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

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 29, 2019**

**Cavco Industries, Inc.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**000-08822**  
(Commission  
File Number)

**56-2405642**  
(IRS Employer  
Identification No.)

**3636 North Central Avenue, Suite 1200  
Phoenix, Arizona 85012**  
(Address of principal executive offices, including zip code)

**Registrant's telephone number, including area code: (602) 256-6263**

**Not applicable**  
(Former name or former address if changed from last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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 13(a) of the Exchange Act. ☐

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**Item 1.01      Entry into a Material Definitive Agreement.**

The disclosures set forth below under Item 5.02 regarding the form Indemnification Agreements are hereby incorporated by reference into this Item 1.01.

**Item 5.02      Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.*****Leadership Transition***

On March 29, 2019, the Board of Directors (the "Board") of Cavco Industries, Inc., a Delaware corporation (the "Company") appointed William C. Boor as President and Chief Executive Officer of the Company. Mr. Boor will remain a member of the Board; however, in connection with his new role, he has resigned as Chairman of the Board, Chairman of the Audit Committee and as a member of the Corporate Governance and Nominating Committee. The Board appointed Steven G. Bunger as its new Chairman of the Board. Mr. Bunger has resigned as Chairman of the Compensation Committee and as a member of the Audit Committee. The Board appointed Richard A. Kerley as Chairman of the Audit Committee, Chairman of the Compensation Committee and a member of the Corporate Governance and Nominating Committee. The Board further announced that Daniel L. Urness will resume his former role of Executive Vice President, Chief Financial Officer, and Treasurer of the Company.

Mr. Boor, 52, has been an independent member of the Board since July 2008. Most recently, he assumed the role of non-executive Chairman of the Board. Prior to his service on the Board, Mr. Boor held the position of Vice President, Corporate Development at Centex Corporation ("Centex") when the Company was a subsidiary of Centex. Mr. Boor worked on developing and implementing the Company's business strategy and participated in its eventual spin-off from Centex in 2003. Most recently, Mr. Boor held the role of Chief Executive Officer of Great Lakes Brewing Company, a large craft brewery in Cleveland, Ohio, a position he held since 2015. From 2007 to 2014, Mr. Boor served in various executive positions with Cliffs Natural Resources, Inc. ("Cliffs"), including serving as Executive Vice President - Corporate Development and Chief Strategy/Risk Officer and President-Ferroalloys. Mr. Boor earned an engineering degree from Penn State University and a Master of Business Administration degree from Harvard Business School. He is also a CFA charterholder.

In connection with Mr. Boor's new role with the Company, the Board approved an Employment Agreement that provides for: (a) a base annual salary of \$825,000 per year, subject to periodic review and adjustment by the Compensation Committee; (b) an annual award of time-based stock options, pursuant to the Company's 2005 Stock Incentive Plan, that will vest 33% on the first anniversary of the grant date, 66% on the second anniversary of the grant date, and 100% on the third anniversary of the grant date and which may be granted as non-qualified stock options or as incentive stock options; (c) an annual award of performance based restricted shares of which the number of shares awarded will be calculated by dividing the grant by the Company's common stock closing price on the day immediately preceding the grant date, with each award providing for: (i) a three-year performance period with targets set by the Compensation Committee of the Board; (ii) performance based vesting at a level of 50% for "threshold" performance, 100% for "target" performance, and 200% for "stretch" performance; (d) and an opportunity for annual cash bonus for achieving goals of "threshold," "target," or "stretch", which will result in a cash bonus equal to 50%, 100%, or 200% of the target amount, respectively. The stock option award for fiscal year end 2019 will be \$700,000. The annual performance based restricted share award for fiscal year end 2019 will be \$700,000. The annual cash bonus target for 2019 has not yet been established. In addition, Mr. Boor will receive a one-time acceptance bonus equal to: (a) \$412,500 paid in one lump sum less applicable withholdings; and (b) a grant, effective April 15, 2019, of non-qualified stock options equal to \$412,500. The number of shares subject to this stock option award will be calculated using the Black-Scholes model based on the closing price of the Company's stock on April 14, 2019 and will vest 33% on the first anniversary of the grant date, 66% on the second anniversary of the grant date, and 100% on the third anniversary of the grant date.

The Employment Agreement for Mr. Boor also includes provisions for certain payments to be made upon his termination and a change of control. If Mr. Boor is terminated without cause, or if he terminates the agreement for good reason, he will receive: (a) a severance payment equal to his then current base salary, plus the average bonuses paid to him over the previous three (3) calendar years (subject to other conditions if such period includes any year prior to the effective date of the Employment Agreement) multiplied by (i) two (2) if termination occurs prior to the second anniversary of employment, (ii) one point five (1.5) if termination occurs prior to the sixth anniversary of employment, or (iii) one (1) if termination occurs after the sixth anniversary of employment; (b) accelerated vesting of his options awarded under the Employment Agreement; provided, however, that if termination occurred prior to two (2) years after the effective date of his Employment Agreement, 100% of such options shall vest and if termination occurred more than two (2) years after the effective date of his Employment Agreement, but prior to six (6) years after the effective date of his Employment Agreement, 50% of such options shall vest; (c) prorated performance based share awards based on actual performance; and (d) he would be eligible for COBRA coverage for up to twelve (12) months following termination. In the event Mr. Boor is terminated due to death or disability, all of his unvested stock options awarded to him under his Employment Agreement would vest immediately and his performance based share awards would be prorated based on actual performance. In the event of a change in control, Mr. Boor will receive: (a) a severance payment equal to the sum of: (i) three (3) times his then current base salary plus (ii) three (3) times the average bonuses paid to him over the previous three (3) calendar years (subject to other conditions if such period includes any year prior to the effective date of the Employment Agreement); (b) all of his unvested stock options awarded to him under his Employment Agreement would vest immediately; (c) his performance based share awards would vest as if he reached a "target" level of performance; (d) and he would be eligible for COBRA coverage for up to twelve (12) months following termination. The Employment Agreement also includes customary provisions on the confidentiality of information, non-disparagement, non-competition, and non-solicitation.

The Employment Agreement for Mr. Boor is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Mr. Urness, 50, was Executive Vice President, Chief Financial Officer and Treasurer from April 2015 until August 2018, where he transitioned into the role of President and Acting Chief Executive Officer in November 2018. Mr. Urness has also served as the Company's Vice President, Chief Financial Officer and Treasurer from January 2006 to April 2015 and as a director and/or officer of certain of the Company's major subsidiaries, including Palm Harbor Homes, Inc., Fleetwood Homes, Inc., CountryPlace Acceptance Corp. and Standard Casualty Company. Mr. Urness was also the Company's Interim Chief Financial Officer from August 2005 to January 2006, Corporate Controller from May 2005 to August 2005, financial consultant to the Company from June 2002 to May 2005 and Controller from May 1999 to June 2002. Prior to joining the Company, Mr. Urness served as manager and staff at Deloitte & Touche LLP for approximately six years.

The Employment Agreement for Mr. Urness that provides for: (a) a base annual salary of \$425,000 per year, subject to periodic review and adjustment by the Compensation Committee; (b) an annual award of time-based stock options, pursuant to the Company's 2005 Stock Incentive Plan, that will vest 33% on the first anniversary of the grant date, 66% on the second anniversary of the grant date and 100% on the third anniversary of the grant date which may be granted as non-qualified stock options or as incentive stock options; (c) an annual award of performance based restricted shares of which the number of shares awarded will be calculated by dividing the grant by the Company's common stock closing price on the day immediately preceding the grant date, with each award providing for: (i) a three-year performance period with targets established by the Compensation Committee of the Board; (ii) performance based vesting at a level of 60% for "threshold" performance, 100% for "target" performance, and 150% for "stretch" performance; (d) and an opportunity for annual cash bonus for achieving goals of "threshold," "target," or "stretch" that will result in a cash bonus equal to 60%, 75%, or 150% of the target amount, respectively. The stock option award for fiscal year end 2020 will be \$225,000. The annual performance based restricted share award for 2020 will be \$225,000. The annual cash bonus target for fiscal year end 2020 has not yet been established. Finally, the Employment Agreement provides for the following one time incentives: (a) reimbursement of legal fees up to \$10,000; (b) a lump sum payment of \$149,342.47 reflecting the pay differential between the base salary he received while serving as President and Acting Chief Executive Officer and an amount determined to fairly compensate Mr. Urness for his services during that period; (c) a cash bonus of \$259,726.03 reflecting a discretionary bonus, and (d) an award of time based stock options equal to \$432,876, pursuant to the 2005 Stock Incentive Plan, that will vest 33% on the first anniversary of the grant date, 66% on the second anniversary of the grant date and 100% on the third anniversary of the grant date that may be granted as non-qualified stock options or as incentive stock options. Finally, the Board has agreed to amend the award agreements governing option awards made in July of 2017 and July of 2018 to remove the requirement that Mr. Urness be employed in his current position at the time or a more senior position for those awards to vest. The amended award agreements are attached as Exhibits 10.2 and 10.3 and are incorporated herein by reference.

The Employment Agreement for Mr. Urness also includes provisions for certain payments to be made upon his termination and a change of control. If Mr. Urness is terminated without cause or if he terminates the agreement for good reason, he will receive: (a) a severance payment equal to his then current base salary, plus the average bonuses paid to him over the previous three (3) calendar years (subject to other conditions if such period includes any year prior to the effective date of the Employment Agreement); (b) accelerated vesting of his options awarded under the Employment Agreement; provided, however, that if termination occurred prior to the first anniversary of the effective date of his Employment Agreement, 100% of such options shall vest and if termination occurred on or after the first anniversary of the effective date of his Employment Agreement, but prior to six (6) years after the effective date of his Employment Agreement, 50% of such options shall vest; (c) prorated performance based share awards based on actual performance; and (d) he would be eligible for COBRA coverage for up to twelve (12) months following termination. In the event Mr. Urness is terminated due to death or disability, all of his unvested stock options awarded to him under his Employment Agreement would vest immediately and his performance based share awards would be prorated based on actual performance. In the event of a change in control, Mr. Urness will receive: (a) a severance payment equal to the sum of: (i) 150% his then current base salary plus (ii) 150% of the average bonuses paid to him over the previous three (3) calendar years (subject to other conditions if such period includes any year prior to the effective date of the Employment Agreement); (b) all of his unvested stock options awarded to him under his Employment Agreement would vest immediately; (c) his performance based share awards would vest as if he reached a "target" level of performance; (d) and he would be eligible for COBRA coverage for up to twelve (12) months following termination. The Employment Agreement also includes customary provisions on the confidentiality of information, non-disparagement, non-competition, and non-solicitation.

The Employment Agreement for Mr. Urness is attached hereto as Exhibit 10.4, and is incorporated herein by reference.

There are no family relationships between Messrs. Boor and Urness and any other director or executive officer of the Company. Furthermore, there are no related party transactions between the Company and Messrs. Boor and Urness that require disclosure pursuant to Item 404(a) of Regulation S-K promulgated by the Securities and Exchange Commission.

Effective March 29, 2019, Messrs. Boor and Urness entered into the Company's standard form of indemnification agreement for the Company's officers (the "Indemnification Agreement"). The Indemnification Agreement provides, to the fullest extent permitted by law, indemnification against all expenses and liabilities incurred in any legal proceeding arising by reason of the named party's capacity as an officer. In addition, the Indemnification Agreement provides that the Company will pay to the named party all indemnifiable expenses incurred by him or in connection with a legal proceeding in advance of the final disposition of such proceeding.

The Indemnification Agreement is attached hereto as Exhibit 10.5, and is incorporated herein by reference.

A press release announcing the leadership transition is attached hereto as Exhibit 99.1.

### ***Employment Agreement with Mickey R. Dragash***

On March 29, 2019, the Board approved an Employment Agreement with Mickey R. Dragash, the Company's Executive Vice President, General Counsel, Corporate Secretary & Chief Compliance Officer. The Employment Agreement for Mr. Dragash provides for: (a) a base annual salary of \$325,000 per year, subject to periodic review and adjustment by the Compensation Committee; (b) an annual award of time-based stock options, pursuant to the Company's 2005 Stock Incentive Plan, equal to 37.5% of his base salary and that will vest 33% on the first anniversary of the grant date, 66% on the second anniversary of the grant date and 100% on the third anniversary of the grant date that may be granted as non-qualified stock options or as incentive stock options; (c) an annual award of performance based restricted shares equal to 37.5% of his base salary of which the number of shares awarded will be calculated by dividing the grant by the Company's common stock closing price on the day immediately preceding the grant date, with each award providing for: (i) a three-year performance period with targets established by the Compensation Committee of the Board; (ii) performance based vesting at a level of 60% for "threshold" performance, 100% for "target" performance, and 150% for "stretch" performance; and (d) an opportunity for annual cash bonus for achieving goals of "threshold," "target," or "stretch", which will result in a cash bonus equal to 60%, 75%, or 150% of the target amount, respectively.

The Employment Agreement for Mr. Dragash also includes provisions for certain payments to be made upon his termination and a change of control. If Mr. Dragash is terminated without cause or if he terminates the agreement for good reason, he will receive: (a) a severance payment equal to his then current base salary, plus the average bonuses paid to him over the previous three (3) calendar years (subject to other conditions if such period includes any year prior to the effective date of the Employment Agreement); (b) accelerated vesting of his options awarded under the Employment Agreement; provided, however, that if termination occurred prior to the first anniversary of the effective date of his Employment Agreement, 100% of such options shall vest and if termination occurred on or after the first anniversary of the effective date of his Employment Agreement, but prior to six (6) years after the effective date of his Employment Agreement, 50% of such options shall vest; (c) prorated performance based share awards based on actual performance; and (d) he would be eligible for COBRA coverage for up to twelve (12) months following termination. In the event Mr. Dragash is terminated due to death or disability, all of his unvested stock options awarded to him under his Employment Agreement would vest immediately and his performance based share awards would be prorated based on actual performance. In the event of a change in control, Mr. Dragash will receive: (a) a severance payment equal to the sum of: (i) 150% his then current base salary plus (ii) 150% of the average bonuses paid to him over the previous three (3) calendar years (subject to other conditions if such period includes any year prior to the effective date of the Employment Agreement); (b) all of his unvested stock options awarded to him under his Employment Agreement would vest immediately; (c) his performance based share awards would vest as if he reached a "target" level of performance; (d) and he would be eligible for COBRA coverage for up to twelve (12) months following termination. The Employment Agreement also includes customary provisions on the confidentiality of information, non-disparagement, non-competition, and non-solicitation.

The Employment Agreement for Mr. Dragash is attached hereto as Exhibit 10.6, and is incorporated herein by reference.

**Item 8.01      Other Events.**

The independent counsel to the Audit Committee of the Board has advised the Audit Committee that it has completed its internal investigation related to the matters described in the Quarterly Report filed as a Form 10-Q on November 8, 2018. The results of this investigation have been shared with the staff at the Securities and Exchange Commission ("SEC"). The Company is continuing to fully cooperate with the SEC.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits.

**Exhibit No. Description**

<a href="#"><u>10.1</u></a>	<a href="#"><u>Employment Agreement effective as of April 15, 2019, by and between the Company and Mr. Boor.</u></a>
<a href="#"><u>10.2</u></a>	<a href="#"><u>Amendment to the 2017 Stock Option Award Agreement dated as of April 15, 2019, by and between the Company and Mr. Urness.</u></a>
<a href="#"><u>10.3</u></a>	<a href="#"><u>Amendment to the 2018 Stock Option Award Agreement dated as of April 15, 2019, by and between the Company and Mr. Urness.</u></a>
<a href="#"><u>10.4</u></a>	<a href="#"><u>Employment Agreement effective as of April 15, 2019, by and between the Company and Mr. Urness.</u></a>
<a href="#"><u>10.5</u></a>	<a href="#"><u>Form of Indemnification Agreement for Officers.</u></a>
<a href="#"><u>10.6</u></a>	<a href="#"><u>Employment Agreement dated as of April 1, 2019, by and between the Company and Mr. Dragash.</u></a>
<a href="#"><u>99.1</u></a>	<a href="#"><u>Press Release, dated April 2, 2019</u></a>

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CAVCO INDUSTRIES, INC.

By: /s/ Mickey R. Dragash  
Mickey R. Dragash  
EVP, General Counsel, Corporate Secretary  
& Chief Compliance Officer

Date: April 2, 2019



## Employment Agreement

This **EMPLOYMENT AGREEMENT** (the “Agreement”) is entered into April 1, 2019 and made effective as of April 15, 2019 (the “Effective Date”), by and between Cavco Industries, Inc., a corporation organized under the laws of the State of Delaware (the “Company”), and William C. Boor (“Executive”) (the Company and Executive are sometimes collectively referred to herein as the “Parties” and individually as a “Party”), all with reference to the following:

**WHEREAS**, the Company desires to employ Executive, and Executive is willing and able to accept such employment, upon the terms and conditions contained in this Agreement.

**NOW, THEREFORE**, in consideration of the promises and the mutual covenants in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined shall have the meanings set forth in Exhibit A.

