursuant to the Swap Agreement, interest rate periods, interest payment dates and Business Days under this Note. In

such circumstances the remainder of this Section and this Note shall continue to apply without change. "Swap Agreement" means any International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement and Schedule thereto, and any confirmations or other related documents or agreements thereunder pertaining to interest rate swaps or similar products, or any other documents or instruments pertaining to interest rate swaps or similar products, in each case if entered into with or through Lender or any of its affiliates.

2. **Accrual Method.** Interest on the Indebtedness evidenced by this Note shall be computed on the basis of a **THREE HUNDRED SIXTY (360)** day year and shall accrue on the actual number of days elapsed for any whole or partial month in which interest is being calculated. In computing the number of days during which interest accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall be included unless repayment is credited prior to the close of business on the Business Day received as provided herein.

3. **Rate Change Date.** The Rate will change as of the **FIRST (1st)** Business Day of each month.

4. **Payment Schedule.** Except as expressly provided herein to the contrary, all payments on this Note shall be applied in the following order of priority: (a) the payment or reimbursement of any expenses, costs or obligations (other than the outstanding principal balance hereof and interest hereon) for which either Debtor shall be obligated or Lender shall be entitled pursuant to the provisions of this Note or the other Loan Documents, (b) the payment of accrued but unpaid interest hereon, and (c) the payment of all or any portion of the principal balance hereof then outstanding hereunder, in the direct order of maturity. If a Default exists under any of the other Loan Documents, then Lender may, at the sole option of Lender, apply any such payments, at any time and from time to time, to any of the items specified in clauses (a), (b) or (c) above without regard to the order of priority otherwise specified herein and any application to the outstanding principal balance hereof may be made in either direct or inverse order of maturity. If any payment of principal or interest on this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. The outstanding principal balance of this Note, plus accrued and unpaid interest thereon shall be due and payable on the earlier of (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents; or (ii) **DECEMBER**

12, 2016 (the earliest of such dates being the "Maturity Date"). Accrued and unpaid interest on the outstanding principal balance of this Note shall be due and payable monthly commencing on **APRIL 1, 2014**, and continuing on the same day of each month thereafter and on the Maturity Date.

5. **Delinquency Charge.** To the extent permitted by law, a delinquency charge will be imposed in an amount not to exceed **FIVE PERCENT (5.00%)** of any payment that is more than **TEN (10)** days late.

6. **Waivers, Consents and Covenants.** Debtor, any indorser or guarantor hereof, or any other party hereto (individually an "Obligor" and collectively "Obligors") and each of them jointly and severally: (a) waives presentment, demand, protest, notice of demand, notice of intent to accelerate, notice of acceleration of maturity, notice of protest, notice of nonpayment, notice of dishonor, and any other notice required to be given under the law to any Obligor in connection with the delivery, acceptance, performance, default or enforcement of this Note, any indorsement or guaranty of this Note, or any other documents executed in connection with this Note or any other Loan Documents now or hereafter executed in connection with any obligation of Debtor to Lender; (b) consents to all delays, extensions, renewals or other modifications of this Note or the Loan Documents, or waivers of any term hereof or of the Loan Documents, or release or discharge by Lender of any of Obligors, or release, substitution or exchange of any security for the payment hereof, or the failure to act on the part of Lender, or any indulgence shown by Lender (without notice to or further assent from any of Obligors); (c) agrees that no such action, failure to act or failure to exercise any right or remedy by Lender shall in any way affect or impair the obligations of any Obligors or be construed as a waiver by Lender of, or otherwise affect, any of Lender's rights under this Note, under any indorsement or guaranty of this Note or under any of the Loan Documents; and (d) agrees to pay, on demand, all costs and expenses of collection or defense of this Note or of any indorsement or guaranty hereof and/or the enforcement or defense of Lender's rights with respect to, or the administration, supervision, preservation, or protection of, or realization upon, any property securing payment hereof, including, without limitation, reasonable attorney's fees, including fees related to any suit, mediation or arbitration proceeding, out of court payment agreement, trial, appeal, bankruptcy proceedings or other proceeding, in such amount as may be determined reasonable by any arbitrator or court, whichever is applicable.

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7. **Prepayments.** Debtor shall have the right to prepay, at any time and from time to time, without fee, premium or penalty (except as noted below), any portion of the outstanding principal balance hereof, provided that Debtor shall provide **FIVE (5)** days prior written notice to Lender of prepayment of the entire Note. Any such prepayment shall also include (a) any and all accrued but unpaid interest on the amount of principal being so prepaid through and including the date of prepayment, plus any other sums which have become due to Lender under the other Loan Documents on or before the date of prepayment, but which have not been fully paid and (b) any Funding Indemnification. Prepayments of principal will be applied in inverse order of maturity. "Funding Indemnification" means an amount (which shall be payable on demand by Lender) necessary to promptly compensate Lender for, and hold it harmless from, any loss, cost or expense incurred by it as a result of any payment or prepayment of any part of the Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise), including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such portion or from fees payable to terminate the deposits from which such funds were obtained. Debtor shall also pay any customary administrative fees charged by Lender in connection with the foregoing. For purposes of calculating amounts payable by Debtor to Lender hereunder, Lender shall be deemed to have funded the Loan by a matching deposit or other borrowing in the London inter-bank market for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

8. **Remedies Upon Default.** Whenever there is a Default under the Loan Documents (a) the entire balance outstanding hereunder and all other obligations of any Obligor to Lender (however acquired or evidenced) shall, at the option of Lender, become immediately due and payable and any obligation of Lender to permit further borrowing under this Note shall immediately cease and terminate, (b) Lender shall have all rights and remedies available to it under the Loan Agreement and other Loan Documents, and/or (c) to the extent permitted by law, the Rate of interest on the unpaid principal shall be increased at Lender's discretion up to the Maximum Rate, or if none, **EIGHTEEN PERCENT (18.00%)** per annum (the "Maturity Rate"). The provisions herein for a Maturity Rate shall not be deemed to extend the time for any payment hereunder or to constitute a "grace period" giving Obligors a right to cure any default. At Lender's option, any accrued and unpaid interest, fees or charges may, for purposes of computing and accruing interest on a daily basis after the due date of this Note or any installment thereof, be deemed to be a part of the principal balance, and interest shall accrue on a daily compounded basis after such date at the Maturity Rate provided in this Note until the entire outstanding balance of principal and interest is paid in full. Upon a Default, Lender is hereby authorized at any time, at its option and without notice or demand, to set off and charge against any deposit accounts of any Obligor (as well as any money, instruments, securities, documents, chattel paper, credits, claims, demands, income and any other property, rights and interests of any Obligor), which at any time shall come into the possession or custody or under the control of Lender or any of its agents, affiliates or correspondents, any and all obligations due hereunder.

9. **Waiver.** The failure at any time of Lender to exercise any of its options or any other rights hereunder shall not constitute a waiver thereof, nor shall it be a bar to the exercise of any of its options or rights at a later date. All rights and remedies of Lender shall be cumulative and may be pursued singly, successively or together, at the option of Lender. The acceptance by Lender of any partial payment shall not constitute a waiver of any default or of any of Lender's rights under this Note. No waiver of any of its rights hereunder, and no modification or amendment of this Note, shall be deemed to be made by Lender unless the same shall be in writing, duly signed on behalf of Lender; each such waiver shall apply only with respect to the specific instance involved, and shall in no way impair the rights of Lender or the obligations of Obligors to Lender in any other respect at any other time.

10. **Applicable Law, Venue and Jurisdiction.** Debtor agrees that this Note shall be deemed to have been made in the State of Texas at Lender's address indicated at the beginning of this Note and shall be governed by, and construed in accordance with, the laws of the State of Texas and is performable in the City and County of Texas indicated at the beginning of this Note (the "Venue Site"). In any litigation in connection with or to enforce this Note or any indorsement or guaranty of this Note or any Loan Documents, Obligors, and each of them, irrevocably consent to and confer personal jurisdiction on the courts of the State of Texas or the United States courts located within the Venue Site.

11. **Partial Invalidity.** The unenforceability or invalidity of any provision of this Note shall not affect the enforceability or validity of any other provision herein and the invalidity or unenforceability of any provision of this Note or of the Loan Documents to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

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12. **Binding Effect.** This Note shall be binding upon and inure to the benefit of Debtor, Obligors and Lender and their respective successors, assigns, heirs and personal representatives, provided, however, that no obligations of Debtor or Obligors hereunder can be assigned without prior written

consent of Lender.

13. **Controlling Document.** To the extent that this Note conflicts with or is in any way incompatible with any other document related specifically to the loan evidenced by this Note, this Note shall control over any other such document, and if this Note does not address an issue, then each other such document shall control to the extent that it deals most specifically with an issue.

14. **Commercial Purpose.** **DEBTOR REPRESENTS TO LENDER THAT THE PROCEEDS OF THIS LOAN ARE TO BE USED PRIMARILY FOR BUSINESS, COMMERCIAL OR AGRICULTURAL PURPOSES. DEBTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD, AND AGREES TO BE BOUND BY, ALL TERMS AND CONDITIONS OF THIS NOTE.**

15. **Collection.** If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceeding at law or in equity or in bankruptcy, receivership or other court proceedings, Debtor agrees to pay all costs of collection, including, but not limited to, court costs and reasonable attorneys' fees.

16. **Notice of Balloon Payment.** At maturity (whether by acceleration or otherwise), Debtor must repay the entire principal balance of this Note and unpaid interest then due. Lender is under no obligation to refinance the outstanding principal balance of this Note (if any) at that time. Debtor will, therefore, be required to make payment out of other assets Debtor may own; or Debtor will have to find a lender willing to lend Debtor the money at prevailing market rates, which may be higher than the interest rate on the outstanding principal balance of this Note. If Obligors have guaranteed payment of this Note, Obligors may be required to perform under such guaranty.

17. **Amendment and Restatement.** This Note is executed and delivered by Debtor to amend and restate in its entirety that certain **AMENDED AND RESTATED PROMISSORY NOTE** dated as of **DECEMBER 12, 2013** in the original notational amount of **THIRTY MILLION AND NO/100 DOLLARS (\$30,000,000.00)**, executed and delivered by Debtor and payable to the order of Lender (the "First A&R Note"). Neither the execution nor delivery of this Note or the amendment and restatement of the First A&R Note constitutes a novation or payment of any part of the indebtedness evidenced by the First A&R Note.

18. **Waiver of Jury Trial.** **DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF THIS NOTE OR ANY OF THE LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THIS NOTE OR THE OTHER LOAN DOCUMENTS.**

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EXECUTED as of the date first written above.

DEBTOR:

LEGACY HOUSING, LTD

By: GPLH, LC
Its: General Partner

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

ADDRESS:

4801 Mark IV Parkway
Fort Worth, TX 76106

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CAPITAL ONE, N.A. -LOAN NO.

THIRD AMENDED AND RESTATED PROMISSORY NOTE

\$45,000,000.00

MAY 12, 2017

FOR VALUE RECEIVED, LEGACY HOUSING, LTD, a Texas limited partnership ("*Debtor*"), unconditionally promises to pay to the order of CAPITAL ONE, N.A., a national association (together with its successors and assigns, "*Lender*"), without setoff, at its offices at 600 N. Pearl Street, Suite 2500, Dallas (Dallas County), TX 75201, or at such other place as may be designated by Lender, the principal amount of FORTY-FIVE MILLION AND NO/100 DOLLARS (\$45,000,000.00), or so much thereof as may be advanced from time to time in immediately available funds, together with interest computed daily on the outstanding principal balance hereunder, at an annual interest rate (the "*Rate*"), and in accordance with the payment schedule indicated below. This THIRD AMENDED AND RESTATED PROMISSORY NOTE (this "*Note*") is executed pursuant to and evidences the loan funded by Lender pursuant to that certain LOAN AND SECURITY AGREEMENT dated as of DECEMBER 14, 2011, between Debtor and Lender (as the amended, modified or restated from time to time, the "*Loan Agreement*"), to which reference is made for a statement of the collateral, rights and obligations of Debtor and Lender in relation thereto; but neither this reference to the Loan Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of Debtor to pay unpaid principal of and interest on this Note when due. Capitalized terms not otherwise defined herein shall have the same meanings as in the Loan Agreement.