2. Term. Executive shall be employed by the Company for a term commencing on the Effective Date and terminating on the date on which Executive’s employment ends (the “Term”). The date on which Executive’s employment ends shall be referred to herein as the “Termination Date.”

3. Position and Duties.

- (a) Position. During the Term, Executive shall serve as the Company’s Chief Executive Officer (the “CEO”). Executive shall report directly to the Company’s Board. In such capacity, Executive shall have the duties, functions, responsibilities, and authority customarily appertaining to that position and shall have such other duties, functions, responsibilities, and authority consistent with such position as are from time to time delegated to him by the Board. Additionally, so long as Executive is CEO, the Company shall use reasonable best efforts, subject to applicable law and regulation of the Nasdaq Stock Market (“Nasdaq”), to cause Executive to be nominated for election as a director and to be recommended to the stockholders for election as a member of the Board.

- (b) Duties. Executive shall have supervision, control over, and responsibility for the day-to-day business and affairs of the Company and shall have such other powers and duties as may from time to time be prescribed by the Board, provided that such duties are consistent with Executive’s position or other positions that he may hold from time to time. Executive shall devote his full-time and exclusive attention and efforts to the performance of all assigned duties for the Company and shall not be engaged in any other significant activity, whether for gain, profit or other financial or economic advantage, or otherwise.

- (c) Principal Place of Employment. Executive’s principal place of employment during the Term shall be in the Phoenix metropolitan area. The parties acknowledge that Executive may be required to travel in connection with the performance of his duties hereunder.

- (d) Corporate Policies. During the Term, Executive shall be subject to all of the Company’s corporate governance, ethics, and executive compensation and other policies as in effect from time to time.

- (e) Compensation, Benefits, and Other Items Applicable to Executive. During the Term, Executive shall be entitled to the compensation and benefits described in Sections 4 and 5 of this Agreement.

4. Compensation.

- (a) Base Salary. During the Term, Executive shall receive an annual base salary (the “Base Salary”) as set forth in Exhibit B.

(b) Annual Incentive Bonus. During the Term, Executive shall be entitled to annual incentive compensation (the “Bonus”), payable in cash, as described in Exhibit B. Except as otherwise provided in this Agreement, to receive the Bonus, the Executive must remain employed as of the end of the Fiscal Year to which the Bonus relates.

(c) Equity Awards.

(i) Initial Awards. As a material inducement to Executive’s acceptance of employment with the Company under this Agreement and in partial consideration for the covenants set forth in Sections 7 through 9 below, on the Effective Date, Executive shall receive Initial Awards under the Company’s Stock Incentive Plan (the “Stock Plan”) as described in Exhibit B.

(ii) Annual Awards. For each calendar year during the Term, Executive shall be eligible to receive additional awards under the Stock Plan (or any successor thereto), subject to the achievement of certain performance goals established by the Compensation Committee pursuant to the Stock Plan (each, an “Annual Award”), as described in Exhibit B.

5. Employee and Fringe Benefits; Expense Reimbursements.

(a) Employee Benefits. During the Term, Executive and his eligible dependents (if any) shall be able to participate in employee benefit plans and perquisite and fringe benefit programs on a basis no less favorable than the basis on which such benefits and perquisites are provided by the Company from time to time to other senior executive employees.

(b) Paid Time Off. Executive shall be entitled to unlimited paid vacation each year, provided such paid vacation does not disrupt the operations of the Company and Executive has taken adequate measures to ensure his job duties are performed during his vacation time. The rules relating to other absences from regular duties for holidays, sick or disability leave, leave of absence without pay, or for other reasons, shall be the same as those provided to the Company’s other senior executive employees.

(c) Expense Reimbursement. Executive shall be entitled to receive prompt reimbursement for all travel and business expenses reasonably incurred and accounted for by Executive (in accordance with the policies and procedures established from time to time by the Company for Executive or as otherwise provided for in the Company’s approved travel budget) in performing services hereunder. Any reimbursement that Executive is entitled to receive shall (i) be paid as soon as practicable and in any event no later than the last day of Executive’s tax year following the tax year in which the expense was incurred, (ii) not be affected by any other expenses that are eligible for reimbursement in any tax year, and (iii) not be subject to liquidation or exchange for another benefit.

(d) Acceptance Incentives. As a material inducement to Executive’s acceptance of employment with the Company under this Agreement and in partial consideration for the covenants set forth in Sections 7 through 9 below, Executive shall receive or be entitled to receive the following acceptance incentives:

(i) Acceptance Bonus. Executive shall receive an acceptance bonus equal to:

(1) On the Effective Date, \$412,500 in cash, paid as a single lump sum, less applicable withholdings; plus

(2) On March 29, 2019, non-qualified stock options for shares of Company Stock of \$412,500 to induce Executive to commence employment on the Effective Date, with the grant of such non-qualified to be made as of the Effective Date. The number of shares subject to this non-qualified stock option grant will be calculated using the Black-Scholes model based on the Company Stock's closing price on the Effective Date, rounded up to the nearest 50 shares. This non-qualified stock option grant shall be evidenced by a separate stock option agreement, which will reflect that the Effective Date is the grant date for the non-qualified stock options, and shall provide for 33% vesting on the first anniversary of the Effective Date, 66% vesting on the second anniversary of the Effective Date and 100% vesting on the third anniversary of the Effective Date. Moreover, this non-qualified stock option grant shall be forfeited in the event Executive does not actually commence employment on the Effective Date. If, after the Effective Date, the Company thereafter terminates Executive's employment without Cause or Executive terminates his employment for Good Reason, then the unvested portion of the non-qualified stock option grant shall immediately vest upon termination and the stock option shall remain exercisable until the end of the option's original term. The terms of the non-qualified stock option agreement will be subject to, and governed by, the Stock Plan.

(ii) First two years of employment. Through that date which is the second (2<sup>nd</sup>) anniversary of the Effective Date, as long as Executive remains employed under this Agreement:

(1) Travel Expenses. Company shall pay the cost of Executive's airfare between Phoenix, Arizona, and Cleveland, Ohio, until such time that Executive has completed his move to Phoenix, Arizona. Executive's travel eligible to be paid by the Company under this Section 5(d) shall be subject to the Company's travel and reimbursement policies.

(2) Corporate Apartment. Company will reimburse Executive in a reasonable amount to be agreed upon by the Parties toward Executive's rental or lease costs for an apartment in Phoenix, Arizona, until such time as Executive purchases a residence in the Phoenix, Arizona, metropolitan area.

(3) Automobile. Company will reimburse Executive in a reasonable amount to be agreed upon by the Parties to have one automobile shipped from Cleveland, Ohio, to Phoenix, Arizona.

(iii) Moving Expenses. It is anticipated that Executive will complete the move from his current residence in Cleveland, Ohio, to the Phoenix metropolitan area within two years of the Effective Date. Assuming so, then Executive will be entitled to the following:

(1) Automobile. In addition to the Company's obligation set forth in Section 5(d)(ii)(3) above, Company will reimburse Executive in a reasonable amount to be agreed upon by the Parties to have an additional automobile shipped from Cleveland, Ohio, to Phoenix, Arizona.

(2) Personal Belongings. Company will reimburse Executive in a reasonable amount to be agreed upon by the Parties toward Executive's costs of having his household belongings moved from Cleveland, Ohio, to Phoenix, Arizona, which will include the cost of professional packers and storage.

(3) Closing Costs. Company will reimburse Executive in a reasonable amount for real estate brokerage and closing costs associated with the sale of Executive's existing home in Cleveland, Ohio and the closing costs associated with the purchase of his home in the Phoenix, Arizona area.

(4) Spousal Travel. Company will reimburse Executive toward the airfare costs to permit Executive's spouse the opportunity to travel to Phoenix, Arizona, twice, for the express purpose of finding a residence in connection with Executive's move to the Phoenix, Arizona, metropolitan area. Reimbursement will be limited to two trips, and the reimbursable amount for each trip shall be a reasonable amount to be agreed upon by the Parties. Reimbursement under this Section 5(d)(iii)(4) shall be subject to the Company's travel and reimbursement policies.

(iv) Legal Expenses. Company will reimburse Executive up to \$10,000 (ten thousand dollars) toward Executive's expenses in obtaining legal counsel to assist Executive with the review and negotiation of this Agreement.

6. Termination of Employment. Except for the provisions intended to survive for other periods of time as specified in Section 16(m) below, this Agreement and Executive's employment shall terminate (i) at any time upon mutual written agreement of the Parties; (ii) by the Company, immediately and without prior notice, for Cause as provided in Section 6(a); (iii) by Executive for Good Reason as provided in Section 6(b); (iv) immediately upon Executive's Death or Disability as provided in Section 6(c); or (v) by the Company for any reason not otherwise covered by clauses (i), (ii), (iii), or (v) herein as provided in Section 6(b); or (vi) by Executive for any reason not otherwise covered by clauses (i), (ii), (iii) or (iv) herein with advance written notice as provided in Section 6(a).

(a) Termination for Cause; Voluntary Termination. At any time during the Term, (i) the Company may immediately terminate Executive's employment for Cause, and (ii) Executive may terminate his employment "voluntarily" (that is, other than by Death, Disability or for Good Reason); provided, that Executive will be required to give the Board at least ninety (90) days' advance written notice of any such termination; provided, however, that the Board may waive all or any part of the foregoing notice requirement in its sole discretion, in which case Executive's voluntary termination will be effective upon the date specified by the Board. Upon the termination of Executive's employment by the Company for Cause or by Executive's voluntary termination, Executive shall be entitled to receive the Accrued Obligations. All other benefits, if any, due to Executive following Executive's termination of employment pursuant to this Section 6(a) shall be determined in accordance with the plans, policies, and practices of the Company as then in effect; provided, that Executive shall not be entitled to any severance payments or benefits under this Agreement or any other agreement or severance plan, policy, or program of the Company (excluding any group health benefit plans). Executive shall not earn or accrue any additional compensation or other benefits under this Agreement following the Termination Date.

(b) Termination for Good Reason by Executive or Without Cause by the Company. At any time, (x) Executive may terminate his employment for Good Reason; and (y) the Company may terminate Executive's employment hereunder without Cause, in either case pursuant to this Section 6(b). Upon the termination of Executive's employment pursuant to this Section 6(b), Executive shall receive the Accrued Obligations. In addition, and except as otherwise provided in Section 6(d), if applicable, and subject to Executive's compliance with the requirements set forth Sections 7 through 9 of this Agreement and Executive's execution, delivery, and non-revocation of an effective release of claims against the Company and certain related persons and entities in substantially the form attached hereto as Exhibit C (the "Release"), which Release shall be delivered to Executive within five (5) business days following the Termination Date and which must be executed (and not revoked) by Executive within the time specified in the Release (the "Release Period"), Executive shall be entitled to the following severance benefits:

(i) Cash Severance. A cash severance payment, payable on that day which is sixty (60) days after Executive's termination of employment, equal to the applicable Severance Multiplier times the sum of:

(1) Executive's Base Salary in effect at termination of employment; plus

(2) The average Bonuses paid to Executive for the three (3) calendar years immediately preceding termination of employment (excluding any acceptance bonus under Section 5(d)(i)). If the foregoing three (3) calendar year period includes any year prior to the date Executive first became employed under this Agreement, then for averaging purposes, the bonus to be used for any such calendar year shall be based on Executive's Bonus target opportunity in effect as of the Effective Date.

The "Severance Multiplier" that applies to Executive is:

(x) If termination occurs prior to two (2) years after the Effective Date: two (2).

(y) If termination occurs more than two years but prior to six (6) years after the Effective Date: one point five (1.5).

(z) If termination occurs at least six (6) years after the Effective Date: one (1).

(ii) Accelerated Stock Option Vesting. Any stock option grants awarded to Executive that remain outstanding as of the date of termination shall immediately vest as provided below, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 7th anniversary of the original date of grant:

(1) If termination occurs prior to two (2) years after the Effective Date: 100% of such grants shall be made immediately vested.

(2) If termination occurs more than two (2) years but prior to six (6) years after the Effective Date: 50% of any unvested portion of the stock options at the time of termination shall be made immediately vested.

(iii) Prorated Performance Based Share Awards. Executive will receive a pro-rata portion of all of Executive's then-existing unvested Performance Based Share awards, with vesting to be determined based on actual performance as of the end of the applicable performance period. For each unvested Performance Based Share award, the pro-rata portion of such award shall be (1) the Performance Based Share award that would have been paid at the end of the applicable performance period had Executive not terminated employment (if any) multiplied by (2) a fraction, the numerator of which is the number of days that Executive is employed by the Company during applicable performance period, and the denominator of which is the total number of days in the applicable performance period. Payment will be made at the same time(s) payment would have been paid had Executive not terminated employment.

(iv) If Executive timely and properly elects continuation health care coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Company will pay the COBRA premium required for Executive and Executive's dependents (if any) under the Company's group medical and dental plans for a period of up to twelve (12) months following the Executive's termination of employment (or until such earlier time as Executive ceases to be eligible for COBRA coverage) (the "COBRA Premium"). Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premium without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company instead shall pay Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA Premiums for that month, subject to applicable tax withholdings.

(c) Termination Due to Death or Disability. In the event Executive's employment under this Agreement is terminated on account of Executive's Death or Disability, then:

(i) All stock option grants awarded to Executive prior to termination that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 7th anniversary of the original date of grant:

(ii) All then-existing unvested Performance Based Share Awards granted to Executive prior to termination that remain outstanding as of the date of termination will be prorated and paid in the same manner as provided in Section 6(b)(iii), above.

(d) Termination Due to Change in Control. Notwithstanding Section 6(b) to the Contrary, where Executive's employment under this Agreement is terminated by the Company without Cause or by the Executive for Good Reason within twelve (12) months after a Change in Control, then Executive shall receive the Accrued Obligations and, additionally, subject to Executive's compliance with the requirements set forth Sections 7 through 9 of this Agreement and Executive's execution, delivery, and non-revocation of an effective release of claims against the Company and certain related persons and entities in substantially the form attached hereto as Exhibit C (the "Release"), which Release shall be delivered to Executive within five (5) business days following the Termination Date and which must be executed (and not revoked) by Executive within the time specified in the Release (the "Release Period"), Executive will be entitled to the following Change in Control severance benefits in lieu of (and not in addition to) the amounts otherwise payable to Executive under Section 6(b):

(i) A cash severance payment, payable on that day which is sixty (60) days after Executive's termination of employment, equal to the sum of:

(1) Three (3) times Executive's Base Salary in effect at termination of employment; plus

(2) Three (3) times the average Bonuses paid to Executive for the three (3) calendar years immediately preceding termination of employment (excluding any acceptance bonus under Section 5(d)(i)). If the foregoing three (3) calendar year period includes any year prior to the date Executive first became employed under this Agreement, then for averaging purposes, the Bonus to be used for any such calendar year shall be based on Executive's Bonus target opportunity in effect as of the Effective Date.

(ii) Any stock option grants awarded to Executive that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 7th anniversary of the original date of grant.

(iii) Executive will be made vested in all of Executive's then-existing unvested Performance Based Share awards, with vesting to be determined based on "target" levels (i.e., at 100%). Such vested awards shall be settled as provided in the underlying Performance Based Share award agreements.

(iv) If Executive timely and properly elects continuation health care coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Company will pay the COBRA premium required for Executive and Executive's dependents (if any) under the Company's group medical and dental plans for a period of up to twelve (12) months following the Executive's termination of employment (or until such earlier time as Executive ceases to be eligible for COBRA coverage) (the "COBRA Premium"). Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premium without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company instead shall pay Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA Premiums for that month, subject to applicable tax withholdings.

(e) Notice of Termination. Any purported termination of Executive's employment by the Company or by Executive shall be communicated by written notice of termination to the other party in accordance with this Section 6. Such notice shall indicate the specific termination provision in this Agreement relied upon and shall, to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

## 7. Non-Competition and Non-Solicitation.

(a) Acknowledgements. Executive acknowledges:

(i) Company has provided and shall continue to provide Executive with its goodwill (a legitimate business interest of the Company) and Confidential Information so that Executive can perform his duties. Because Company would suffer irreparable harm if Executive misused its goodwill or disclosed Confidential Information, it is reasonable to protect the Company against misuse and disclosure of such information by Executive.

(ii) Because Executive will have continued access to and receive Confidential Information and will establish, maintain, and increase Company's goodwill with its customers, employees and others, and because the services provided by Executive for Company are a significant factor in the creation of valuable, special, and unique assets that are expected to provide Company with a competitive advantage, Company would suffer irreparable harm if Executive competed unfairly with Company (as described more fully below). Accordingly, it is reasonable to protect Company against potential unfair competition by Executive.

(iii) The promises in this Section are reasonably necessary for the protection of the Company and are reasonably limited with respect to the activities they prohibit, their duration, and their effect on Executive and the public. Executive acknowledges and agrees that the Company's provision of Confidential Information and grant of the Initial Award described in Section 4(c)(i) above shall each serve as adequate and independent consideration for the covenants set forth in this Section 7.