1. **Rate.** Prior to the Maturity Date or an Event of Default, the Rate shall be the LESSER of: (a) the MAXIMUM RATE; or (b) TWO AND FORTY ONE-HUNDREDTHS OF ONE PERCENT (2.40%) plus the LIBO RATE. From after the Maturity Date, the Rate shall be equal to the Maturity Rate. "*LIBO Rate*" means the London Inter-Bank Offered Rate for United States Dollars established by the British Bankers Association for interest periods of ONE (1) month as specified on Reuters Screen LIBORO I. Lender will tell Debtor the current LIBO Rate upon Debtor's request. Debtor understands that Lender may make loans based on other rates as well. If the LIBO Rate referenced in the preceding sentences is not available, the Rate will be determined by Lender. The LIBO Rate shall be adjusted from time to time in Lender's sole discretion for then applicable reserve requirements, deposit insurance assessment rates, marginal emergency, supplemental, special and other reserve percentages, and other regulatory costs. Notwithstanding any provision of this Note or any other agreement or commitment between Debtor and Lender, whether written or oral, express or implied, Lender shall never be entitled to charge, receive or collect, nor shall amounts received hereunder be credited so that Lender shall be paid, as interest a sum greater than interest at the Maximum Rate. It is the intention of the parties that this Note, and all instruments securing the payment of this Note or executed or delivered in connection therewith, shall comply with applicable law. If Lender ever contracts for, charges, receives or collects anything of value which is deemed to be interest under applicable law, and if the occurrence of any circumstance or contingency, whether acceleration of maturity of this Note, prepayment of this Note, delay in advancing proceeds of this Note or any other event, should cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum Rate shall be applied to the reduction of the unpaid principal balance of this Note or any other indebtedness owed to Lender by Debtor, and if this Note and such other indebtedness are paid in full, any remaining excess shall be paid to Debtor. In determining whether the interest exceeds interest at the Maximum Rate, the total amount of interest shall be spread, prorated and amortized throughout the entire term of this Note until its payment in full. The term "*Maximum Rate*" as used in this Note means the maximum nonusurious rate of interest per annum permitted by whichever of applicable United States federal law or Texas law permits the higher interest rate, including to the extent permitted by applicable law, any amendments thereof hereafter or any new law hereafter coming into effect to the extent a higher Maximum Rate is permitted thereby. If at any time the Rate shall exceed the Maximum Rate, the Rate shall be automatically limited to the Maximum Rate until the total amount of interest accrued hereunder equals the amount of interest which would have accrued if there had been no limitation to the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code, as amended, (the "*Act*") is relevant to Lender for purposes of determining the Maximum Rate, the parties elect to determine the Maximum Rate under the Act pursuant to the "weekly ceiling" from time to time in effect, as referred to and defined in §303.001-303.016 of the Act; subject, however, to any right Lender subsequently may have under applicable law to change the method of determining the Maximum Rate. Notwithstanding the foregoing, if Debtor and Lender now or hereafter enter into a Swap Agreement in connection

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with this Note, THEN, Lender in its reasonable discretion may adjust, to coordinate with its and industry practices pursuant to the Swap Agreement, interest rate periods, interest payment dates and Business Days under this Note. In such circumstances the remainder of this Section and this Note shall continue to apply without change. "*Swap Agreement*" means any International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement and Schedule thereto, and any confirmations or other related documents or agreements thereunder pertaining to interest rate swaps or similar products, or any other documents or instruments pertaining to interest rate swaps or similar products, in each case if entered into with or through Lender or any of its affiliates.

2. **Accrual Method.** Interest on the Indebtedness evidenced by this Note shall be computed on the basis of a THREE HUNDRED SIXTY (360) day year and shall accrue on the actual number of days elapsed for any whole or partial month in which interest is being calculated. In computing the number of days during which interest accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall be included unless repayment is credited prior to the close of business on the Business Day received as provided herein.

3. **Rate Change Date.** The Rate will change as of the FIRST (1st) Business Day of each month.)

4. **Payment Schedule.** Except as expressly provided herein to the contrary, all payments on this Note shall be applied in the following order of priority: (a) the payment or reimbursement of any expenses, costs or obligations (other than the outstanding principal balance hereof and interest hereon) for which either Debtor shall be obligated or Lender shall be entitled pursuant to the provisions of this Note or the other Loan Documents; (b) the payment of accrued but unpaid interest hereon; and (c) the payment of all or any portion of the principal balance hereof then outstanding hereunder, in the direct order of maturity. If a Default exists under any of the other Loan Documents, then Lender may, at the sole option of Lender, apply any such payments, at any time and from time to time, to any of the items specified in clauses (a), (b) or (c) above without regard to the order of priority otherwise specified herein and any application to the outstanding principal balance hereof may be made in either direct or inverse order of maturity. If any payment of principal or interest on this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. The outstanding principal balance of this Note, plus accrued and unpaid interest thereon shall be due and payable on the earlier of: (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents; or (ii) MAY 11, 2020 (the

earliest of such dates being the "Maturity Date"). Accrued and unpaid interest on the outstanding principal balance of this Note shall be due and payable monthly commencing on JUNE 1, 2017, and continuing on the same day of each month thereafter and on the Maturity Date.

5. Delinquency Charge. To the extent permitted by law, a delinquency charge will be imposed in an amount not to exceed FIVE PERCENT (5.00%) of any payment that is more than TEN (10) days late.

6. Waivers, Consents and Covenants. Debtor, any indorser or guarantor hereof, or any other party hereto (individually an "Obligor" and collectively "Obligors") and each of them jointly and severally: (a) waives presentment, demand, protest, notice of demand, notice of intent to accelerate, notice of acceleration of maturity, notice of protest, notice of nonpayment, notice of dishonor, and any other notice required to be given under the law to any Obligor in connection with the delivery, acceptance, performance, default or enforcement of this Note, any indorsement or guaranty of this Note, or any other documents executed in connection with this Note or any other Loan Documents now or hereafter executed in connection with any obligation of Debtor to Lender; (b) consents to all delays, extensions, renewals or other modifications of this Note or the Loan Documents, or waivers of any term hereof or of the Loan Documents, or release or discharge by Lender of any of Obligors, or release, substitution or exchange of any security for the payment hereof, or the failure to act on the part of Lender, or any indulgence shown by Lender (without notice to or further assent from any of Obligors); (c) agrees that no such action, failure to act or failure to exercise any right or remedy by Lender shall in any way affect or impair the obligations of any Obligors or be construed as a waiver by Lender of, or otherwise affect, any of Lender's rights under this Note, under any indorsement or guaranty of this Note or under any of the Loan Documents; and (d) agrees to pay, on demand, all costs and expenses of collection or defense of this Note or of any indorsement or guaranty hereof and/or the enforcement or defense of Lender's rights with respect to, or the administration, supervision, preservation, or protection of, or realization upon, any property securing payment hereof, including, without limitation, reasonable attorney's fees, including fees related to any suit, mediation or arbitration proceeding, out of court payment

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agreement, trial, appeal, bankruptcy proceedings or other proceeding, in such amount as may be determined reasonable by any arbitrator or court, whichever is applicable.

7. Prepayments. Debtor shall have the right to prepay, at any time and from time to time, without fee, premium or penalty (except as noted below), any portion of the outstanding principal balance hereof, provided that Debtor shall provide FIVE (5) days prior written notice to Lender of prepayment of the entire Note. Any such prepayment shall also include: (a) any and all accrued but unpaid interest on the amount of principal being so prepaid through and including the date of prepayment, plus any other sums which have become due to Lender under the other Loan Documents on or before the date of prepayment, but which have not been fully paid; and (b) any Funding Indemnification. Prepayments of principal will be applied in inverse order of maturity. "Funding Indemnification" means an amount (which shall be payable on demand by Lender) necessary to promptly compensate Lender for, and hold it harmless from: (i) any loss, cost or expense incurred by it as a result of any payment or prepayment of any part of the Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise), including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such position; (ii) fees payable to terminate the deposits from which such funds were obtained; and (iii) certain charges, fees and penalties charged pursuant to any Swap Agreement. Debtor shall also pay any customary administrative fees charged by Lender in connection with the foregoing. For purposes of calculating amounts payable by Debtor to Lender hereunder, Lender shall be deemed to have funded the Loan by a matching deposit or other borrowing in the London inter-bank market for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

8. Remedies Upon Default. Whenever there is a Default under the Loan Documents: (a) the entire balance outstanding hereunder and all other obligations of any Obligor to Lender (however acquired or evidenced) shall, at the option of Lender, become immediately due and payable and any obligation of Lender to permit further borrowing under this Note shall immediately cease and terminate; (b) Lender shall have all rights and remedies available to it under the Loan Agreement and other Loan Documents; and/or (c) to the extent permitted by law, the Rate of interest on the unpaid principal shall be increased at Lender's discretion up to the Maximum Rate, or if none, EIGHTEEN PERCENT (18.00%) per annum (the "Maturity Rate"). The provisions herein for a Maturity Rate shall not be deemed to extend the time for any payment hereunder or to constitute a "grace period" giving Obligors a right to cure any default. At Lender's option, any accrued and unpaid interest, fees or charges may, for purposes of computing and accruing interest on a daily basis after the due date of this Note or any installment thereof, be deemed to be a part of the principal balance, and interest shall accrue on a daily compounded basis after such date at the Maturity Rate provided in this Note until the entire outstanding balance of principal and interest is paid in full. Upon a Default, Lender is hereby authorized at any time, at its option and without notice or demand, to set off and charge against any deposit accounts of any Obligor (as well as any money, instruments, securities, documents, chattel paper, credits, claims, demands, income and any other property, rights and interests of any Obligor), which at any time shall come into the possession or custody or under the control of Lender or any of its agents, affiliates or respondents, any and all obligations due hereunder.

9. Waiver. The failure at any time of Lender to exercise any of its options or any other rights hereunder shall not constitute a waiver thereof, nor shall it be a bar to the exercise of any of its options or rights at a later date. All rights and remedies of Lender shall be cumulative and may be pursued singly, successively or together, at the option of Lender. The acceptance by Lender of any partial payment shall not constitute a waiver of any default or of any of Lender's rights under this Note. No waiver of any of its rights hereunder, and no modification or amendment of this Note, shall be deemed to be made by Lender unless the same shall be in writing, duly signed on behalf of Lender; each such waiver shall apply only with respect to the specific instance involved, and shall in no way impair the rights of Lender or the obligations of Obligors to Lender in any other respect at any other time.

10. Applicable Law, Venue and Jurisdiction. Debtor agrees that this Note shall be deemed to have been made in the State of Texas at Lender's address indicated at the beginning of this Note and shall be governed by, and construed in accordance with, the laws of the State of Texas and is performable in the City and County of Texas indicated at the beginning of this Note (the "Venue Site"). In any litigation in connection with or to enforce this Note or any indorsement or guaranty of this Note or any Loan Documents, Obligors, and each of them, irrevocably consent to and confer personal jurisdiction on the courts of the State of Texas or the United States courts located within the Venue Site.

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11. Partial Invalidity. The unenforceability or invalidity of any provision of this Note shall not affect the enforceability or validity of any other provision herein and the invalidity or unenforceability of any provision of this Note or of the Loan Documents to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

12. Binding Effect. This Note shall be binding upon and inure to the benefit of Debtor, Obligors and Lender and their respective successors, assigns, heirs and personal representatives, provided, however, that no obligations of Debtor or Obligors hereunder can be assigned without prior written consent of Lender.

13. Controlling Document. To the extent that this Note conflicts with or is in any way incompatible with any other document related specifically to the loan evidenced by this Note, this Note shall control over any other such document, and if this Note does not address an issue, then each other such document shall control to the extent that it deals most specifically with an issue.

14. Commercial Purpose. DEBTOR REPRESENTS TO LENDER THAT THE PROCEEDS OF THIS LOAN ARE TO BE USED PRIMARILY FOR BUSINESS, COMMERCIAL OR AGRICULTURAL PURPOSES. DEBTOR ACKNOWLEDGES HAVING READ AND UNDERSTOOD, AND AGREES TO BE BOUND BY, ALL TERMS AND CONDITIONS OF THIS NOTE.

15. Collection. If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceeding at law or in equity or in bankruptcy, receivership or other court proceedings, Debtor agrees to pay all costs of collection, including, but not limited to, court costs and reasonable attorneys' fees.

16. Notice of Balloon Payment. At maturity (whether by acceleration or otherwise), Debtor must repay the entire principal balance of this Note and unpaid interest then due. Lender is under no obligation to refinance the outstanding principal balance of this Note (if any) at that time. Debtor will, therefore, be required to make payment out of other assets Debtor may own; or Debtor will have to find a lender willing to lend Debtor the money at prevailing market rates, which may be higher than the interest rate on the outstanding principal balance of this Note. If Obligors have guaranteed payment of this Note, Obligors may be required to perform under such guaranty.

17. Amendment and Restatement. This Note is executed and delivered by Debtor to amend and restate in its entirety that certain SECOND AMENDED AND RESTATED PROMISSORY NOTE dated as of MARCH 31, 2014 in the original notational amount of THIRTY-FIVE MILLION AND NO/100 DOLLARS (\$35,000,000.00), executed and delivered by Debtor and payable to the order of Lender (the "Second A&R Note"). Neither the execution nor delivery of this Note or the amendment and restatement of the Second A&R Note constitutes a novation or payment of any part of the indebtedness evidenced by the Second A&R Note.

18. Waiver of Jury Trial. DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF THIS NOTE OR ANY OF THE LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THIS NOTE OR THE OTHER LOAN DOCUMENTS.

19. Cross Reference; Swap Agreement. This Note may now or hereafter be in conjunction with a Swap Agreement, and any letter agreement pursuant thereto (together with any and all documents relating thereto), as amended, modified, restated, renewed or replaced from time to time, containing covenants and other terms to which reference is hereby made, and the terms of which, if violated, shall constitute an Event of Default.

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EXECUTED as of the date first written above.

DEBTOR:

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

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FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this “*Amendment*”) Dated as of JULY , 2015, is between CAPITA L ONE, N.A. a national association (together with its successors and assigns, “*Lender*”), and LEGACY HOUSING, LTD, a Texas limited partnership (“*Debtor*”).

RECITALS

WHEREAS, Debtor and Lender entered into that certain LOAN 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:

“*Bank Product*” means all bank, banking, treasury, financial, and other similar or related products and services provided by Lender and/or its Affiliates, including, without limitation, (i) commercial cards, merchant card services, credit or stored value cards, and corporate purchasing 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 U1e issuance, amendment, renewal, or extension thereof), documentary services, foreign currency exchange services; and (iv) hedge agreements.