(b) Agreements Not to Compete or Solicit Employees or Customers. As a condition of employment and to protect Company's Confidential Information and competitive position, Executive promises and agrees that during his employment and during the Restriction Period, Executive (whether as an employee, officer, director, partner, proprietor, investor, associate, consultant, advisor or otherwise) will not, directly or indirectly, either for his own benefit or the benefit of any other person or entity:

(i) Engage, invest in, or establish, in any capacity as either as an employee, employer, contractor, consultant, agent, principal, partner, member, stockholder, investor, corporate officer, director, or in any other individual or representative capacity any business that is a Restricted Business (except Executive is allowed to own or acquire 5% or less of the outstanding voting securities of a public company). Executive further promises that during Executive's employment and the Restriction Period, Executive will not give advice or lend credit, money, or Executive's reputation to any person or entity engaged in or establishing the Restricted Business.

(ii) Solicit, recruit, induce, entice, encourage, hire, directly recruit, or in any way cause any officer or manager who is or was an employee of Company within the twelve (12) months prior to Executive's separation of employment, or after, to terminate his employment with Company. This restriction is limited to those employees with whom Executive worked, had business contact, or about whom Executive gained non-public or Confidential Information while employed with the Company.

(iii) Solicit, contact, or communicate with any person or company for the purpose of engaging in a business that is a Restricted Business at the time Executive's employment ends, who was a customer of the Company during the twelve (12) months preceding Executive's separation and whom Executive contacted, solicited, serviced, or sold services to as an Executive of the Company (either directly or indirectly as a supervisor) at any time during the twelve (12) months preceding the date of Executive's separation. Executive also agrees not to induce any customer, supplier, or other person with whom the Company engaged in business, or to the knowledge of Executive planned or proposed to engage in business, during the twelve (12) months preceding the date of Executive's separation, to terminate any commercial relationship with the Company.

(iv) The effective time period of the restrictions set forth in this Section 7 shall be tolled during any period of time a legal proceeding brought by the Company against Executive to enforce this Agreement is pending or during any period of time in which the Executive is in violation of this Agreement.

#### 8. Non-Disclosure of Intellectual Property, Trade Secrets, and Confidential Information.

(a) Executive agrees that, unless otherwise required by law, Executive will forever keep secret all Confidential Information of the Company, and Executive will not use it for Executive's own private benefit, or directly or indirectly for the benefit of others, and Executive will not disclose Confidential Information to any other person, directly or indirectly.

(b) If Executive is legally compelled (by subpoena, interrogatory, request for documents, investigative demand or similar process) to disclose Confidential Information, Executive shall give Company prompt, prior written notice so Company can seek an appropriate remedy or waive compliance. Executive shall furnish only that portion of the Confidential Information required on advice of legal counsel, and shall exercise Executive's best efforts to obtain an order or assurance that any Confidential Information disclosed will be treated by others in a confidential manner.

(c) The foregoing provisions notwithstanding, Company employees, contractors, and consultants may disclose trade secrets in confidence, either directly or indirectly, to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may disclose related trade secrets to their attorney and use them in related court proceedings, as long as the individual files documents containing the trade secret under seal and does not otherwise disclose the trade secret except pursuant to court order.

9. Non-Disparagement.

(a) Executive agrees that he will not make or cause to be made any oral or written statements that are derogatory, defamatory, or disparaging concerning the Company, its policies or programs, or its past or present officers, directors, employees, agents, or business associates, including but not limited to its past or present suppliers or vendors, or take any actions that are harmful to the business affairs of the Company or its employees. The foregoing shall not prohibit Executive from making any statement in order to pursue legal claims, either directly or indirectly, to a federal, state, or local government official, or make any statement to an attorney or in a complaint or other document filed in a lawsuit or other proceeding. Executive also agrees that he will not make or cause to be made any oral or written statements regarding the Company's Confidential Information (as defined in Section 8 above) to any third party, including, but not limited to, the general public (for example, via postings or publications on the internet), the media, financial analysts, auditors, institutional investors, consultants, suppliers, vendors, or business associates, or agents and/or representatives of any of the foregoing, unless the statement is (i) expressly authorized by the Company in writing, or (ii) required by law. This provision is a material and substantial term of this Agreement.

(b) Company agrees that it will not make any official public statement that is derogatory, defamatory, or disparaging concerning Executive, and will instruct the members of the Board and its senior executives to refrain from making any derogatory, defamatory, or disparaging public statements concerning Executive.

10. Severability. If any provision, subsection, or sentence of this Agreement shall be held to be invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision, subsection, or sentence had not been contained herein.

11. Compliance With Confidentiality, Non-Compete, or Non-Disclosure Obligations. Executive represents and warrants that he is in compliance with any confidentiality, non-compete, or non-disclosures obligations or agreements previously entered into with the Company and that any such obligations or agreements shall remain in effect from and after the Effective Date. In the event of any conflict between any such pre-existing confidentiality, non-compete, or non-disclosures obligations or agreements and the terms of this Agreement, the terms of this Agreement shall control.

12. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any Sections 7 or 8 (each a "Covenant" and together the "Covenants") of the Covenants would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of a breach of any of the Covenants, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and, in the case of either a breach or a threatened breach of any of the Covenants, seek equitable relief before a court of competent jurisdiction, in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy that may then be available.

13. Protected Rights. Executive understands that nothing contained in this Agreement limits Executive's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). Executive further understands that this Agreement does not limit Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company.

14. Conflicts of Interest. Executive agrees that for the duration of this Agreement, he will adhere to the obligations set forth in the Company's Code of Conduct, which may be amended from time to time.



15. Intellectual Property; Assignment of Inventions.

(a) Assignment and License of Rights. Executive assigns to Company all of Executive's rights in Intellectual Property that Executive makes or conceives during Executive's employment, whether as a sole or joint inventor, whether made during or outside working hours, and whether made on Company premises or elsewhere. Executive grants to Company an unlimited, unrestricted, worldwide, royalty-free, fully paid right to access, use, modify, add to, and distribute any Intellectual Property that Executive developed and reduced to a practical form prior to Executive's employment with Company, its affiliates or subsidiaries, and that Executive includes in any Intellectual Property assigned to Company. Executive understands and acknowledges that "Intellectual Property" means, for purposes of this Agreement, any information of a technical and/or business nature, such as ideas, discoveries, inventions, trade secrets, know-how, and writings and other works of authorship which relate in any manner to the actual or anticipated business or research and development of Company, its affiliates or subsidiaries.

(b) Assist Documentation. Upon request at any time and at the expense of Company or its nominee and for no additional personal remuneration, Executive agrees to execute and sign any document that Company considers necessary to secure for or maintain for the benefit of Company adequate patent and other property rights in the United States and all foreign countries with respect to any Intellectual Property. Executive also agrees to assist Company as required to obtain and enforce these rights.

(c) Disclosure. Executive agrees to promptly disclose to Company any Intellectual Property when conceived or made by Executive, whether in whole or in part, and to make and maintain adequate and current records of it. If Executive's employment ends for any reason, Executive agrees to promptly turn over to Company all models, prototypes, drawings, records, documents, and the like in Executive's possession or under Executive's control, whether prepared by Executive or others, relating to Intellectual Property, and any other work done for Company. Executive acknowledges that these items are the sole property of Company.

16. Miscellaneous.

(a) Executive's Representations. Executive hereby represents and warrants to the Company that (i) Executive has read this Agreement in its entirety, fully understands the terms of this Agreement, has had the opportunity to consult with counsel prior to executing this Agreement, and is signing the Agreement voluntarily and with full knowledge of its significance; (ii) the execution, delivery, and performance of this Agreement by Executive does not and shall not conflict with, breach, violate, or cause a default under any contract, agreement, instrument, order, judgment, or decree to which Executive is a party or by which he is bound; (iii) Executive is not a party to or bound by an employment agreement, non-compete agreement, or confidentiality agreement with any other person or entity that would interfere with the performance of his duties hereunder; and (iv) Executive shall not use any Confidential Information or trade secrets of any person or party other than the Company in connection with the performance of his duties hereunder, except with valid written consent of such other person or party. **Executive has carefully read and considered all provisions of these Agreements and acknowledges that this is an important legal document that sets forth restrictions on Executive's conduct as a condition of employment with the Company.**

(b) Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification, or discharge is agreed to in a writing signed by Executive and an officer of the Company (other than Executive) duly authorized by the Board to execute such amendment, waiver or discharge. No waiver by either Party of any breach of the other Party of, or compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(c) Successors and Assigns.

(i) This Agreement is personal to Executive and shall not be assignable by Executive but shall inure to the benefit of and be enforceable by Executive's heirs and legal representatives.

(ii) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and, other than as set forth in Section 16(c)(iii) below, shall not be assignable by the Company without the prior written consent of Executive (which shall not be unreasonably withheld).

(iii) The Agreement shall be assigned by the Company to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company; provided, that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as defined in this Agreement and any successor to its business (including by way of merger or consolidation) and/or assets. The Company shall require such successor to assume and agree to perform the Company's obligations under this Agreement by operation of law or otherwise.

(d) Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, if delivered by overnight courier service, or if mailed by registered mail, return receipt requested, postage prepaid, addressed to the respective addresses or sent via facsimile to the respective facsimile numbers, as the case may be, as set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt; provided, however, that (i) notices sent by personal delivery or overnight courier shall be deemed given when delivered; (ii) notices sent by facsimile transmission shall be deemed given upon the sender's receipt of confirmation of complete transmission; and (iii) notices sent by registered mail shall be deemed given two (2) days after the date of deposit in the mail.

If to Executive, to such address as shall most currently appear on the records of the Company.

If to the Company, to:

Cavco Industries, Inc.

1001 North Central Avenue, Suite 800

Phoenix, AZ 85004

Attention: Board of Directors

(e) GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF ARIZONA OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF ARIZONA TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE LAW OF THE STATE OF ARIZONA (EXCEPT TO THE EXTENT SUPERSEDED BY THE LAWS OF THE UNITED STATES) WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN, AND THE PARTIES HEREBY CONSENT TO JURISDICTION IN MARICOPA COUNTY, ARIZONA. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

(f) Compliance with Section 409A. The intent of the Parties is that payments and benefits under this Agreement comply with, or be exempt from, Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on Executive by Section 409A or any damages for failing to comply with Section 409A.

(i) Notwithstanding anything herein to the contrary, (x) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment that are considered a "deferral of compensation" within the meaning of Section 409A is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of the portion of such payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) to the extent necessary to comply with Section 409A until the first business day to occur following the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date otherwise permitted under Section 409A); and (y) if any other payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, mutually agreed upon between the Executive and the Board, that does not cause such an accelerated or additional tax.

(ii) In the event that payments under this Agreement are deferred pursuant to this Section 16(f) in order to prevent any accelerated tax or additional tax under Section 409A, then such payments shall be paid at the time specified under this Section 16(f) without any interest thereon.

(iii) Notwithstanding anything to the contrary herein, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "resignation," "termination," "termination of employment," or like terms shall mean separation from service.

(iv) Each payment made under this Agreement shall be considered separate payments and not one of a series of payments for purposes of Section 409A.

(v) Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement, or in-kind benefit provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A, (A) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year; (B) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (C) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(g) Severability of Invalid or Unenforceable Provisions. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(h) Advice of Counsel and Construction. Each Party acknowledges that such Party had the opportunity to be represented by counsel in the negotiation and execution of this Agreement. Accordingly, the rule of construction of contract language against the drafting party is hereby waived by each Party.

(i) Entire Agreement. This Agreement constitutes the entire agreement between the parties as of the Effective Date and supersedes all previous agreements and understandings between the parties with respect to the subject matter hereof.

(j) Withholding Taxes. The Company shall be entitled to withhold from any payment due to Executive hereunder any amounts required to be withheld by applicable tax laws or regulations.

(k) Section Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(l) Cooperation. During the Term and at any time thereafter, Executive agrees to cooperate in a reasonable manner (i) with the Company in the defense of any legal matter involving any matter that arose during Executive's employment with the Company; and (ii) with all government authorities on matters pertaining to any investigation, litigation, or administrative proceeding pertaining to the Company. The Company will reimburse Executive for any reasonable travel and out of pocket expenses incurred by Executive in providing such cooperation.

(m) Survival. Sections 6 through 15, inclusive, shall survive and continue in full force in accordance with their terms notwithstanding any termination of the Term or of Executive's employment with the Company.

(n) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(o) Recoupment/Clawback. Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to Executive pursuant to this Agreement or any other agreement or arrangement with the Company or any of its affiliates, which may be subject to recovery under any law, government regulation, company policy or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, company policy or stock exchange listing requirement solely to the extent required by any such law, government regulation, company policy or stock exchange listing requirement; provided, however, that no company policy will be more restrictive than any law, government regulation or stock exchange listing requirement to which the Company is subject.

(p) Indemnification. The Company shall indemnify and hold Executive harmless to the fullest extent permitted by the laws of the Company's state of incorporation in effect at the time against and in respect of any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including advancement of reasonable attorney's fees), losses, and damages resulting from Executive's good faith performance of Executive's duties and obligations with the Company. Executive will be entitled to be covered, both during and, while potential liability exists, by any insurance policies the Company may elect to maintain generally for the benefit of officers and directors of the Company against all costs, charges and expenses incurred in connection with any action, suit or proceeding to which Executive may be made a party by reason of being an officer or director of the Company, or any subsidiary or affiliate, or a fiduciary of any benefit plan in the same amount and to the same extent as the Company covers its other officers and directors or fiduciaries. These obligations shall survive the termination of Executive's employment with the Company.

*[Remainder of page intentionally left blank]*

The parties have executed this Agreement as of the date first above written.

**Company**

Cavco Industries, Inc.

By: /s/ Steven G. Bunger

Name: Steven G. Bunger

Title: Chairman, Board of Directors

**Executive**

/s/ William C. Boor

William C. Boor

## **EXHIBIT A**

### **DEFINED TERMS**

1. “Accrued Obligations” shall mean, at any point in time and except as expressly provided herein, any amounts to which the Executive is entitled to payment but have not yet been paid to Executive including, but not limited to, each of the following (but only to the extent such amounts are vested, earned or accrued at the time of payment): Base Salary, earned but unpaid incentive compensation amounts described in Sections 4(b) and 4(c) above, and any other payments, retention bonuses, entitlements or benefits vested, earned or accrued but unpaid under applicable benefit and compensation plans, programs, and other arrangements with the Company and/or any of its subsidiaries.

2. “Affiliate” of a Person shall mean any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person.

3. “Board” shall mean the Company’s board of directors.

4. “Cause” shall mean the occurrence of one or more of the following: (i) Executive’s malfeasance, willful, or gross misconduct, or willful dishonesty that materially harms the Company or its stockholders; (ii) Executive’s conviction of a felony that is materially detrimental to the Company or its stockholders; (iii) Executive’s conviction of, or entry of a plea *nolo contendere* to a felony that materially damages the Company’s financial condition or reputation or to a crime involving fraud; (iv) Executive’s material violation of the Company’s Code of Ethics, including breach of duty of loyalty in connection with the Company’s business; (v) Executive’s willful failure to perform duties under this Agreement, after notice by the Board and an opportunity to cure of at least thirty (30) days; (vi) Executive’s failure to reasonably cooperate with, or Executive’s impedance or interference with, an investigation authorized by the Board after notice by the Board and an opportunity to cure of at least thirty (30) days; (vii) Executive’s failure to follow a legal and proper Board directive, after notice by the Board and a thirty (30) day opportunity to cure; or (viii) Executive’s willful misconduct or gross negligence pursuant to the Sarbanes-Oxley Act, if and to the extent such conduct triggers a material restatement of the Company’s financial results.

5. “Change in Control” means that: (i) the Company merges or consolidates with any other corporation (other than a Subsidiary) and is not the surviving corporation (or survives only as a Subsidiary of another corporation), (ii) the Company sells all or substantially all of its assets to any other person or entity (other than a Subsidiary), (iii) the Company is dissolved, or (iv) a third person, including a “group” as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of Common Stock having 50% or more of the total number of votes that may be cast for the election of directors of the Company; or as a result of, or in connection with, a contested election for directors, the persons who were directors of the Company before such election shall cease to constitute a majority of the Board of the Company. Notwithstanding any provision of this paragraph, an event, transaction, or corporate action described in this Subsection which would otherwise be deemed a Change in Control, will not be deemed a Change in Control if: it is a management led or supported transaction by persons who were the directors of the Company and persons who were the executive officers of the Company as of six months prior to such event; and if immediately after such event such persons constitute a majority of the directors and constitute a majority of executive officers for, and own in the aggregate at least fifteen percent of the voting securities or interest of, the Company or the surviving or resulting corporation or the parent of the resulting corporation. Notwithstanding anything in this Agreement to the contrary, an event will not be considered a Change in Control unless the event also qualifies as a “change in control event” as defined in Treas. Reg. §1.409A-3(i)(5)(i). In addition, an event will not be considered a Change in Control unless the transaction which will result in the Change in Control closes.

6. “Code” shall mean the Internal Revenue Code of 1986, as amended.

7. “Company Stock” shall mean the common stock of the Company, par value \$0.01 per share.

8. “Compensation Committee” shall mean the compensation committee of the Board.