3. Amendment to Definition. The definition of “*Indebtedness*” in Section I of the Agreement is hereby amended in its entirety to read as follows:

“*Indebtedness*” means (i) all indebtedness, obligations and 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, any Bank Product, or any other draft acceptance, guaranty, endorsement, letter of credit, assignment, purchase, overdraft, discount, indemnity agreement, (2) any agreement (including related confirmations and schedules) between Debtor and 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.

4. Amendment to Indemnity Section. Section 14 of the Agreement is hereby amended in its entirety to read as follows:

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

5. Collateral. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Indebtedness (including, for the avoidance of doubt, the Bank Products), Debtor hereby re-pledges to and re-grants Lender a security interest in all of Debtor’s right, title and interest in the Collateral, whether now owned by Debtor or hereafter acquired and whether now existing or hereafter coming into existence.

6. Conditions Precedent. The obligations of Lender under this Amendment shall be subject to the condition precedent that Debtor shall have delivered to Lender this Amendment and such other documents and instruments incidental and appropriate to the transaction provided for herein as Lender or its counsel may reasonably request.

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

8. Ratifications. Except as expressly modified and superseded by this Amendment, the Loan Documents are ratified and confirmed and continue in full force and effect. The terms, conditions and provisions of the Loan Documents (as the same may have been amended, modified or restated from time to time) are incorporated herein by reference, the same as if stated verbatim herein. The Loan Documents, as modified by this Amendment, continue to be legal, valid, binding and enforceable in accordance with their respective terms. Without limiting the generality of the foregoing, each Obligor hereby ratifies and confirms that all liens heretofore granted to Lender were intended to, do and continue to secure the full payment and performance of the Indebtedness. Each Obligor agrees to perform such acts and duly authorize, execute, acknowledge, deliver, file a 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 preserve liens and preserve and protect the rights of Lender.

9. Representations, Warranties and Confirmations. Each Obligor hereby represents and warrants to Lender that (a) this Amendment and the other Loan Documents have been duly executed and delivered by any Obligor party thereto, are valid and binding upon such Obligor and are enforceable such Obligor in accordance with their terms, except as limited by any applicable bankruptcy laws, (b) no action of, or filing with,

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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.

10. Multiple Counterparts. This Amendment may be executed in a number of identical separate counterparts, each of which for all purposes is to be deemed an original, but all of which shall constitute, collectively, one agreement. Signature pages to this Amendment may be detached from multiple separate counterparts and attached to the same document and a telecopy or other facsimile or any such executed signature page shall be valid as an original.

11. Reference to 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.

12. Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

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

14. Release. As a material inducement to Lender to enter into this Amendment., each Obligor hereby fully, finally, and absolutely and forever releases and discharges Lender and its present and former directors, shareholders officers, employees, agents, representatives, successors and assigns, and their separate and respective heirs, personal representatives, successors and assigns, from any and all actions, causes of action, claims, debts, damages, demands, liabilities, obligations, and suits, of whatever kind or nature, in Law or equity of such Obligor, whether now known or unknown to such Obligor, and whether contingent or matured (a) in connection with any and all obligations owed or owing to the Lender under or in respect of the Agreement, the Loan Documents, or the actions or omissions of Lender in respect of the Agreement and the Loan Documents: an (b) arising from events occurring prior to the date of this Amendment.

NOTICE OF FINAL AGREEMENT

THE AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS AMENDED BY THIS AMENDMENT, REPRESENT THE FINAL 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.

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IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of the date first above written.

LENDER:

CAPITAL ONE, N.A.

By: /s/ Authorized Signatory
Name: _____
Title: _____

ADDRESS:

600 N. Pearl Street, Suite
Dallas, TX 75201

DEBTOR:

LEGACY HOUSING, LTD

By: GPLH, LC
Its: General Partner

ADDRESS:

4801 Mark IV Parkway
Fort Worth, TX 76106

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

CONFIRMATION OF GUARANTY

To induce Lender to execute the foregoing Amendment Guarantor (a) agrees and consents to the execution and delivery of the Amendment and the terms thereof; (b) ratifies and confirms that all guaranties and assurances granted, conveyed or otherwise provided to Lender under the Loan Documents, including, but not limited to that certain GUARANTY AGREEMENT dated as of DECEMBER 14,2011 (as the same may have been amended, modified or restated from time to time, the "*Guaranty*"), are not released, diminish impaired, reduced, or otherwise adversely affected by the Amendment; (c) confirms and agrees that the Guaranty continues to guarantee and assure the payment and performance of the Indebtedness in accordance with its terms; (d) agrees to perform such acts and duly authorize, execute, acknowledge and deliver such additional 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 e Guaranty (as the same may have been amended, modified or restated from time to time) arc incorporated herein by reference, as if stated verbatim herein.

EXECUTED as of the date first written above.

GUARANTOR:

ADDRESS:

/s/ Curtis Hodgson
CURTIS HODGSON

480 1 Mark IV Parkway
Fort Worth, TX 76106

/s/ Kenneth Shipley
KENNETH SHIPLEY

480 1 Mark IV Parkway
Fort Worth, TX 76106

AMENDED AND RESTATED PROMISSORY NOTE

U.S. \$20,000,000.00

As of April 4, 2016

FOR VALUE RECEIVED, LEGACY HOUSING, LTD., a Texas limited partnership, having an address at 4801 Mark IV Parkway, Fort Worth, Texas 76106 (“Maker”), hereby promises to pay to the order of VERITEX COMMUNITY BANK (“Payee”), at its address at 8214 Westchester Drive, Suite 400, Dallas, Texas 75225, or such other address as it may designate, the principal sum of Twenty Million and No/100 Dollars (\$20,000,000.00) or, if less, the aggregate principal amount of all Loans made by Payee to Maker under the Loan Agreement (hereinafter defined), and interest from the date hereof on the balance of principal from time to time outstanding, in United States currency, at the rates and at the times hereinafter described.

This Amended and Restated Promissory Note (this “Note”) is issued by Maker pursuant to that certain Loan Agreement dated as of April 4, 2016 (the “Loan Agreement”), entered into between Payee and Maker, as amended by the First Amendment to Loan Agreement dated as of the date hereof. This Note evidences the Loan (as defined in the Loan Agreement). Payment of this Note is governed by the Loan Agreement, the terms of which are incorporated herein by express reference as if fully set forth herein. Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

1. **Interest.** Subject to Section 5(a), the principal amount hereof outstanding from time to time shall bear interest until paid in full at the Applicable Rate. Interest at the Applicable Rate (or Default Rate) shall be calculated for the actual number of days elapsed on the basis of a 365-day year, including the first date of the applicable period to, but not including, the date of repayment.