9. “Confidential Information” shall mean any and all confidential, non-public, and/or proprietary knowledge, data or information of the Company, its affiliates, parents and subsidiaries, whether now existing or developed during Executive’s employment. By way of illustration but not limitation, “Confidential Information” includes (a) trade secrets, inventions, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques and any other proprietary technology and all Proprietary Rights therein (hereinafter collectively referred to as “Inventions”); (b) information regarding research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, margins, discounts, credit terms, pricing and billing policies, quoting procedures, methods of obtaining business, forecasts, future plans and potential strategies, financial projections and business strategies, operational plans, financing and capital-raising plans, activities and agreements, internal services and operational manuals, methods of conducting Company business, suppliers and supplier information, and purchasing; (c) information regarding dealers, customers and potential dealers and customers of the Company, including customer or dealer lists, names, representatives, their needs or desires with respect to the types of products or services offered by the Company, proposals, bids, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Company and other non-public information relating to customers and potential customers; (d) information regarding any of the Company’s business partners and their services, including names; representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the Company, and other non-public information relating to business partners; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information which a competitor of the Company could use to the competitive disadvantage of the Company. Notwithstanding the foregoing, Executive is free to use information which is generally known in the trade or industry through no breach of this agreement or other act or omission by Executive, and Executive is free to discuss the terms and conditions of Executive’s employment with others to the extent permitted by law.

10. “Disability” means Executive has been unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. Alternatively, Executive will be deemed Disabled if determined to be totally disabled by the Social Security Administration. Termination of employment resulting from Disability may only be effected after at least thirty (30) days’ written notice by the Company of its intention to terminate an Executive’s employment. In the event that Executive resumes the performance of substantially all of his or her duties hereunder before his or her termination becomes effective, the notice of intent to terminate based on Disability will automatically be deemed to have been revoked. In conjunction with determining Disability for purposes of this Agreement, Executive hereby (i) consents to any such examinations, to be performed by a qualified medical provider selected by the Company and approved by the Executive (which approval shall not be unreasonably withheld), which are relevant to a determination of whether Executive has incurred a Disability; and (ii) agrees to furnish such medical information as may be reasonably requested.

11. “Fiscal Year” shall mean the twelve (12) month period beginning on or about April 1 and ending on or about March 31.

12. “Good Reason” shall mean the occurrence of any one or more of the following events without Executive’s written consent:

- (a) the Company assigns Executive duties that are materially inconsistent with, or constitute a material reduction of powers or functions associated with, Executive’s position, duties, or responsibilities with the Company as in effect immediately prior to such assignment;
- (b) a material, adverse change in Executive’s titles, authority, or reporting responsibilities as in effect immediately prior to such change;

- (c) except in cases where the Compensation Committee reduces the base salaries for all of the Company's executive officers on account of what the Compensation Committee, in its sole and complete discretion, determines to be a significant downturn in the Company's financial performance that necessitates such action, a reduction by the Company of the Executive's annual Base Salary in excess of fifteen percent (15%) of the Base Salary as in effect immediately prior to such reduction or an aggregate reduction resulting in a Base Salary level that is lower than eighty-five percent (85%) of his initial Base Salary rate set forth in Exhibit B of this Agreement;
- (d) a material breach by the Company of its obligations under this Agreement; or
- (e) a relocation of the Company's principal place of business to a location that is fifty (50) miles or more from the Company's current headquarters located in Phoenix, Arizona.

Notwithstanding the foregoing, an event described in this Section shall not constitute Good Reason unless it is communicated by the Executive to the Company in writing within ninety (90) days of the initial existence of such event and is not corrected by the Company in a manner which is reasonably satisfactory to such Executive within thirty (30) days of the Company's receipt of such written notice. If the purported Good Reason condition is not cured within the 30-day period described in the preceding sentence, Executive may submit a written notice of termination to the Chair of the Board specifying a Termination Date that is no more than sixty (60) days following the final day of the Company's cure period. Executive will be deemed to have accepted the condition(s), or the Company's correction of such condition(s), that may have given rise to the existence of Good Reason if he fails to provide such written notice or fails to terminate his employment within the 60-day period described in the preceding sentence.

13. "Restricted Business" shall mean (i) any business conducted by the Company or its affiliates under common control with the Company during the Term, including but not limited to the construction, financing, or insurance of manufactured housing, and/or (ii) any business competitive with the business conducted by the Company or its affiliates under common control with the Company during the Term.

14. "Restriction Period" shall mean the period of twenty-four (24) months following the Executive's separation from the Company for any reason beginning on the Termination Date of this Agreement; provided, however, that if a court of competent jurisdiction determines that such period is too long to be enforceable, the Restriction Period shall mean the eighteen (18) month period beginning on the Termination Date of this Agreement; provided, however, that if a court of competent jurisdiction determines that such period is too long to be enforceable, the Restriction Period shall mean the twelve (12) month period beginning on the Termination Date.

15. "Section 409A" shall mean Code section 409A together with regulatory guidance promulgated thereunder, as amended from time to time.



## **EXHIBIT B**

### **COMPENSATION AND BONUS OPPORTUNITIES**

- A. Base Salary. Executive's annual base salary shall be \$825,000 (eight hundred twenty-five thousand dollars) payable in regular installments in accordance with the Company's usual payroll practices. Executive's Base Salary is subject to annual review and may, in the Compensation Committee's discretion, be increased or decreased under the Company's standard compensation policies for executive-level employees; provided, however, that any decrease may constitute "Good Reason" pursuant to its definition under this Agreement. As so adjusted, the term "Base Salary" shall refer to the adjusted amount except for subparagraph (c) of the definition of Good Reason.
- B. Annual Stock Option Award. Each calendar year, Executive will be granted an award of time-based stock options, which may be granted either as non-qualified stock options or as incentive stock options. The annual stock option grant for 2019 will be \$700,000 (seven hundred thousand dollars). Each annual stock option grant will be evidenced by a separate stock option agreement, and will provide for 33% vesting on the first anniversary of the grant date, 66% vesting on the second anniversary of the grant date, and 100% vesting on the third anniversary of grant date. The number of shares subject to each annual stock option grant will be calculated using the Black-Scholes model based on the Company Stock closing price on the day immediately preceding grant date, rounded up to the nearest fifty (50) shares.
- C. Annual Performance Based Restricted Share Award. Each calendar year, Executive will be granted an award of Performance Based Restricted Shares. The Performance Based Restricted Share grant for 2019 will be \$700,000 (seven hundred thousand dollars). The number of shares awarded under each Performance Based Restricted Share grant will be calculated by dividing the value of the grant by the Company Stock closing price on the day immediately preceding the grant date, rounded up to the nearest fifty (50) shares. Each Performance Based Restricted Share award will be evidenced by a separate award agreement. The award agreement for each Performance Based Restricted Share grant shall provide for (i) a three-year performance period; and (ii) performance-based vesting at a level of 50% for "threshold" performance, 100% for "target" performance, and 200% for "stretch" performance levels (with straight-line interpolation of vesting between performance levels, except below threshold). No grant of Performance Based Restricted Shares will vest if the threshold goal for such grant is not achieved as of the end of the applicable performance period for that grant. Moreover, and except as otherwise provided herein or under the terms of an applicable award agreement, the unvested portion of each Performance Based Restricted Share grant shall be forfeited if Executive terminates employment under this Agreement prior to the third anniversary of the grant date. The maximum number of shares payable under each Performance Based Restricted Share grant will be capped at the stretch performance level. The threshold, target, and stretch goals for each annual Performance Based Restricted Share grant will be set annually by the Compensation Committee, subject to Board approval.
- D. Annual Awards. The annual stock option and Performance-Based Restricted Share awards discussed in paragraphs B and C, above (the "Annual Awards") shall be made on terms and conditions that are consistent with those on which awards are made to other senior executive officers of the Company, except as the Compensation Committee may otherwise specify in its sole discretion. Except as otherwise provided herein, each Annual Award will be subject to the terms of the Stock Plan (or any successor thereto) and the individual award agreement pursuant to which it is made.
- E. Annual Cash Bonus Opportunity. For each twelve (12) month performance period as specified by the Compensation Committee, Executive shall be entitled to a Bonus based on performance goals set by the Compensation Committee, subject to Board approval (the "Annual Bonus"). The Annual Bonus for achieving "threshold," "target," and "stretch" performance levels is 50%, 100%, and 200% respectively (with straight-line interpolation between levels, except below threshold), multiplied by the Executive's highest Base Salary level during the applicable performance period. No Annual Bonus will be payable if the Executive achieves less than the threshold performance goal. The maximum Annual Bonus will be capped at the stretch performance level for the specific performance goal. The threshold, target, and stretch goals for each annual Performance Based Restricted Share grant will be set annually by the Compensation Committee, subject to Board approval.

- F. Payment. Except as otherwise provided in the Agreement, any Bonus payable under this Exhibit B shall be paid in cash in a single lump sum to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that the Bonus shall be paid in its entirety no later than ninety (90) days after the Company's Fiscal Year to which the payment relates.

## EXHIBIT C

### FORM OF RELEASE OF CLAIMS

This Release of Claims ("Agreement") is made and entered into by William C. Boor ("Employee") and Cavco Industries, Inc. (the "Company") on the date set forth below.

WHEREAS, Employee and the Company entered into an Employment Agreement dated \_\_\_\_\_ ("Employment Agreement"); and

WHEREAS, pursuant to the terms of the Employment Agreement, Employee agreed to execute and deliver Company a written waiver and general release agreement as a condition precedent to his right to receive certain amounts under the Employment Agreement;

NOW, THEREFORE, in consideration of the promises and payments set forth in the Employment Agreement, Employee agrees as follows:

1. **Meaning of "Released Parties":** The term "Released Parties", as used throughout this Agreement, includes the Company and all of its past, present, and future shareholders, parents, subsidiaries, and affiliates, joint venturers, and other current or former related entities thereof, and all of the past, present, and future officers, directors, employees, agents, insurers, legal counsel, and successors and assigns of said entities.

2. **Employee's Release of Claims:** In consideration for the severance payments and benefits provided for in the Employment Agreement and subject to Paragraph 4 of this Agreement, Employee, on behalf of himself, his spouse (if any), representatives, agents, heirs, trusts and assigns, hereby unconditionally and irrevocably releases Released Parties to the maximum extent permitted by law, from any and all claims, debts, obligations, demands, judgments, or causes of action of any kind whatsoever, whether known or unknown that Employee has or may have had prior to the date of Employee's execution of this Agreement for any action or omission by Released Parties and/or due to any matter whatsoever relating to Employee's employment or cessation of employment with the Company. Without limiting in any way the foregoing general release, this release specifically includes the following:

a. All claims and causes of action arising under the following laws, as amended: Section 1981 of the Civil Rights Act of 1866; Title VII of the Civil Rights Act; the Americans with Disabilities Act; the Federal Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; the National Labor Relations Act; the Labor Management Relations Act; the Fair Credit Reporting Act; the Employee Retirement Income Security Act of 1974; the Genetic Information Nondiscrimination Act of 2008; the Health Insurance Portability and Accountability Act; the Occupational and Safety Health Act; the Equal Pay Act; Executive Orders 11246 and 11141; the Consolidated Omnibus Budget Reconciliation Act of 1986; the Rehabilitation Act of 1973; the Electronic Communications Privacy Act of 1986 (including the Stored Communications Act); the Arizona Wage Statute, A.R.S. § 23-350, *et seq.*; the Arizona Civil Rights Act; the Arizona Employment Protection Act; the Arizona wage statutes; the Arizona Medical Marijuana Law; and the Arizona Constitution; and

b. All claims and causes of action arising under any other federal, state or local law, regulation or ordinance, including for employment discrimination on any basis, hostile working environment, retaliation, wrongful discharge, retaliatory discharge, constructive discharge, unsafe working conditions, breach of express or implied contract, breach of collective bargaining agreement, breach of implied covenant of good faith and fair dealing, fraud, detrimental reliance, promissory estoppel, defamation, negligence, negligent or intentional misrepresentation, invasion of privacy, defamation, libel, slander, battery, failure to pay wages, bonuses, commissions, attorneys' fees, interference with economic gain or contractual relations, and intentional and negligent infliction of emotional distress or "outrage"; and

c. All claims and causes of action by the Employee that Released Parties have acted unlawfully or improperly in any manner whatsoever.

Nothing in this Release shall be interpreted to release any claims to Employee's post-employment benefits provided under the Employment Agreement, claims which may not be released as matter of law, or claims which arise under the terms of this Agreement or after the Effective Date of this Agreement, or to release Employee's right, if any, to any vested benefits under any retirement plan or stock subscription agreements. Employee acknowledges that this Agreement constitutes a full settlement, accord, and satisfaction of all claims covered by this Release.

3. **Age Discrimination in Employment Act; Older Workers Benefit Protection Act of 1990:** In addition to the general release in Paragraph 2 of this Agreement, the Employee is waiving and releasing any and all claims against Released Parties under the Age Discrimination and Employment Act ("ADEA") that arose at any time during the Employee's employment with the Company, up to and including his last day of employment. This Agreement is subject to the terms of the Older Workers Benefit Protection Act of 1990 ("OWBPA"). The OWBPA provides that an individual cannot waive a right or claim under the ADEA unless the waiver is knowing and voluntary. Pursuant to the terms of the OWBPA, the Employee acknowledges and agrees that the Employee has been provided a copy of this Agreement, has signed this Agreement voluntarily, and with full knowledge of its consequences. In addition, the Employee hereby acknowledges and agrees as follows:

a. This Agreement has been written in a manner that is calculated to be understood, and is understood, by the Employee;

b. The release provisions of this Agreement apply to any rights the Employee may have under the ADEA up to the date of this Agreement;

c. The release provisions of this Agreement do not apply to any rights or claims the Employee may have under the ADEA that arise after the date he signs this Agreement;

d. The Employee has been advised that he should consult with an attorney prior to signing this Agreement;

e. The Employee has been provided a period of twenty-one (21) calendar days (the "Review Period") from his last day of employment with the Company to consider this Agreement. The Employee may, but is not required to, accept and sign this Agreement before the expiration of the Review Period, but no earlier than his last day of employment with the Company. If the Employee signs this Agreement before the expiration of the Review Period, the Employee agrees that he is knowingly and expressly waiving the time-period;

f. For a period of seven (7) calendar days following his signing of this Agreement, the Employee may revoke this Agreement by providing written notice of any such revocation to [\_\_\_\_\_], on or before the seventh day after the Employee signs the Agreement. This Agreement shall become "effective" on the eighth calendar day after the Employee signs it if it has not been revoked during the seven (7) day revocation period (the "Effective Date");

g. Payment of any severance benefits is conditioned on the execution of this Agreement no later than five (5) days after the end of the Review Period and the running of the revocation period described in 3(f) ("Revocation Period"); and

h. The Employee may not sign this Agreement until after his last day of employment with the Company and the Agreement shall not be effective if the Employee executes the Agreement prior to such date.

4. **Protected Rights:** The Employee understands that nothing contained in this Agreement shall be construed to prohibit him from filing a charge with or participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, the National Labor Relations Board, or any state or federal agency. The Employee understands that he has waived and released any and all claims for money damages and equitable relief that the Employee may recover from Released Parties pursuant to the filing or prosecution of any administrative charge against Released Parties, or any resulting civil proceeding or lawsuit brought on his behalf for the recovery of such relief, and which arises out of the matters that are and may be released or waived by this Agreement. The Employee also understands, however, that this Agreement does not limit his ability to communicate with any government agencies or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice to the Company. This Agreement also does not limit the Employee's right to receive an award for information provided to any government agencies.

5. **Pension Plan:** This Agreement shall not affect any vested rights the Employee has under an ERISA pension benefit plan(s).

6. **Medicare:** The Employee affirms, covenants, and warrants he is not a Medicare beneficiary and is not currently receiving, has not received in the past, will not have received at the time of payment pursuant to this Agreement, is not entitled to, is not eligible for, and has not applied for or sought Social Security Disability or Medicare benefits. In the event any statement in the preceding sentence is incorrect (for example, but not limited to, if the Employee is a Medicare beneficiary, etc.), the following sentences (i.e., the remaining sentences of this paragraph) apply. The Employee affirms, covenants, and warrants he has made no claim for illness or injury against, nor is he aware of any facts supporting any claim against, the Released Parties under which Released Parties could be liable for medical expenses incurred by the Employee before or after the execution of this agreement. Furthermore, the Employee is aware of no medical expenses which Medicare has paid and for which Released Parties are or could be liable now or in the future. The Employee agrees and affirms that, to the best of his knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. The Employee will indemnify, defend, and hold Released Parties harmless from Medicare claims, liens, damages, conditional payments, and rights to payment, if any, including attorneys' fees, and the Employee further agrees to waive any and all future private causes of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A) et seq.

7. **Attorneys' Fees and Costs:** In any proceeding or action to enforce this Agreement or to recover damages arising out of its breach, the prevailing party shall be awarded its reasonable attorneys' fees and costs.

8. **Governing Law and Venue:** This Agreement will be interpreted and construed in accordance with the laws of the State of Arizona, insofar as federal law does not control, and venue as to any dispute regarding this Agreement, or interpretation thereof, shall be in Maricopa County, Arizona.

9. **Modification of Agreement:** This Agreement shall not be modified, amended, or terminated unless such modification, amendment, or termination is executed in writing by the Employee, and an authorized representative of the Company.

10. **The Employee's Representations:** The Employee warrants that the Employee is over the age of eighteen (18) and competent to sign this Agreement; that in signing this Agreement the Employee is not relying on any statement or representation by the Company that is not contained in this Agreement, but is relying upon the Employee's judgment and/or that of the Employee's legal counsel and/or tax advisor; that the Agreement was signed knowingly and voluntarily without duress or coercion in any form; and that the Employee fully understands the same is a FULL and FINAL SETTLEMENT of any and all claims against Released Parties which have been or could have been asserted or on account or arising out of the Employee's employment relationship with the Company or the actions of any of Released Parties. The Employee further represents and certifies that the Employee has been given a fair opportunity to review the terms of this Agreement and has determined that it is in the Employee's best interest to enter into this Agreement.

11. **Drafting and Construction:** This Agreement may not be construed in favor of or against either the Employee or the Company (each, a "Party") on the grounds that said Party was less or more involved in the drafting process.

ACCEPTED AND AGREED:

\_\_\_\_\_

William C. Boor

\_\_\_\_\_

Date

CAVCO INDUSTRIES, INC.

\_\_\_\_\_

By:

\_\_\_\_\_

Its:

\_\_\_\_\_

Date:

**AMENDMENT TO  
DANIEL L. URNESS STOCK OPTION DATED JULY 18, 2017**

This Amendment is made to that certain Stock Option Agreement dated as of July 18, 2017 (the “Option”) between Cavco Industries, Inc. (the “Company”) and Daniel L. Urness (the “Optionee”) as is effective as of April 15, 2019 (the “Effective Date”).

Pursuant to the authority reserved to the Compensation Committee of the Board in Section 4 of the 2005 Stock Incentive Plan (the “Plan”) to modify the terms of an option, including as to vesting, the Option is amended to add at the end of the first paragraph the following:

Notwithstanding the foregoing, for the period from the Grant Date to November 8, 2018, continuous employment for vesting shall include any employment of the Optionee with the Company, it being the intent that the Optionee’s employment in a lower position with a subsidiary of the Company shall be counted as continuous service in determining the vested percentage of the shares subject to the Option thereafter.

Except as provided above, the Option shall be and remain in full force and effect in accordance with the terms thereof.

This Amendment is executed on behalf of the Company by the undersigned, who has been duly authorized by the Compensation Committee.

CAVCO INDUSTRIES, INC.

By: /s/ Steven G. Bunger  
Steven G. Bunger  
Its: Chairman, Board of Directors

Receipt of this Amendment by the Optionee is hereby acknowledged.

/s/ Daniel L. Urness  
Daniel L. Urness

**AMENDMENT TO  
DANIEL L. URNESS STOCK OPTION DATED JULY 10, 2018**

This Amendment is made to that certain Stock Option Agreement dated as of July 10, 2018 (the “Option”) between Cavco Industries, Inc. (the “Company”) and Daniel L. Urness (the “Optionee”) as is effective as of April 15, 2019 (the “Effective Date”).

Pursuant to the authority reserved to the Compensation Committee of the Board in Section 4 of the 2005 Stock Incentive Plan (the “Plan”) to modify the terms of an option, including as to vesting, the Option is amended to add at the end of the first paragraph the following:

Notwithstanding the foregoing, for the period from the Grant Date to November 8, 2018, continuous employment for vesting shall include any employment of the Optionee with the Company, it being the intent that the Optionee’s employment in a lower position with a subsidiary of the Company shall be counted as continuous service in determining the vested percentage of the shares subject to the Option thereafter.

Except as provided above, the Option shall be and remain in full force and effect in accordance with the terms thereof.

This Amendment is executed on behalf of the Company by the undersigned, who has been duly authorized by the Compensation Committee.

CAVCO INDUSTRIES, INC.

By: /s/ Steven G. Bunger  
Steven G. Bunger  
Its: Chairman, Board of Directors

Receipt of this Amendment by the Optionee is hereby acknowledged.

/s/ Daniel L. Urness  
Daniel L. Urness



## Employment Agreement

This **EMPLOYMENT AGREEMENT** (the “Agreement”) is entered into April 1, 2019 and made effective as of April 15, 2019 (the “Effective Date”), by and between Cavco Industries, Inc., a corporation organized under the laws of the State of Delaware (the “Company”), and Daniel Urness (“Executive”) (the Company and Executive are sometimes collectively referred to herein as the “Parties” and individually as a “Party”), all with reference to the following:

**WHEREAS**, the Company desires to employ Executive, and Executive is willing and able to accept such employment, upon the terms and conditions contained in this Agreement.

**NOW, THEREFORE**, in consideration of the promises and the mutual covenants in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined shall have the meanings set forth in Exhibit A.

2. Term. Executive shall be employed by the Company for a term commencing on the Effective Date and terminating on the date on which Executive’s employment ends (the “Term”). The date on which Executive’s employment ends shall be referred to herein as the “Termination Date.”

3. Position and Duties.

(a) Position. During the Term, Executive shall serve as the Company’s Executive Vice President, Chief Financial Officer, and Treasurer (the “CFO”). Executive shall report directly to the Company’s Chief Executive Officer (“CEO”). In such capacity, Executive shall have the duties, functions, responsibilities, and authority customarily appertaining to that position and shall have such other duties, functions, responsibilities, and authority consistent with such position as are from time to time delegated to him by the CEO.

(b) Duties. Executive shall have supervision, control over, and responsibility for the day-to-day financial and accounting affairs of the Company and shall have such other powers and duties as may from time to time be prescribed by the CEO, provided that such duties are consistent with Executive’s position or other positions that he may hold from time to time. Executive shall devote his full-time and exclusive attention and efforts to the performance of all assigned duties for the Company and shall not be engaged in any other significant activity, whether for gain, profit or other financial or economic advantage, or otherwise; provided, however, that it shall not be a violation of this Agreement for Executive to manage personal business interests and investments and engage in general charitable and civic activities (including service as a director or trustee of a non-profit organization), so long as such activities do not interfere with the performance of Executive’s responsibilities under this Agreement.

(c) Principal Place of Employment. Executive’s principal place of employment during the Term shall be in the Phoenix metropolitan area. The parties acknowledge that Executive may be required to travel in connection with the performance of his duties hereunder.

(d) Corporate Policies. During the Term, Executive shall be subject to all of the Company’s corporate governance, ethics, and executive compensation and other policies as in effect from time to time.

(e) Compensation, Benefits, and Other Items Applicable to Executive. During the Term, Executive shall be entitled to the compensation and benefits described in Sections 4 and 5 of this Agreement.

4. Compensation.

(a) Base Salary. During the Term, Executive shall receive an annual base salary (the “Base Salary”) as set forth in Exhibit B.

(b) Annual Incentive Bonus. During the Term, Executive shall be entitled to annual incentive compensation (the “Bonus”), payable in cash, as described in Exhibit B. Except as otherwise provided in this Agreement, to receive the Bonus, the Executive must remain employed as of the end of the Fiscal Year to which the Bonus relates as well as through the date on which the Bonus is actually paid.

(c) Annual Equity Awards. For each year during the Term, Executive shall be eligible to receive additional awards under the Stock Plan (or any successor thereto), subject to the achievement of certain performance goals established by the Compensation Committee pursuant to the Stock Plan (each, an “Annual Award”), as described in Exhibit B.

5. Employee and Fringe Benefits; Expense Reimbursements.

(a) Employee Benefits. During the Term, Executive and his eligible dependents (if any) shall be able to participate in employee benefit plans and perquisite and fringe benefit programs on a basis no less favorable than the basis on which such benefits and perquisites are provided by the Company from time to time to other senior executive employees.

(b) Vacation and Paid Time Off. Executive shall be entitled to twenty (20) days’ paid vacation each year and shall accrue paid time off in accordance with the Company’s then-current policy for other executive-level employees. The rules relating to other absences from regular duties for holidays, sick or disability leave, leave of absence without pay, or for other reasons, shall be the same as those provided to the Company’s other senior executive employees.

(c) Expense Reimbursement. Executive shall be entitled to receive prompt reimbursement for all travel and business expenses reasonably incurred and accounted for by Executive (in accordance with the policies and procedures established from time to time by the Company for Executive or as otherwise provided for in the Company’s approved travel budget) in performing services hereunder. Any reimbursement that Executive is entitled to receive shall (i) be paid as soon as practicable and in any event no later than the last day of Executive’s tax year following the tax year in which the expense was incurred, (ii) not be affected by any other expenses that are eligible for reimbursement in any tax year, and (iii) not be subject to liquidation or exchange for another benefit.

(d) Acceptance Incentives. As a material inducement to Executive’s acceptance of employment with the Company under this Agreement and in partial consideration for the covenants set forth in Sections 7 through 9 below, Executive shall receive or be entitled to receive the following acceptance incentives:

(i) Legal Expenses. Company will reimburse Executive up to \$10,000 (ten thousand dollars) toward Executive’s expenses in obtaining legal counsel to assist Executive with the review and negotiation of this Agreement.

(ii) Acting CEO Remuneration Adjustment. In recognition of Executive’s service as the Company’s Acting CEO during the period beginning November 8, 2018 and ending April 14, 2019 (the “Acting CEO Period”), Company agrees to provide Executive with the additional compensatory amounts:

(1) Base Salary Adjustment. Company will pay Executive \$149,342.47 in a single lump sum within five (5) days of the Effective Date, reflecting the pay differential between the base salary Executive received during the Acting CEO Period and an amount determined to fairly compensate Executive for his service to the Company during the Acting CEO Period.

(2) Cash Bonus Adjustment. Company will pay Executive a cash bonus of \$259,726.03, in a single lump and will be paid to Executive at the same time other executives receive their bonuses for Fiscal Year 2019, reflecting a discretionary bonus to fairly compensate Executive for his service to the Company during the Acting CEO Period.

- (3) Additional Stock Options. On the Effective Date, Executive will be granted an award of time-based stock options, which may be granted either as non-qualified stock options or as incentive stock options. This stock option grant will be \$432,876 (four hundred thirty two thousand eight hundred seventy seven dollars), which will: (A) be evidenced by a separate stock option agreement, (B) provide for 33% vesting on the first anniversary of the grant date, 66% vesting on the second anniversary of the grant date, and 100% vesting on the third anniversary of grant date, and (C) reflect a number of shares calculated using the Black-Scholes model based on the Company Stock closing price on the day immediately preceding grant date, rounded up to the nearest fifty (50) shares. Except as otherwise provided herein or under the terms of the applicable stock option agreement, the unvested portion of the stock option grant shall be forfeited if Executive terminates employment under this Agreement prior to the third anniversary of the stock option's grant date.
- (4) Restorative Grant of Previously Forfeited Stock Options. In 2018, Executive forfeited a stock option grant(s) totaling 5,500 (five thousand five hundred) shares of Company Stock when he stepped down as the Company's CFO. On the Effective Date, the Company will issue a new grant of stock options to Executive covering 5,500 (five thousand five hundred) shares of Company Stock. This stock option grant will: (A) be evidenced by a separate stock option agreement and (B) provide for 33% vesting on the first anniversary of the grant date, 66% vesting on the second anniversary of the grant date, and 100% vesting on the third anniversary of grant date, and (C) reflect an exercise price not less than the fair market value of Company Stock on the grant date.

(e) CFO Bonus for Fiscal Year 2019. Per the November 8, 2018 Employment Arrangement Letter ("Letter Agreement"), Executive is to receive a bonus while he served as the Company's CFO between April 1, 2018, and August 31, 2018 ("CFO Bonus"). The CFO Bonus will be based on the pre-existing metrics issued by the Company for the Fiscal Year 2019 and will be paid to Executive at the same time other executives receive their bonuses for Fiscal Year 2019.

6. Termination of Employment. Except for the provisions intended to survive for other periods of time as specified in Section 16(m) below, this Agreement and Executive's employment shall terminate (i) at any time upon mutual written agreement of the Parties; (ii) by the Company, immediately and without prior notice, for Cause as provided in Section 6(a); (iii) by Executive for Good Reason as provided in Section 6(b); (iv) immediately upon Executive's Death or Disability as provided in Section 6(c); or (v) by the Company for any reason not otherwise covered by clauses (i), (ii), or (iii) herein as provided in Section 6(b); or (vi) by Executive for any reason not otherwise covered by clauses (i), (ii), (iii) or (iv) herein with advance written notice as provided in Section 6(a).

(a) Termination for Cause; Voluntary Termination. At any time during the Term, (i) the Company may immediately terminate Executive's employment for Cause, and (ii) Executive may terminate his employment "voluntarily" (that is, other than by Death, Disability or for Good Reason); provided, that Executive will be required to give the Board at least ninety (90) days' advance written notice of any such termination; provided, however, that the Board may waive all or any part of the foregoing notice requirement in its sole discretion, in which case Executive's voluntary termination will be effective upon the date specified by the Board. Upon the termination of Executive's employment by the Company for Cause or by Executive's voluntary termination, Executive shall be entitled to receive the Accrued Obligations. All other benefits, if any, due to Executive following Executive's termination of employment pursuant to this Section 6(a) shall be determined in accordance with the plans, policies, and practices of the Company as then in effect; provided, that Executive shall not be entitled to any severance payments or benefits under this Agreement or any other agreement or severance plan, policy, or program of the Company (excluding any group health benefit plans). Executive shall not earn or accrue any additional compensation or other benefits under this Agreement following the Termination Date.

(b) Termination for Good Reason by Executive or Without Cause by the Company. At any time, (x) Executive may terminate his employment for Good Reason; and (y) the Company may terminate Executive's employment hereunder without Cause, in either case pursuant to this Section 6(b). Upon the termination of Executive's employment pursuant to this Section 6(b), Executive shall receive the Accrued Obligations. In addition, and except as otherwise provided in Section 6(d), if applicable, and subject to Executive's compliance with the requirements set forth in Sections 7 through 9 of this Agreement and Executive's execution, delivery, and non-revocation of an effective release of claims against the Company and certain related persons and entities in substantially the form attached hereto as Exhibit C (the "Release"), which Release shall be delivered to Executive within five (5) business days following the Termination Date and which must be executed (and not revoked) by Executive within the time specified in the Release (the "Release Period"), Executive shall be entitled to the following severance benefits:

(i) Cash Severance. A cash severance payment ("Severance Payment"), payable on that day which is sixty (60) days after Executive's termination of employment, equal to the sum of:

- (1) Executive's Base Salary in effect at termination of employment for a period of twelve months; plus
- (2) The average Bonuses paid to Executive under Section 4(b) of this Agreement for the three (3) calendar years immediately preceding termination of employment (excludes all incentive compensation paid to Executive prior to the Effective Date and excluding the Cash Bonus Adjustment in Section 5(d) (ii)). If the foregoing three (3) calendar year period includes any year prior to the Effective Date, then for averaging purposes, the "Bonus" to be used for any such calendar year shall be based on Executive's Bonus target opportunity in effect as of the Effective Date.

(ii) Accelerated Stock Option Vesting. Any stock option grants awarded to Executive that remain outstanding as of the date of termination shall immediately vest as provided below, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 7th anniversary of the original date of grant:

- (1) If termination occurs prior to the first anniversary of the Effective Date: 100% of such grants shall be made immediately vested.
- (2) If termination occurs on or after the first anniversary of the Effective Date but prior to that date which is six (6) years after the Effective Date: 50% of any unvested portion of the stock options at the time of termination shall be made immediately vested.

(iii) Prorated Performance Based Share Awards. Executive will receive a pro-rata portion of all of Executive's then-existing unvested Performance Based Share awards, with vesting to be determined based on actual performance as of the end of the applicable performance period. For each unvested Performance Based Share award, the pro-rata portion of such award shall be (1) the Performance Based Share award that would have been paid at the end of the applicable performance period had Executive not terminated employment (if any) multiplied by (2) a fraction, the numerator of which is the number of days that Executive is employed by the Company during applicable performance period, and the denominator of which is the total number of days in the applicable performance period. Payment will be made at the same time(s) payment would have been paid had Executive not terminated employment.

(iv) If Executive timely and properly elects continuation health care coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”), the Company will pay the COBRA premium required for Executive and Executive’s dependents (if any) under the Company’s group medical and dental plans for a period of up to twelve (12) months following the Executive’s termination of employment (or until such earlier time as Executive ceases to be eligible for COBRA coverage) (the “COBRA Premium”). Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premium without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company instead shall pay Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA Premiums for that month, subject to applicable tax withholdings.

(c) Termination Due to Death or Disability. In the event Executive’s employment under this Agreement is terminated on account of Executive’s Death or Disability, then:

(i) All stock option grants awarded to Executive prior to termination that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 7th anniversary of the original date of grant:

(ii) All then-existing unvested Performance Based Share Awards granted to Executive prior to termination that remain outstanding as of the date of termination will be prorated and paid in the same manner as provided in Section 6(b)(iii), above.