2. **Maximum Lawful Rate.** It is the intent of Maker and Payee to conform to and contract in strict compliance with applicable usury law from time to time in effect. In no way, nor in any event or contingency (including but not limited to prepayment, default, demand for payment, or acceleration of the maturity of any obligation), shall the rate of interest taken, reserved, contracted for, charged or received under this Note and the other Loan Documents exceed the highest lawful interest rate permitted under applicable law. If Payee shall ever receive anything of value which is characterized as interest under applicable law and which would apart from this provision be in excess of the highest lawful interest rate permitted under applicable law, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the Loan in the inverse order of its maturity and not to the payment of interest, or refunded to Maker or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term (including any renewal or extension) of the Loan so that the amount of interest on account of such obligation does not exceed the maximum permitted by applicable law. As used in this Section, the term “applicable law” shall mean the laws of the State of Texas or the federal laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

3. **Monthly Payments.** Maker shall pay interest in arrears on the fourth (4th) day of every calendar month in the amount of all interest accrued and unpaid.

4. **Maturity Date.** The indebtedness evidenced hereby shall mature on the Maturity Date, or as accelerated under the terms of the Loan Agreement. On the Maturity Date, the entire outstanding principal balance hereof, together with accrued and unpaid interest and all other sums evidenced by this Note, shall, if not sooner paid, become due and payable.

5. **General Provisions.**

(a) At any time an Event of Default exists, the principal balance hereof shall bear interest at the Default Rate. In addition, for any installment (exclusive of the payment due upon the Maturity Date) which is not paid by the tenth (10th) day following the due date thereof, a late charge equal to five percent (5%) of the amount of such installment shall be due and payable to the holder of this Note on demand to cover the extra expense involved in handling delinquent payments.

(b) Maker agrees that the obligation evidenced by this Note is an exempt transaction under the Truth-in-Lending Act, 15 U.S.C. § 1601, et seq.

(c) This Note and all provisions hereof shall be binding upon Maker and all persons claiming under or through Maker, and shall inure to the benefit of Payee, together with its successors and assigns, including each owner and holder from time to time of this Note.

(d) Time is of the essence as to all dates set forth herein.

(e) To the fullest extent permitted by applicable law, Maker agrees that its liability shall not be in any manner affected by any indulgence, extension of time, renewal, waiver, or modification granted or consented to by Payee; and Maker consents to any indulgences and all extensions of time, renewals, waivers, or modifications that may be granted by Payee with respect to the payment or other provisions of this Note, and to any substitution, exchange or release of the collateral, or any part thereof, with or without substitution, and agrees to the addition or release of any makers, endorsers, guarantors, or sureties, all whether primarily or secondarily liable, without notice to Maker and without affecting its liability hereunder.

(f) To the fullest extent permitted by applicable Law, Maker hereby waives and renounces for itself, its successors and assigns, all rights to the benefits of any statute of limitations and any moratorium, reinstatement, marshalling, forbearance, valuation, stay, extension, redemption, appraisal, or exemption and homestead laws now provided, or which may hereafter be provided, by the laws of the United States and of any state thereof against the enforcement and collection of the obligations evidenced by this Note.

(g) If this Note is placed in the hands of attorneys for collection or is collected through any legal proceedings, Maker promises and agrees to pay, in addition to the principal, interest and other sums due and payable hereon, all reasonable, out-of-pocket costs of collecting or attempting to collect this Note, including all reasonable attorneys’ fees and disbursements.

(h) To the fullest extent permitted by applicable law, all parties now or hereafter liable with respect to this Note, whether Maker, principal, surety, guarantor, endorsee or otherwise hereby severally waive presentment for payment, demand, notice of nonpayment or dishonor, protest and notice of protest. No failure to accelerate the indebtedness evidenced hereby, acceptance of a past due installment following the expiration of any cure period provided by this Note, any Loan Document or applicable law, or indulgences granted from time to time shall be construed (i) as a novation of this Note or as a reinstatement of the indebtedness evidenced hereby or as a waiver of such right of acceleration or of the right of Payee thereafter to insist upon strict compliance with the terms of this Note, or (ii) to prevent the exercise of such right of acceleration or any other right granted hereunder or by the laws of the State. Maker hereby expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing.

(i) THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

(j) This Note is an amendment and restatement of that certain Promissory Note dated as of April 4, 2016, made by Maker for the benefit of Payee (the "Original Note"), and is not a novation, extinguishment, termination, or discharge of the Original Note.

[Signature page follows.]

Maker has delivered this Note as of the day and year first set forth above.

MAKER:

LEGACY HOUSING, LTD., a Texas limited partnership

By: GPLH, L C, its general partner

By: /s/ Curtis Hodgson

Name: Curtis Hodgson

Title: Manager

[Promissory Note]

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$4,830,000.00	04-07-2011	04-07-2018	600600299			AMD	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: Legacy Housing, LTD
15400 KNOLL TRAIL, STE 101
DALLAS, TX 75248

Lender: Woodhaven Bank Fossil Creek,
A Branch of Woodhaven National Bank
6301 N Beach St.
Fort Worth, TX 76137
(817) 489-6500

Principal Amount: \$4,830,000.00

Date of Note: April 7, 2011

PROMISE TO PAY. Legacy Housing, LTD ("Borrower") promises to pay to Woodhaven Bank Fossil Creek, ("Lender"), or order, In lawful money of the United States of America, the principal amount of Four Million Eight Hundred Thirty Thousand & 0 /100 Dollars (\$4,830,000.00) or so much as *may* be outstanding, together with Interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance or maturity, whichever occurs first.

PAYMENT. Borrower will pay this loan in full immediately upon Lender's demand, If no demand is made, Borrower will pay this loan In accordance with the following payment schedule, which calculates Interest on the unpaid principal balances as described In the "INTEREST CALCULATION METHOD" paragraph using the Interest rates described in this paragraph: 9 monthly consecutive Interest payments, beginning May 7, 2011, with Interest calculated on the unpaid principal balances using an Interest rate of 5.000% per annum based on a year of 360 days; 74 monthly consecutive principal and interest payments of \$32,069.34 each, beginning February 7, 2012, with Interest calculated on the unpaid principal balances using an Interest rate of 5.000% per annum based on a year of 360 days; and one principal and Interest payment of \$3,835,852.95 on April 7, 2018, with Interest calculated on the unpaid principal balances using an Interest rate of 5.000% per annum based on a year of 360 days. This estimated final payment is based on the assumption that all payments will be made exactly as scheduled; the actual final payment will be for all principal and accrued Interest not yet paid, together with any other unpaid amounts under this Note. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid Interest; then to principal; then to *any* late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Notwithstanding any other provision of this Note, Lender will not charge Interest on *any* undisbursed loan proceeds. No scheduled payment, whether of principal or Interest or both, will be due unless sufficient loan funds have been disbursed by the scheduled payment date to justify the payment.

MAXIMUM INTEREST RATE. Under no circumstances will the interest rate on this Note exceed (except for any higher default rate shown below) the lesser of 18.000% per annum or the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note Is computed on a 365/360 basis; that Is, by applying the ratio of the Interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance Is outstanding unless such calculation would result In a usurious rate, In which case interest shall be calculated on a per diem basis of a year of 365 or 366 days, as the case may be. All Interest payable under this Note Is computed using this method. This calculation method results in a higher effective Interest rate than the numeric Interest rates stated in this Note.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than It Is due. Prepayment In full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid Interest and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, and in no event will Borrower ever be required to pay any unearned Interest. Early payments, unless agreed to by Lender In writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "Without recourse", or similar language. If Borrower sends such a payment, Lender may accept it \Without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, Including any check or other payment instrument that Indicates that the payment constitutes "payment in full" of the amount owed or that Is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Woodhaven Bank Fossil Creek,; A Branch of Woodhaven National Bank; 6301 N Beach St.; Fort Worth, TX 76137.

LATE CHARGE. If a payment is 15 days or more late. Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment.

POST MATURITY RATE. The Post Maturity Rate on this Note is the lesser of (A) the maximum rate allowed by law or (B) 18.000% per annum based on a year of 360 days. Borrower will pay interest on all sums due after final maturity, whether by acceleration or otherwise, at that rate.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note: Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained In this Note or In any of the related documents or to comply with or to perform any item, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents Is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution or termination of Borrower's existence as a going business or the death of any partner, the Insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or Insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the Indebtedness evidenced by this Note.

Events Affecting General Partner of Borrower. Any of the preceding events occurs with respect to any general partner of Borrower or any general partner dies or becomes Incompetent.

Change in Ownership. The resignation or expulsion of any general partner with an ownership interest of twenty-five percent (25%) or more in Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is Impaired.

Insecurity. Lender in good faith believes itself Insecure.

Cure Provisions. If any default, other than a default in payment is curable, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire indebtedness, including the unpaid principal balance under this Note, all accrued **unpaid interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender** pertaining to this Note, immediately due, without notice, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire an attorney to help collect this Note if Borrower does not pay, and Borrower will pay Lender's **reasonable attorneys' fees. Borrower also will pay Lender all other amounts Lender actually incurs as court costs, lawful fees for filing, recording, releasing to any public office any instrument securing this Note; the reasonable cost actually expended for repossessing, storing, preparing for sale, and selling any security and fees for noting a lien on or transferring a certificate of title to any motor vehicle offered as security for this Note, or premiums or identifiable charges received in connection with the sale of authorized insurance.**

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either **Lender or Borrower against the other.**

GOVERNING LAW. This Note will be *governed* by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Texas.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether **checking, savings, or some other account**). **This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.**

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instruments listed herein:

(A) a Deed of Trust dated April 7, 2011, to a trustee in favor of Lender on real property described as "Real Property located at 4801 Mark IV Pkwy (Tract One), 301 Bishop St (Tract Two), and 103 N. Neal St (Tract Three), Fort Worth (Tract One), and Commerce (Tract's Two and Three), TX" and located in Tarrant (Tract One), and Hunt (Tract's Two and Three) County, State of Texas.

(B) a Deed of Trust dated April 7, 2011, to a trustee in favor of Lender on real property described as "Real Property located at 103 N. Neal St (Tract One), 301 Bishop St (Tract Two), and 4801 Mark IV Pkwy (Tract Three), Commerce (Tract's One and Two), and Fort Worth (Tract Three), TX" and located in Hunt (Tracts One and Two), and Tarrant (Tract Three) County, State of Texas.

LINE OF CREDIT. This Note evidences a straight line of credit. **Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note may be requested only in writing by Borrower or by an authorized person. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. Borrower agrees to be liable for all sums either (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.**

NEGATIVE INFORMATION DISCLOSURE. WE MAY REPORT INFORMATION ABOUT YOUR ACCOUNT TO CREDIT BUREAUS. LATE PAYMENTS, MISSED PAYMENTS, OR OTHER DEFAULTS ON YOUR ACCOUNT MAY BE REFLECTED IN YOUR CREDIT REPORT..

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender If Lender reports any Inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's v1ritten notice describing the specific inaccuracy (ies) should be sent to Lender at the following address: Woodhaven National Bank P O Box 24248 Fort Worth, TX 76124-1248.

GENERAL PROVISIONS. This Note Is payable on demand. The Inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. **NOTICE:** Under no circumstances (and notwithstanding any other provisions of this Note) shall **the Interest charged, collected, or contracted for on this Note exceed the maximum rate permitted by law. The term "maximum rate permitted by law" as used in this Note means the greater of (a) the maximum rate of interest permitted under federal or other law applicable to the indebtedness** evidenced by this Note, or (b) the higher, as of the date of this Note, of the "Weekly Ceiling" or the "Quarterly Ceiling" as referred to In Sections 303.002, 303.003 and 303.006 of the Texas Finance Code. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. **Borrower does not agree or Intend to pay, and Lender does not agree or Intend to contract for, charge, collect, lake, reserve or receive (collectively referred to herein as "charge or collect"), any amount In the nature of interest or In the nature of a fee for this loan, which would In any way or event (Including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum Lender would be permitted lo charge or collect by federal law or the law of the Stale of Texas (as applicable). Any such excess Interest or unauthorized fee shalt, Instead of anything slated to the contrary, be applied first lo reduce the principal balance of this loan, and when the principal has been paid in full, be refunded to Borrower. The right to accelerate maturity of sums due under this Note does not include the right to accelerate any Interest \Which has not otherwise accrued on the dale of such acceleration 1 and Lender does not intend to charge or collect any unearned interest In the event of acceleration. AU sums paid or agreed to be paid to Lender for the use, forbearance or detention of sums due hereunder shall, lo the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of the loan evidenced by this Note until payment In full so that the rate or amount of Interest on account of the loan evidenced hereby does not exceed the applicable usury ceiling. Lender may delay or forgo enforcing any of Hs rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, notice of dishonor, notice of intent to accelerate the maturely of this Note, and notice of acceleration of the maturely of this Note. Upon any change in the terms of this Note, and unless otherwise expressly staled in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party, partner, or guarantor or**

collateral or impair, fail to realize upon or perfect Lender's security Interest In the collateral without the consent of or notice lo anyone. All such parties also agree that Lender may modify this loan without the consent of or notice lo anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

LEGACY HOUSING, LTD

GPLH, L C, General Partner of Legacy Housing, LTD

GPLH, L C, General Partner of Legacy Housing, LTD

By: /s/ Curtis D. Hodgson

By: /s/ Kenneth E. Shipley

Curtis D. Hodgson, Manager GPLH, LC

Kenneth E. Shipley, Manager GPLH, L C

PROMISSORY NOTE

\$515,000.00

Date: May 24, 2016

6200 S Shields Blvd., Oklahoma City, OK 73129
 6220 Shields Blvd., Oklahoma City, OK 73129
 6220 S Shields Blvd., Oklahoma City, OK 73129
 6209 S Stiles. Oklahoma City, OK 73129
 [Property Address]

For value received, the undersigned {jointly and severally, If more than one, promise to pay to the order of Eagle One, LLC, the Principal sum of Five Hundred Fifteen Thousand Dollars and No Cents (\$515,000.00), with Interest from date at rate of 6.00 % per centum per annum on the unpaid balance until maturity, and at the same rate per annum alter maturity, until paid. Such Indebtedness shall be payable in 120 installments of Five Thousand Seven Hundred Seventeen Dollars and Fifty Six Cents (\$5,717.56), commencing on the 1st day of July, 2016 and on the (1st) day of each month thereafter until the principal and interest are fully paid except that the remainder of principal and interest, if not sooner paid, shall be due and payable on the 1st day of June, 2026.