(d) Termination Due to Change in Control. Notwithstanding Section 6(b) to the Contrary, where Executive’s employment under this Agreement is terminated by the Company without Cause or by the Executive for Good Reason within twelve (12) months after a Change in Control, then Executive shall receive the Accrued Obligations and, additionally, subject to Executive’s compliance with the requirements set forth in Sections 7 through 9 of this Agreement and Executive’s execution, delivery, and non-revocation of an effective release of claims against the Company and certain related persons and entities in substantially the form attached hereto as Exhibit C (the “Release”), which Release shall be delivered to Executive within five (5) business days following the Termination Date and which must be executed (and not revoked) by Executive within the time specified in the Release (the “Release Period”), Executive will be entitled to the following Change in Control severance benefits in lieu of (and not in addition to) the amounts otherwise payable to Executive under Section 6(b):

(i) A cash severance payment, payable on that day which is sixty (60) days after Executive’s termination of employment, equal to the sum of:

- (1) One hundred and fifty percent (150%) of Executive’s Base Salary in effect at termination of employment for a period of (12) months; plus
- (2) One hundred and fifty percent (150%) of the average Bonuses paid to Executive under Section 4(b) of this Agreement for the three (3) calendar years immediately preceding termination of employment (excluding all incentive compensation paid to Executive prior to the Effective Date and excluding the Cash Bonus Adjustment in Section 5(d)(ii)). If the foregoing three (3) calendar year period includes any year prior to the Effective Date, then for averaging purposes, the “Bonus” to be used for any such calendar year shall be based on Executive’s Bonus target opportunity in effect as of the Effective Date.

(ii) Any stock option grants awarded to Executive that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 7th anniversary of the original date of grant.

(iii) Executive will be made vested in all of Executive's then-existing unvested Performance Based Share awards, with vesting to be determined based on "target" levels (i.e., at 100%). Such vested awards shall be settled as provided in the underlying Performance Based Share award agreements.

(iv) If Executive timely and properly elects continuation health care coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Company will pay the COBRA premium required for Executive and Executive's dependents (if any) under the Company's group medical and dental plans for a period of up to twelve (12) months following the Executive's termination of employment (or until such earlier time as Executive ceases to be eligible for COBRA coverage) (the "COBRA Premium"). Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premium without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company instead shall pay Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA Premiums for that month, subject to applicable tax withholdings.

(e) Notice of Termination. Any purported termination of Executive's employment by the Company or by Executive shall be communicated by written notice of termination to the other party in accordance with this Section 6. Such notice shall indicate the specific termination provision in this Agreement relied upon and shall, to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

7. Non-Competition and Non-Solicitation.

(a) Acknowledgements. Executive acknowledges:

(i) Company has provided and shall continue to provide Executive with its goodwill (a legitimate business interest of the Company) and Confidential Information so that Executive can perform his duties. Because Company would suffer irreparable harm if Executive misused its goodwill or disclosed Confidential Information, it is reasonable to protect the Company against misuse and disclosure of such information by Executive.

(ii) Because Executive will have continued access to and receive Confidential Information and will establish, maintain, and increase Company's goodwill with its customers, employees and others, and because the services provided by Executive for Company are a significant factor in the creation of valuable, special, and unique assets that are expected to provide Company with a competitive advantage, Company would suffer irreparable harm if Executive competed unfairly with Company (as described more fully below). Accordingly, it is reasonable to protect Company against potential unfair competition by Executive.

(iii) The promises in this Section are reasonably necessary for the protection of the Company and are reasonably limited with respect to the activities they prohibit, their duration, and their effect on Executive and the public. Executive acknowledges and agrees that the Company's provision of Confidential Information shall serve as adequate and independent consideration for the covenants set forth in this Section 7.

(b) Agreements Not to Compete or Solicit Employees or Customers. As a condition of employment and to protect Company's Confidential Information and competitive position, Executive promises and agrees that during his employment and during the Restriction Period, Executive (whether as an employee, officer, director, partner, proprietor, investor, associate, consultant, advisor or otherwise) will not, directly or indirectly, either for his own benefit or the benefit of any other person or entity:

(i) Engage, invest in, or establish, in any capacity as either as an employee, employer, contractor, consultant, agent, principal, partner, member, stockholder, investor, corporate officer, director, or in any other individual or representative capacity any business that is a Restricted Business (except Executive is allowed to own or acquire 5% or less of the outstanding voting securities of a public company). Executive further promises that during Executive's employment and the Restriction Period, Executive will not give advice or lend credit, money, or Executive's reputation to any person or entity engaged in or establishing the Restricted Business.

(ii) Solicit, recruit, induce, entice, encourage, hire, directly recruit, or in any way cause any officer or manager who is or was an employee of Company within the twelve (12) months prior to Executive's separation of employment, or after, to terminate his employment with Company. This restriction is limited to those employees with whom Executive worked, had business contact, or about whom Executive gained non-public or Confidential Information while employed with the Company.

(iii) Solicit, contact, or communicate with any person or company for the purpose of engaging in a business that is a Restricted Business at the time Executive's employment ends, who was a customer of the Company during the twelve (12) months preceding Executive's separation and whom Executive contacted, solicited, serviced, or sold services to as an Executive of the Company (either directly or indirectly as a supervisor) at any time during the twelve (12) months preceding the date of Executive's separation. Executive also agrees not to induce any customer, supplier, or other person with whom the Company engaged in business, or to the knowledge of Executive planned or proposed to engage in business, during the twelve (12) months preceding the date of Executive's separation, to terminate any commercial relationship with the Company.

(iv) The effective time period of the restrictions set forth in this Section 7 shall be tolled during any period of time a legal proceeding brought by the Company against Executive to enforce this Agreement is pending or during any period of time in which the Executive is in violation of this Agreement.

#### 8. Non-Disclosure of Intellectual Property, Trade Secrets, and Confidential Information.

(a) Executive agrees that, unless otherwise required by law, Executive will forever keep secret all Confidential Information of the Company, and Executive will not use it for Executive's own private benefit, or directly or indirectly for the benefit of others, and Executive will not disclose Confidential Information to any other person, directly or indirectly.

(b) If Executive is legally compelled (by subpoena, interrogatory, request for documents, investigative demand or similar process) to disclose Confidential Information, Executive shall give Company prompt, prior written notice so Company can seek an appropriate remedy or waive compliance. Executive shall furnish only that portion of the Confidential Information required on advice of legal counsel, and shall exercise Executive's best efforts to obtain an order or assurance that any Confidential Information disclosed will be treated by others in a confidential manner.

(c) The foregoing provisions notwithstanding, Company employees, contractors, and consultants may disclose trade secrets in confidence, either directly or indirectly, to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may disclose related trade secrets to their attorney and use them in related court proceedings, as long as the individual files documents containing the trade secret under seal and does not otherwise disclose the trade secret except pursuant to court order.

9. Non-Disparagement.

(a) Executive agrees that he will not make or cause to be made any oral or written statements that are derogatory, defamatory, or disparaging concerning the Company, its policies or programs, or its past or present officers, directors, employees, agents, or business associates, including but not limited to its past or present suppliers or vendors, or take any actions that are harmful to the business affairs of the Company or its employees. The foregoing shall not prohibit Executive from making any statement in order to pursue legal claims, either directly or indirectly, to a federal, state, or local government official, or make any statement to an attorney or in a complaint or other document filed in a lawsuit or other proceeding. Executive also agrees that he will not make or cause to be made any oral or written statements regarding the Company's Confidential Information (as defined in Section 8 above) to any third party, including, but not limited to, the general public (for example, via postings or publications on the internet), the media, financial analysts, auditors, institutional investors, consultants, suppliers, vendors, or business associates, or agents and/or representatives of any of the foregoing, unless the statement is (i) expressly authorized by the Company in writing, or (ii) required by law. This provision is a material and substantial term of this Agreement.

(b) Company agrees that it will not make any official public statement that is derogatory, defamatory, or disparaging concerning Executive, and will instruct the members of the Board and its senior executives to refrain from making any derogatory, defamatory, or disparaging public statements concerning Executive.

10. Severability. If any provision, subsection, or sentence of this Agreement shall be held to be invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision, subsection, or sentence had not been contained herein.

11. Compliance With Confidentiality, Non-Compete, or Non-Disclosure Obligations. Executive represents and warrants that he is in compliance with any confidentiality, non-compete, or non-disclosures obligations or agreements previously entered into with the Company and that any such obligations or agreements shall remain in effect from and after the Effective Date. In the event of any conflict between any such pre-existing confidentiality, non-compete, or non-disclosures obligations or agreements and the terms of this Agreement, the terms of this Agreement shall control.

12. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any Sections 7, 8, or 9(a) (each a "Covenant" and together the "Covenants") of the Covenants would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of a breach of any of the Covenants, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and, in the case of either a breach or a threatened breach of any of the Covenants, seek equitable relief before a court of competent jurisdiction, in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy that may then be available.

13. Protected Rights. Executive understands that nothing contained in this Agreement limits Executive's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state, or local governmental agency or commission ("Government Agencies"). Executive further understands that this Agreement does not limit Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company.

14. Conflicts of Interest. Executive agrees that for the duration of this Agreement, he will adhere to the obligations set forth in the Company's Code of Conduct, which may be amended from time to time.



15. Intellectual Property; Assignment of Inventions.

(a) Assignment and License of Rights. Executive assigns to Company all of Executive's rights in Intellectual Property that Executive makes or conceives during Executive's employment, whether as a sole or joint inventor, whether made during or outside working hours, and whether made on Company premises or elsewhere. Executive grants to Company an unlimited, unrestricted, worldwide, royalty-free, fully paid right to access, use, modify, add to, and distribute any Intellectual Property that Executive developed and reduced to a practical form prior to Executive's employment with Company, its affiliates or subsidiaries, and that Executive includes in any Intellectual Property assigned to Company. Executive understands and acknowledges that "Intellectual Property" means, for purposes of this Agreement, any information of a technical and/or business nature, such as ideas, discoveries, inventions, trade secrets, know-how, and writings and other works of authorship which relate in any manner to the actual or anticipated business or research and development of Company, its affiliates or subsidiaries.

(b) Assist Documentation. Upon request at any time and at the expense of Company or its nominee and for no additional personal remuneration, Executive agrees to execute and sign any document that Company considers necessary to secure for or maintain for the benefit of Company adequate patent and other property rights in the United States and all foreign countries with respect to any Intellectual Property. Executive also agrees to assist Company as required to obtain and enforce these rights.

(c) Disclosure. Executive agrees to promptly disclose to Company any Intellectual Property when conceived or made by Executive, whether in whole or in part, and to make and maintain adequate and current records of it. If Executive's employment ends for any reason, Executive agrees to promptly turn over to Company all models, prototypes, drawings, records, documents, and the like in Executive's possession or under Executive's control, whether prepared by Executive or others, relating to Intellectual Property, and any other work done for Company. Executive acknowledges that these items are the sole property of Company.

16. Miscellaneous.

(a) Executive's Representations. Executive hereby represents and warrants to the Company that (i) Executive has read this Agreement in its entirety, fully understands the terms of this Agreement, has had the opportunity to consult with counsel prior to executing this Agreement, and is signing the Agreement voluntarily and with full knowledge of its significance; (ii) the execution, delivery, and performance of this Agreement by Executive does not and shall not conflict with, breach, violate, or cause a default under any contract, agreement, instrument, order, judgment, or decree to which Executive is a party or by which he is bound; (iii) Executive is not a party to or bound by an employment agreement, non-compete agreement, or confidentiality agreement with any other person or entity that would interfere with the performance of his duties hereunder; and (iv) Executive shall not use any Confidential Information or trade secrets of any person or party other than the Company in connection with the performance of his duties hereunder, except with valid written consent of such other person or party. **Executive has carefully read and considered all provisions of these Agreements and acknowledges that this is an important legal document that sets forth restrictions on Executive's conduct as a condition of employment with the Company.**

(b) Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification, or discharge is agreed to in a writing signed by Executive and an officer of the Company (other than Executive) duly authorized by the Board to execute such amendment, waiver or discharge. No waiver by either Party of any breach of the other Party of, or compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(c) Successors and Assigns.

(i) This Agreement is personal to Executive and shall not be assignable by Executive but shall inure to the benefit of and be enforceable by Executive's heirs and legal representatives.

(ii) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and, other than as set forth in Section 16(c)(iii) below, shall not be assignable by the Company without the prior written consent of Executive (which shall not be unreasonably withheld).

(iii) The Agreement shall be assigned by the Company to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company; provided, that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as defined in this Agreement and any successor to its business (including by way of merger or consolidation) and/or assets. The Company shall require such successor to assume and agree to perform the Company's obligations under this Agreement by operation of law or otherwise.

(d) Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, if delivered by overnight courier service, or if mailed by registered mail, return receipt requested, postage prepaid, addressed to the respective addresses or sent via facsimile to the respective facsimile numbers, as the case may be, as set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt; provided, however, that (i) notices sent by personal delivery or overnight courier shall be deemed given when delivered; (ii) notices sent by facsimile transmission shall be deemed given upon the sender's receipt of confirmation of complete transmission; and (iii) notices sent by registered mail shall be deemed given two (2) days after the date of deposit in the mail.

If to Executive, to such address as shall most currently appear on the records of the Company.

If to the Company, to:

Cavco Industries, Inc.

1001 North Central Avenue, Suite 800

Phoenix, AZ 85004

Attention: CEO and General Counsel

(e) GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF ARIZONA OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF ARIZONA TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE LAW OF THE STATE OF ARIZONA (EXCEPT TO THE EXTENT SUPERSEDED BY THE LAWS OF THE UNITED STATES) WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN, AND THE PARTIES HEREBY CONSENT TO JURISDICTION IN MARICOPA COUNTY, ARIZONA. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

(f) Compliance with Section 409A. The intent of the Parties is that payments and benefits under this Agreement comply with, or be exempt from, Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on Executive by Section 409A or any damages for failing to comply with Section 409A.

(i) Notwithstanding anything herein to the contrary, (x) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment that are considered a "deferral of compensation" within the meaning of Section 409A is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of the portion of such payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) to the extent necessary to comply with Section 409A until the first business day to occur following the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date otherwise permitted under Section 409A); and (y) if any other payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, mutually agreed upon between the Executive and the Board, that does not cause such an accelerated or additional tax.

(ii) In the event that payments under this Agreement are deferred pursuant to this Section 16(f) in order to prevent any accelerated tax or additional tax under Section 409A, then such payments shall be paid at the time specified under this Section 16(f) without any interest thereon.

(iii) Notwithstanding anything to the contrary herein, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "resignation," "termination," "termination of employment," or like terms shall mean separation from service.

(iv) Each payment made under this Agreement shall be considered separate payments and not one of a series of payments for purposes of Section 409A.

(v) Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement, or in-kind benefit provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A, (A) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year; (B) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (C) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(g) Severability of Invalid or Unenforceable Provisions. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(h) Advice of Counsel and Construction. Each Party acknowledges that such Party had the opportunity to be represented by counsel in the negotiation and execution of this Agreement. Accordingly, the rule of construction of contract language against the drafting party is hereby waived by each Party.

(i) Entire Agreement. This Agreement constitutes the entire agreement between the parties as of the Effective Date and supersedes all previous agreements and understandings between the parties with respect to the subject matter hereof, including the Letter Agreement described above. However, Paragraphs 2 and 8 of the Letter Agreement are not superseded by this Agreement.

(j) Withholding Taxes. The Company shall be entitled to withhold from any payment due to Executive hereunder any amounts required to be withheld by applicable tax laws or regulations.

(k) Section Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(l) Cooperation. During the Term and at any time thereafter, Executive agrees to cooperate in a reasonable manner (i) with the Company in the defense of any legal matter involving any matter that arose during Executive's employment with the Company; and (ii) with all government authorities on matters pertaining to any investigation, litigation, or administrative proceeding pertaining to the Company. The Company will reimburse Executive for any reasonable travel and out of pocket expenses incurred by Executive in providing such cooperation. If such cooperation is required after the Termination Date, Executive shall be paid a reasonable hourly rate for any assistance that he provides.

(m) Survival. Sections 6 through 15, inclusive, shall survive and continue in full force in accordance with their terms notwithstanding any termination of the Term or of Executive's employment with the Company.

(n) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(o) Recoupment/Clawback. Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to Executive pursuant to this Agreement or any other agreement or arrangement with the Company or any of its affiliates, which may be subject to recovery under any law, government regulation, company policy or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, company policy or stock exchange listing requirement solely to the extent required by any such law, government regulation, company policy or stock exchange listing requirement; provided, however, that no company policy will be more restrictive than any law, government regulation or stock exchange listing requirement to which the Company is subject.

(p) Indemnification. The Company shall indemnify and hold Executive harmless to the fullest extent permitted by the laws of the Company's state of incorporation in effect at the time against and in respect of any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including advancement of reasonable attorney's fees), losses, and damages resulting from Executive's good faith performance of Executive's duties and obligations with the Company. Executive will be entitled to be covered, both during and while potential liability exists, by any insurance policies the Company may elect to maintain generally for the benefit of officers and directors of the Company against all costs, charges and expenses incurred in connection with any action, suit or proceeding to which Executive may be made a party by reason of being an officer or director of the Company, or any subsidiary or affiliate, or a fiduciary of any benefit plan in the same amount and to the same extent as the Company covers its other officers and directors or fiduciaries. These obligations shall survive the termination of Executive's employment with the Company.

The parties have executed this Agreement as of the date first above written.

**Company**

Cavco Industries, Inc.

By: /s/ Steven G. Bunger

Name: Steven G. Bunger

Title: Chairman, Board of Directors

**Executive**

/s/ Daniel Urness

Daniel Urness

## **EXHIBIT A**

### **DEFINED TERMS**

1. “Accrued Obligations” shall mean, at any point in time and except as expressly provided herein, any amounts to which the Executive is entitled to payment but have not yet been paid to Executive including, but not limited to, each of the following (but only to the extent such amounts are vested, earned or accrued at the time of payment): Base Salary, earned but unpaid incentive compensation amounts described in Sections 4(b) and 4(c) above, and any other payments, retention bonuses, entitlements or benefits vested, earned or accrued but unpaid under applicable benefit and compensation plans, programs, and other arrangements with the Company and/or any of its subsidiaries.

2. “Affiliate” of a Person shall mean any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person.

3. “Board” shall mean the Company’s board of directors.

4. “Cause” shall mean the occurrence of one or more of the following: (i) Executive’s malfeasance, willful, or gross misconduct, or willful dishonesty that materially harms the Company or its stockholders; (ii) Executive’s conviction of a felony that is materially detrimental to the Company or its stockholders; (iii) Executive’s conviction of, or entry of a plea *nolo contendere* to a felony that materially damages the Company’s financial condition or reputation or to a crime involving fraud; (iv) Executive’s material and willful violation of the Company’s Code of Ethics, including breach of duty of loyalty in connection with the Company’s business; (v) Executive’s willful failure to perform duties under this Agreement, after notice by the Board and an opportunity to cure of at least thirty (30) days; (vi) Executive’s failure to reasonably cooperate with, or Executive’s impedance or interference with, an investigation authorized by the Board after notice by the Board and an opportunity to cure of at least thirty (30) days; (vii) Executive’s failure to follow a legal and proper Board directive, after notice by the Board and a thirty (30) day opportunity to cure; or (viii) Executive’s willful misconduct or gross negligence pursuant to the Sarbanes-Oxley Act, if and to the extent such conduct triggers a material restatement of the Company’s financial results.

5. “Change In Control” means that: (i) the Company merges or consolidates with any other corporation (other than a Subsidiary) and is not the surviving corporation (or survives only as a Subsidiary or operating unit of another corporation), (ii) the Company sells all or substantially all of its assets to any other person or entity (other than a Subsidiary), (iii) the Company is dissolved, or (iv) a third person, including a “group” as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of Common Stock having 50% or more of the total number of votes that may be cast for the election of directors of the Company; or as a result of, or in connection with, a contested election for directors, the persons who were directors of the Company before such election shall cease to constitute a majority of the Board of the Company. Notwithstanding any provision of this paragraph, an event, transaction, or corporate action described in this Subsection which would otherwise be deemed a Change in Control, will not be deemed a Change in Control if: it is a management led or supported transaction by persons who were the directors of the Company and persons who were the executive officers of the Company as of six months prior to such event; and if immediately after such event such persons constitute a majority of the directors and constitute a majority of executive officers for, and own in the aggregate at least fifteen percent of the voting securities or interest of, the Company or the surviving or resulting corporation or the parent of the resulting corporation. Notwithstanding anything in this Agreement to the contrary, an event will not be considered a Change in Control unless the event also qualifies as a “change in control event” as defined in Treas. Reg. §1.409A-3(i)(5)(i). In addition, an event will not be considered a Change in Control unless the transaction which will result in the Change in Control closes.

6. “Code” shall mean the Internal Revenue Code of 1986, as amended.

7. “Company Stock” shall mean the common stock of the Company, par value \$0.01 per share.

8. “Compensation Committee” shall mean the compensation committee of the Board.

9. “Confidential Information” shall mean any and all confidential, non-public, and/or proprietary knowledge, data or information of the Company, its affiliates, parents and subsidiaries, whether now existing or developed during Executive’s employment. By way of illustration but not limitation, “Confidential Information” includes (a) trade secrets, inventions, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques and any other proprietary technology and all Proprietary Rights therein (hereinafter collectively referred to as “Inventions”); (b) information regarding research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, margins, discounts, credit terms, pricing and billing policies, quoting procedures, methods of obtaining business, forecasts, future plans and potential strategies, financial projections and business strategies, operational plans, financing and capital-raising plans, activities and agreements, internal services and operational manuals, methods of conducting Company business, suppliers and supplier information, and purchasing; (c) information regarding dealers, customers and potential dealers and customers of the Company, including customer or dealer lists, names, representatives, their needs or desires with respect to the types of products or services offered by the Company, proposals, bids, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Company and other non-public information relating to customers and potential customers; (d) information regarding any of the Company’s business partners and their services, including names; representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the Company, and other non-public information relating to business partners; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information which a competitor of the Company could use to the competitive disadvantage of the Company. Notwithstanding the foregoing, Executive is free to use information which is generally known in the trade or industry through no breach of this agreement or other act or omission by Executive, and Executive is free to discuss the terms and conditions of Executive’s employment with others to the extent permitted by law.

10. “Disability” means Executive has been unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. Alternatively, Executive will be deemed Disabled if determined to be totally disabled by the Social Security Administration. Termination of employment resulting from Disability may only be effected after at least thirty (30) days’ written notice by the Company of its intention to terminate an Executive’s employment. In the event that Executive resumes the performance of substantially all of his or her duties hereunder before his or her termination becomes effective, the notice of intent to terminate based on Disability will automatically be deemed to have been revoked. In conjunction with determining Disability for purposes of this Agreement, Executive hereby (i) consents to any such examinations, to be performed by a qualified medical provider selected by the Company and approved by the Executive (which approval shall not be unreasonably withheld), which are relevant to a determination of whether Executive has incurred a Disability; and (ii) agrees to furnish such medical information as may be reasonably requested.

11. “Fiscal Year” shall mean the twelve (12) month period beginning on or about April 1 and ending on or about March 31.

12. “Good Reason” shall mean the occurrence of any one or more of the following events without Executive’s written consent:

- (a) the Company assigns Executive duties that are materially inconsistent with, or constitute a material reduction of powers or functions associated with, Executive’s position, duties, or responsibilities with the Company as in effect immediately prior to such assignment;
- (b) a material, adverse change in Executive’s titles, authority, or reporting responsibilities as in effect immediately prior to such change;

- (c) except in cases where the Compensation Committee reduces the base salaries for all of the Company's executive officers on account of what the Compensation Committee, in its sole and complete discretion, determines to be a significant downturn in the Company's financial performance that necessitates such action, a reduction by the Company of the Executive's annual Base Salary in excess of fifteen percent (15%) of the Base Salary as in effect immediately prior to such reduction or an aggregate reduction resulting in a Base Salary level that is lower than eighty-five percent (85%) of his initial Base Salary rate set forth in Exhibit B of this Agreement;
- (d) a material breach by the Company of its obligations under this Agreement; or
- (e) a relocation of the Company's principal place of business to a location that is fifty (50) miles or more from the Company's current headquarters located in Phoenix, Arizona.

Notwithstanding the foregoing, an event described in this Section shall not constitute Good Reason unless it is communicated by the Executive to the Company in writing within ninety (90) days of either the initial existence of such event or when Executive learns of the initial existence of such event and is not corrected by the Company in a manner which is reasonably satisfactory to such Executive within thirty (30) days of the Company's receipt of such written notice. If the purported Good Reason condition is not cured within the thirty (30) day period described in the preceding sentence, Executive may submit a written notice of termination to the Chair of the Board specifying a Termination Date that is no more than sixty (60) days following the final day of the Company's cure period. Executive will be deemed to have accepted the condition(s), or the Company's correction of such condition(s), that may have given rise to the existence of Good Reason if he fails to provide such written notice or fails to terminate his employment within the sixty (60) day period described in the preceding sentence.

13. "Restricted Business" shall mean (i) any business conducted by the Company or its affiliates under common control with the Company during the Term, including but not limited to the construction, financing, or insurance of manufactured housing, and/or (ii) any business competitive with the business conducted by the Company or its affiliates under common control with the Company during the Term.

14. "Restriction Period" shall mean the period of twelve (12) months following the Executive's separation from the Company for any reason beginning on the Termination Date of this Agreement; provided, however, that if a court of competent jurisdiction determines that such period is too long to be enforceable, the Restriction Period shall mean the nine (9) month period beginning on the Termination Date of this Agreement; provided, however, that if a court of competent jurisdiction determines that such period is too long to be enforceable, the Restriction Period shall mean the six (6) month period beginning on the Termination Date.

15. "Section 409A" shall mean Code section 409A together with regulatory guidance promulgated thereunder, as amended from time to time.



## **EXHIBIT B**

### **COMPENSATION AND BONUS OPPORTUNITIES**

- A. Base Salary. Executive's annual base salary shall be \$425,000 (four hundred twenty-five thousand dollars) payable in regular installments in accordance with the Company's usual payroll practices. Executive's Base Salary is subject to annual review and may, in the Compensation Committee's discretion, be increased or decreased under the Company's standard compensation policies for executive-level employees; provided, however, that any decrease may constitute "Good Reason" pursuant to its definition under this Agreement. As so adjusted, the term "Base Salary" shall refer to the adjusted amount except for subparagraph (c) of the definition of Good Reason.
- B. Annual Stock Option Award. Each year, Executive will be granted an award of time-based stock options, which may be granted either as non-qualified stock options or as incentive stock options. The annual stock option grant for fiscal year 2020 will be \$225,000 (two hundred twenty five thousand dollars). Each annual stock option grant will be evidenced by a separate stock option agreement, and will provide for 33% vesting on the first anniversary of the grant date, 66% vesting on the second anniversary of the grant date, and 100% vesting on the third anniversary of grant date. The number of shares subject to each annual stock option grant will be calculated using the Black-Scholes model based on the Company Stock closing price on the day immediately preceding grant date, rounded up to the nearest fifty (50) shares.
- C. Annual Performance Based Restricted Share Award. Each year, Executive will be granted an award of Performance Based Restricted Shares. The Performance Based Restricted Share grant for fiscal year 2020 will be \$225,000 (two hundred twenty five thousand dollars). The number of shares awarded under each Performance Based Restricted Share grant will be calculated by dividing the value of the grant by the Company Stock closing price on the day immediately preceding the grant date, rounded up to the nearest fifty (50) shares. Each Performance Based Restricted Share award will be evidenced by a separate award agreement. The award agreement for each Performance Based Restricted Share grant shall provide for (i) a three (3) year performance period; and (ii) performance-based vesting at a level of 60% for "threshold" performance, 100% for "target" performance, and 150% for "stretch" performance levels (with straight-line interpolation of vesting between performance levels, except below threshold). No grant of Performance Based Restricted Shares will vest if the threshold goal for such grant is not achieved as of the end of the applicable performance period for that grant. Moreover, and except as otherwise provided herein or under the terms of an applicable award agreement, the unvested portion of each Performance Based Restricted Share grant shall be forfeited if Executive terminates employment under this Agreement prior to the third anniversary of the grant date. The maximum number of shares payable under each Performance Based Restricted Share grant will be capped at the stretch performance level. The threshold, target, and stretch goals for each annual Performance Based Restricted Share grant will be set annually by the Compensation Committee, subject to Board approval.
- D. Annual Awards. The annual stock option and Performance-Based Restricted Share awards discussed in paragraphs B and C, above (the "Annual Awards") shall be made on terms and conditions that are consistent with those on which awards are made to other senior executive officers of the Company, except as the Compensation Committee may otherwise specify in its sole discretion. Except as otherwise provided herein, each Annual Award will be subject to the terms of the Stock Plan (or any successor thereto) and the individual award agreement pursuant to which it is made.
- E. Annual Cash Bonus Opportunity. For each twelve (12) month performance period as specified by the Compensation Committee, Executive shall be entitled to a Bonus based on performance goals set by the Compensation Committee, subject to Board approval (the "Annual Bonus"). The Annual Bonus for achieving "threshold," "target," and "stretch" performance levels is 60%, 75%, and 150% respectively (with straight-line interpolation between levels, except below threshold), multiplied by the Executive's highest Base Salary level during the applicable performance period. No Annual Bonus will be payable if the Executive achieves less than the threshold performance goal. The maximum Annual Bonus will be capped at the stretch performance level for the specific performance goal. The threshold, target, and stretch goals for each annual Performance Based Restricted Share grant will be set annually by the Compensation Committee, subject to Board approval.

- F. Payment. Except as otherwise provided in the Agreement, any Bonus payable under this Exhibit B shall be paid in cash in a single lump sum to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that the Bonus shall be paid in its entirety no later than ninety (90) days after the Company's Fiscal Year to which the payment relates.

## EXHIBIT C

### FORM OF RELEASE OF CLAIMS

This Release of Claims ("Agreement") is made and entered into by Daniel Urness ("Employee") and Cavco Industries, Inc. (the "Company") on the date set forth below.

WHEREAS, Employee and the Company entered into an Employment Agreement dated \_\_\_\_\_ ("Employment Agreement"); and

WHEREAS, pursuant to the terms of the Employment Agreement, Employee agreed to execute and deliver Company a written waiver and general release agreement as a condition precedent to his right to receive certain amounts under the Employment Agreement;

NOW, THEREFORE, in consideration of the promises and payments set forth in the Employment Agreement, Employee agrees as follows:

1. **Meaning of "Released Parties":** The term "Released Parties", as used throughout this Agreement, includes the Company and all of its past, present, and future shareholders, parents, subsidiaries, and affiliates, joint venturers, and other current or former related entities thereof, and all of the past, present, and future officers, directors, employees, agents, insurers, legal counsel, and successors and assigns of said entities.

2. **Employee's Release of Claims:** In consideration for the severance payments and benefits provided for in the Employment Agreement and subject to Paragraph 4 of this Agreement, Employee, on behalf of himself, his spouse (if any), representatives, agents, heirs, trusts and assigns, hereby unconditionally and irrevocably releases Released Parties to the maximum extent permitted by law, from any and all claims, debts, obligations, demands, judgments, or causes of action of any kind whatsoever, whether known or unknown that Employee has or may have had prior to the date of Employee's execution of this Agreement for any action or omission by Released Parties and/or due to any matter whatsoever relating to Employee's employment or cessation of employment with the Company. Without limiting in any way the foregoing general release, this release specifically includes the following:

a. All claims and causes of action arising under the following laws, as amended: Section 1981 of the Civil Rights Act of 1866; Title VII of the Civil Rights Act; the Americans with Disabilities Act; the Federal Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; the National Labor Relations Act; the Labor Management Relations Act; the Fair Credit Reporting Act; the Employee Retirement Income Security Act of 1974; the Genetic Information Nondiscrimination Act of 2008; the Health Insurance Portability and Accountability Act; the Occupational and Safety Health Act; the Equal Pay Act; Executive Orders 11246 and 11141; the Consolidated Omnibus Budget Reconciliation Act of 1986; the Rehabilitation Act of 1973; the Electronic Communications Privacy Act of 1986 (including the Stored Communications Act); the Arizona Wage Statute, A.R.S. § 23-350, *et seq.*; the Arizona Civil Rights Act; the Arizona Employment Protection Act; the Arizona wage statutes; the Arizona Medical Marijuana Law; and the Arizona Constitution; and

b. All claims and causes of action arising under any other federal, state or local law, regulation or ordinance, including for employment discrimination on any basis, hostile working environment, retaliation, wrongful discharge, retaliatory discharge, constructive discharge, unsafe working conditions, breach of express or implied contract, breach of collective bargaining agreement, breach of implied covenant of good faith and fair dealing, fraud, detrimental reliance, promissory estoppel, defamation, negligence, negligent or intentional misrepresentation, invasion of privacy, defamation, libel, slander, battery, failure to pay wages, bonuses, commissions, attorneys' fees, interference with economic gain or contractual relations, and intentional and negligent infliction of emotional distress or "outrage"; and

c. All claims and causes of action by the Employee that Released Parties have acted unlawfully or improperly in any manner whatsoever.

Nothing in this Release shall be interpreted to release any claims to Employee's post-employment benefits provided under the Employment Agreement, claims which may not be released as matter of law, or claims which arise under the terms of this Agreement or after the Effective Date of this Agreement, or to release Employee's right, if any, to any vested benefits under any retirement plan or stock subscription agreements. Employee acknowledges that this Agreement constitutes a full settlement, accord, and satisfaction of all claims covered by this Release.