Default in the payment of any installment when due, either in whole or in part, at the option of the holder hereof, shall cause the whole principal sum and interest thereon to become due and payable at once, without notice. If, and as often as, this Note is placed in the hands of an attorney for collection or to defend or enforce any of the Holders' rights hereunder, the undersigned agree to pay all costs and expenses in enforcing this note to the extent not prohibited by applicable law, in addition to other sums due hereunder. The makers and endorsers of this note severally waive demand, protest and notice of demand, protest and nonpayment.

If any payment is not received by the Note Holder by the end of 10 calendar days after the date it is due, a late charge will be due in the amount of 2% of the overdue payment of principal and interest.

The makers of this note may prepay the principal amount outstanding in whole or in part at any time without penalty.

This note is secured by a Mortgage *of* even date herewith covering certain real estate and property therein described and located in the County of Oklahoma, in the State of Oklahoma. If all or any part *di* the right, title, or interest in this Note, or the property secured by the Mortgage is sold or transferred without Note Holder's prior written consent, Note Holder may, at Note Holder's option, require immediate payment in full of all sums secured by this Security Instrument.

LEGACY HOUSING LTD.

/s/ Curtis Hodgson

 Curtis Hodgson

Manager GPLH, LC, the General Partner of Legacy Housing Ltd.

PROMISSORY NOTE

\$1,500,000.00

February 16, 2016

FOR VALUE RECEIVED, the undersigned promises to pay to the order of DT Casualty Insurance Company Ltd., a Hawaii captive insurance corporation, (the "Payee"), at 4801 Mark IV Parkway, Ft. Worth, Tarrant County, Texas 76106, the principal sum of ONE MILLION FIVE HUNDRED FIFTY THOUSAND and NO/100 DOLLARS (\$1,500,000.00), with interest on the principal balance from time to time remaining unpaid until this note shall have been paid in full at the rate hereinafter provided.

Payment Terms. The principal and accrued interest shall be payable on demand by the holder of this note. Demand shall be made in writing and delivered to maker at 4801 Mark IV Parkway, Fort Worth, Texas 76106.

The principal and/or interest of this note may be prepaid from time to time and at any time. All prepayments shall be applied first to accrued and unpaid interest and then to principal.

Interest Rate. The unpaid principal balance of this note from time to time outstanding shall bear simple interest, until the maturity of this note (whether by acceleration or otherwise), at the simple interest rate of three percent (3.75%) per annum (the "Applicable Rate").

Default Interest. All past due principal and, if permitted by applicable law, all past due interest, shall bear interest at seventeen and nine-tenths percent (17.9%) per annum. During the existence of any default hereunder or under any instrument securing or evidencing the loan evidenced hereby, the entire unpaid balance of principal shall bear interest at seventeen and nine-tenths percent (17.9%) per annum. Interest on past due installments and default interest provided for in this paragraph shall be calculated at a daily rate equal to 1/365ths (1/366ths during leap years) of the applicable annual percentage rate.

Default. The occurrence of any of the following events shall be considered a default hereunder:

- a. a default in the timely payment of principal or interest within five (5) days of demand;
- b. a default in the performance of any covenant or provision of any security agreement or other instrument securing the payment hereof or in the performance of any covenant or provision of any loan agreement or other instrument governing or pertaining to the indebtedness represented hereby or the occurrence of a default or an event of default under any such instrument;
- c. the death, bankruptcy or termination from the employment of Maker or the termination, liquidation or dissolution, as the case may be, of any party liable for the payment of this note whether as maker, endorser, guarantor, surety or otherwise;
- d. the bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any of the property of any party liable for the payment of this note whether as maker, endorser, guarantor, surety or otherwise; or
- e. a default in the payment of any other indebtedness due the holder hereof or a default in the performance of any other obligation to the holder hereof by the undersigned or any other party liable for the payment thereof, whether as endorser, guarantor, surety or otherwise.

At the option of the holder of this note, upon the occurrence of any default, the entire principal balance and all accrued unpaid interest shall at once become due and payable, without presentment, demand, protest, notice or grace.

The failure to exercise the foregoing option upon the happening of one or more of the foregoing defaults shall not constitute a waiver of the right to exercise the same at any subsequent time in respect

of the same default or any other default. The acceptance by a holder of this note of any payment hereunder which is less than the payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise the foregoing option at that time or at any subsequent time or nullify any prior exercise of such option.

Attorney's Fees. If this note is not paid when due, whether at maturity or by acceleration, or if it is collected through a bankruptcy, probate, or other court, whether before or after maturity, the undersigned agrees to pay all costs of collection incurred by the holder hereof, including but not limited to reasonable attorney's fees.

Waiver of Notice and Consent. The undersigned and all other parties now or hereafter liable for the payment hereof, whether as endorser, guarantor, surety, or otherwise, severally waive demand, presentment, notice of dishonor, notice of intention to accelerate the maturity hereof, notice of acceleration of the maturity hereof, diligence in collecting, grace, notice and protest, and consent to all extensions which from time to time may be granted by the holder hereof and to all partial payments hereof, whether before or after maturity.

Legal Interest Limitations. All agreements between the maker hereof and the holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of the maturity hereof, or otherwise, shall the amount paid, or agreed to be paid to the holder hereof for the use, forbearance, or detention of the money to be loaned hereunder or otherwise or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing, or pertaining to the indebtedness evidenced hereby, exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof or of such other documents, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, the ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance the holder hereof shall ever receive as interest or otherwise an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal indebtedness of the undersigned to the holder hereof, and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the undersigned. All sums paid or agreed to be paid by the undersigned for the use,

forbearance or detention of the indebtedness of the undersigned to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full term of such indebtedness until payment in full in such manner that there will be no violation of the applicable laws pertaining to the maximum rate or amount of interest which may be contracted for, charged or received with respect to such indebtedness. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between the undersigned and the holder hereof.

Applicable Law. This note shall be governed by the construed in accordance with the laws of the State of Texas and applicable laws of the United States of America.

MAKER :

LEGACY HOUSING, LTD., a Texas limited partnership

By: GPLH, LC, its general partner

/s/ Kenny Shipley

Kenny Shipley, Member

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	Name of Parent Company	Subsidiary State of Organization
None		