3. **Age Discrimination in Employment Act; Older Workers Benefit Protection Act of 1990:** In addition to the general release in Paragraph 2 of this Agreement, the Employee is waiving and releasing any and all claims against Released Parties under the Age Discrimination and Employment Act ("ADEA") that arose at any time during the Employee's employment with the Company, up to and including his last day of employment. This Agreement is subject to the terms of the Older Workers Benefit Protection Act of 1990 ("OWBPA"). The OWBPA provides that an individual cannot waive a right or claim under the ADEA unless the waiver is knowing and voluntary. Pursuant to the terms of the OWBPA, the Employee acknowledges and agrees that the Employee has been provided a copy of this Agreement, has signed this Agreement voluntarily, and with full knowledge of its consequences. In addition, the Employee hereby acknowledges and agrees as follows:

a. This Agreement has been written in a manner that is calculated to be understood, and is understood, by the Employee;

b. The release provisions of this Agreement apply to any rights the Employee may have under the ADEA up to the date of this Agreement;

c. The release provisions of this Agreement do not apply to any rights or claims the Employee may have under the ADEA that arise after the date he signs this Agreement;

d. The Employee has been advised that he should consult with an attorney prior to signing this Agreement;

e. The Employee has been provided a period of twenty-one (21) calendar days (the "Review Period") from his last day of employment with the Company to consider this Agreement. The Employee may, but is not required to, accept and sign this Agreement before the expiration of the Review Period, but no earlier than his last day of employment with the Company. If the Employee signs this Agreement before the expiration of the Review Period, the Employee agrees that he is knowingly and expressly waiving the time-period;

f. For a period of seven (7) calendar days following his signing of this Agreement, the Employee may revoke this Agreement by providing written notice of any such revocation to [\_\_\_\_], on or before the seventh day after the Employee signs the Agreement. This Agreement shall become "effective" on the eighth calendar day after the Employee signs it if it has not been revoked during the seven (7) day revocation period (the "Effective Date");

g. Payment of any severance benefits is conditioned on the execution of this Agreement no later than five (5) days after the end of the Review Period and the running of the revocation period described in 3(f) ("Revocation Period"); and

h. The Employee may not sign this Agreement until after his last day of employment with the Company and the Agreement shall not be effective if the Employee executes the Agreement prior to such date.

4. **Protected Rights:** The Employee understands that nothing contained in this Agreement shall be construed to prohibit him from filing a charge with or participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, the National Labor Relations Board, or any state or federal agency. The Employee understands that he has waived and released any and all claims for money damages and equitable relief that the Employee may recover from Released Parties pursuant to the filing or prosecution of any administrative charge against Released Parties, or any resulting civil proceeding or lawsuit brought on his behalf for the recovery of such relief, and which arises out of the matters that are and may be released or waived by this Agreement. The Employee also understands, however, that this Agreement does not limit his ability to communicate with any government agencies or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice to the Company. This Agreement also does not limit the Employee's right to receive an award for information provided to any government agencies.

5. **Pension Plan:** This Agreement shall not affect any vested rights the Employee has under an ERISA pension benefit plan(s).

6. **Medicare:** The Employee affirms, covenants, and warrants he is not a Medicare beneficiary and is not currently receiving, has not received in the past, will not have received at the time of payment pursuant to this Agreement, is not entitled to, is not eligible for, and has not applied for or sought Social Security Disability or Medicare benefits. In the event any statement in the preceding sentence is incorrect (for example, but not limited to, if the Employee is a Medicare beneficiary, etc.), the following sentences (i.e., the remaining sentences of this paragraph) apply. The Employee affirms, covenants, and warrants he has made no claim for illness or injury against, nor is he aware of any facts supporting any claim against, the Released Parties under which Released Parties could be liable for medical expenses incurred by the Employee before or after the execution of this agreement. Furthermore, the Employee is aware of no medical expenses which Medicare has paid and for which Released Parties are or could be liable now or in the future. The Employee agrees and affirms that, to the best of his knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. The Employee will indemnify, defend, and hold Released Parties harmless from Medicare claims, liens, damages, conditional payments, and rights to payment, if any, including attorneys' fees, and the Employee further agrees to waive any and all future private causes of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A) et seq.

7. **Attorneys' Fees and Costs:** In any proceeding or action to enforce this Agreement or to recover damages arising out of its breach, the prevailing party shall be awarded its reasonable attorneys' fees and costs.

8. **Governing Law and Venue:** This Agreement will be interpreted and construed in accordance with the laws of the State of Arizona, insofar as federal law does not control, and venue as to any dispute regarding this Agreement, or interpretation thereof, shall be in Maricopa County, Arizona.

9. **Modification of Agreement:** This Agreement shall not be modified, amended, or terminated unless such modification, amendment, or termination is executed in writing by the Employee, and an authorized representative of the Company.

10. **The Employee's Representations:** The Employee warrants that the Employee is over the age of eighteen (18) and competent to sign this Agreement; that in signing this Agreement the Employee is not relying on any statement or representation by the Company that is not contained in this Agreement, but is relying upon the Employee's judgment and/or that of the Employee's legal counsel and/or tax advisor; that the Agreement was signed knowingly and voluntarily without duress or coercion in any form; and that the Employee fully understands the same is a FULL and FINAL SETTLEMENT of any and all claims against Released Parties which have been or could have been asserted or on account or arising out of the Employee's employment relationship with the Company or the actions of any of Released Parties. The Employee further represents and certifies that the Employee has been given a fair opportunity to review the terms of this Agreement and has determined that it is in the Employee's best interest to enter into this Agreement.

11. **Drafting and Construction:** This Agreement may not be construed in favor of or against either the Employee or the Company (each, a "Party") on the grounds that said Party was less or more involved in the drafting process.

[SIGNATURES ON FOLLOWING PAGE]

ACCEPTED AND AGREED:

\_\_\_\_\_  
Daniel Urness

\_\_\_\_\_  
Date

CAVCO INDUSTRIES, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**INDEMNIFICATION AGREEMENT**

This INDEMNIFICATION AGREEMENT (the “Agreement”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between Cavco Industries, Inc., a Delaware corporation (the “Company”), and \_\_\_\_\_ (the “Officer”).

**RECITALS**

A. The Board of Directors of the Company (the “Board”) believes that highly competent persons have become more reluctant to serve publicly-held corporations as officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation.

B. The Officer may not regard the protection available under the Company’s Restated Certificate of Incorporation (as amended, the “Charter”) and Second Amended and Restated Bylaws (the “Bylaws”) and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as an officer without adequate protection, and the Company desires Officer to serve or continue to serve in such capacity. Officer is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Officer be so indemnified.

C. The Board has determined that it is in the best interests of the Company to retain the Officer’s services and to assure the Officer that there will be adequate protection from certain liabilities in connection with such service.

D. This Agreement is separate from and in addition to the Charter and the Bylaws and any resolutions adopted pursuant thereto, as well as any rights of the Officer under any directors’ and officers’ liability insurance policy, and shall not be deemed a substitute therefore, nor to diminish or abrogate any rights of the Officer thereunder.

E. Each of Section 145 of the General Corporation Law of the State of Delaware (the “DGCL”), the Charter and the Bylaws is nonexclusive, and therefore contemplates that contracts may be entered into with respect to indemnification of directors, officers and employees.

F. This Agreement replaces and supersedes any prior agreement between the Company and the Officer relating to the indemnification of and the advancement of expenses to the Officer.

G. In recognition of the Officer’s need for protection against personal liability, and in part to provide the Officer with specific contractual assurance that indemnification will be available to the Officer (regardless of, among other things, any amendment to or revocation of the Charter, the Bylaws or any change in the composition of the Board or acquisition transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and the advancing of expenses to, the Officer as set forth in this Agreement.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained, the receipt and sufficiency of which are hereby acknowledged, the Company and the Officer agree as follows:

1. Definitions. As used in this Agreement:

(a) “Affiliate” means, with respect to any person or entity, any other person or entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such person.

(b) “Change of Control” means the occurrence after the date of this Agreement any of the following events: (i) an event required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item or any similar schedule or form) promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement; (ii) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) shall become the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the then outstanding voting securities of the Company without prior approval of at least two-thirds of the members of the Board in office immediately prior to such person’s attaining such percentage interest; (iii) the effective date of a merger or consolidation other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Surviving Entity) more than 50% of the combined voting power of the voting securities of the Surviving Entity outstanding immediately after such transaction and with the power to elect at least a majority of the board of directors or other governing body of such Surviving Entity; (iv) the approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets; or (v) during any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constituted the Board (including, for this purpose, any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 1(b)(ii), 1(b)(iii) or 1(b)(iv)) whose election or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board.

(c) “Corporate Status” describes the status of a person who is or was or has agreed to serve as a director, trustee, partner, managing member, officer, employee, fiduciary or agent of the Company or of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise in which such person is or was serving in such capacity at the request of the Company.

(d) “Expenses” includes all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees and other costs of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, ERISA excise taxes and penalties, and all other disbursements, obligations or expenses of the types customarily incurred in connection with, or as a result of, prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a deponent or witness in, or otherwise participating in, a Proceeding. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, (ii) expenses incurred in connection with recovery under any directors’ and officers’ liability insurance policies maintained by the Company, regardless of whether the Officer is ultimately determined to be entitled to such indemnification, advancement or Expenses or insurance recovery, as the case may be, and (iii) for purposes of Section 7 only, Expenses incurred by the Officer in connection with the interpretation, enforcement or defense of the Officer’s rights under this Agreement, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which the Officer has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of the Officer’s counsel as being reasonable in the good faith judgment of such counsel shall be presumed conclusively to be reasonable. Expenses, however, shall not include amounts paid in settlement by the Officer or the amount of judgments or fines against the Officer.

(e) “Delaware Court” means the Court of Chancery of the State of Delaware.



(f) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of Delaware corporate law, and neither presently is, nor in the five years prior to his or her selection or appointment has been, retained to represent: (i) the Company or the Officer in any matter material to either such party (other than with respect to matters concerning the Officer under this Agreement, or of other indemnitees under similar indemnification agreements), (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Officer in an action to determine the Officer’s rights under this Agreement.

(g) “Proceeding” includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, regulatory or investigative (formal or informal) nature, including any appeal therefrom, in which the Officer was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the Officer’s Corporate Status, by reason of any action taken by the Officer (or a failure to take action by the Officer) or of any action (or failure to act) on the Officer’s part while acting pursuant to the Officer’s Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. If the Officer believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, this shall be considered a Proceeding under this paragraph.

(h) “Surviving Entity” shall mean the surviving entity in a merger or consolidation or any entity that controls, directly or indirectly, such surviving entity.

2. Services by the Officer. The Officer has agreed to serve as an officer of the Company, provided that the Officer may resign at any time and for any reason from such position. This Agreement shall not be deemed an employment contract between the Company (or any of its Affiliates) and the Officer. This Agreement shall continue in force after the Officer has ceased to serve as an officer of the Company.

3. Basic Indemnification Arrangement.

(a) Indemnity in Third-Party Proceedings. The Company shall indemnify the Officer in accordance with the provisions of this Section 3(a) if the Officer is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3(a), the Officer shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by the Officer or on the Officer’s behalf in connection with such Proceeding or any claim, issue or matter therein, if the Officer acted in good faith and in a manner the Officer reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that the Officer’s conduct was unlawful. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Certificate of Incorporation, the Bylaws, vote of the Company’s stockholders or disinterested directors or applicable law.

(b) Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify the Officer in accordance with the provisions of this Section 3(b) if the Officer is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3(b), the Officer shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by the Officer or on the Officer's behalf in connection with such Proceeding or any claim, issue or matter therein, if the Officer acted in good faith and in a manner the Officer reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3(b) in respect of any claim, issue or matter as to which the Officer shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Officer is fairly and reasonably entitled to indemnification.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that the Officer is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify the Officer against all Expenses actually and reasonably incurred by or on behalf of the Officer in connection therewith. If the Officer is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify the Officer against all Expenses actually and reasonably incurred by the Officer or on the Officer's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

(d) Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that the Officer is, by reason of the Officer's Corporate Status, a witness, is or was made (or asked) to respond to discovery requests in any Proceeding, or otherwise asked to participate in any Proceeding to which the Officer is not a party, the Officer shall be indemnified against all Expenses actually and reasonably incurred by the Officer or on the Officer's behalf in connection therewith.

(e) Partial Indemnification. If the Officer is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify the Officer for the portion thereof to which the Officer is entitled.

(f) Additional Indemnification.

(i) Notwithstanding any limitation in Sections 3(a), 3(b), or 3(c), the Company shall indemnify the Officer to the fullest extent permitted by applicable law if the Officer is, or is threatened to be made, a party to or a participant in any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) by reason of the Officer's Corporate Status.

(ii) For purposes of Section 3(f)(i), the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to:

(A) to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

(B) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(g) Advancement of Expenses. To the fullest extent permitted by § 145(e) of the DGCL, the Officer shall be entitled to payment of, and the Company shall pay, Expenses in advance of the final disposition of any Proceeding not initiated by the Officer or any Proceeding initiated by the Officer with the prior approval of the Board as provided in Section 3(h)(iii) (an “Expense Advance”) within thirty days after receipt by the Company of a written notice requesting the advancement of such Expenses, whether prior to or after final disposition of any Proceeding. Expense Advances shall be unsecured and interest free. Expense Advances shall be made without regard to the Officer’s ability to repay the Expenses and without regard to the Officer’s ultimate entitlement to indemnification under the other provisions of this Agreement. Expense Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Officer shall qualify for Expense Advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that the Officer undertakes to repay the amounts advanced (without interest) by the Company pursuant to this Section 3(g), if and only to the extent that it is ultimately determined that the Officer is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement. This Section 3(g) shall not apply to any claim made by the Officer for which indemnity is excluded pursuant to Section 3(h).

(h) Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification payment or Expense Advance in connection with any claim involving the Officer:

(i) for which payment has actually been made to or on behalf of the Officer under any insurance policy or other indemnity or advancement of expenses provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity or advancement of expenses provision; or

(ii) for (A) an accounting of profits made from the purchase and sale (or sale and purchase) by the Officer of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended from time to time (the “Exchange Act”), or similar provisions of state statutory law or common law, (B) any reimbursement of the Company by the Officer of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Officer from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), or the payment to the Company of profits arising from the purchase and sale by the Officer of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (C) any reimbursement of the Company by the Officer of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(iii) except as provided in Section 7 of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by the Officer, including any Proceeding (or any part of any Proceeding) initiated by the Officer against the Company or its directors, officers, employees or other indemnitees, unless (A) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (B) such payment arises in connection with any mandatory counterclaim or cross claim brought or raised by the Officer in any Proceeding (or any part of any Proceeding), or (C) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

#### 4. Procedures for Determination of Entitlement to Indemnification.

(a) Written Request for Indemnification. The Officer shall notify the Company in writing of any matter with respect to which the Officer intends to seek indemnification or Expense Advances hereunder as soon as reasonably practicable following the receipt by the Officer of written notice thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification under this Agreement, the Officer shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to the Officer and is reasonably necessary to determine whether and to what extent the Officer is entitled to indemnification following the final disposition of such Proceeding. The omission by the Officer to notify the Company hereunder will not relieve the Company from any liability which it may have to the Officer hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by the Officer of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of the Company in writing that the Officer has requested indemnification. The Officer shall cooperate with the party reviewing the Officer's entitlement to indemnification, including providing to said party upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to the Officer and reasonably necessary to such determination. The Company shall pay any costs or expenses (including attorneys' fees and disbursements) incurred by the Officer in so cooperating (irrespective of the determination as to the Officer's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold the Officer harmless therefrom.

(b) Determining Entitlement to Indemnification Prior to a Change of Control. If a Change of Control has not occurred prior to or at the time a request for indemnification hereunder is submitted to the Company, an Officer's entitlement to indemnification shall be determined in accordance with § 145(d) of the DGCL. If entitlement to indemnification is to be determined by Independent Counsel, the Company shall furnish notice to the Officer within 10 days after receipt of the request for indemnification, specifying the identity and address of Independent Counsel. The Officer may, within 14 days after receipt of such written notice of selection, deliver to the Company a written objection to such selection. Such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of Independent Counsel and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If there is an objection to the selection of Independent Counsel, either the Company or the Officer may petition the Delaware Court for a determination of the merits of such objection or for the appointment of Independent Counsel selected by the court.

(c) Determining Entitlement to Indemnification After a Change of Control. If a Change of Control has occurred prior to or at the time a request for indemnification hereunder is submitted to the Company, an Officer's entitlement to indemnification shall be determined in a written opinion of Independent Counsel selected by the Officer. The Officer shall give the Company written notice advising of the identity and address of the Independent Counsel so selected. The Company may, within 7 days after receipt of such written notice of selection, deliver to the Officer a written objection to such selection. The Officer may, within 5 days after the receipt of such objection from the Company, submit the name of another Independent Counsel and the Company may, within seven days after receipt of such written notice of selection, deliver to the Officer a written objection to such selection. Any objections referred to in this Section 4(c) may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of Independent Counsel and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If there is an objection to the selection of Independent Counsel, the Officer may petition the Delaware Court for a determination of the merits of such objection or for the appointment of Independent Counsel selected by the court.

(d) Expenses of Independent Counsel. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel incurred while acting in its capacity as such pursuant to this Agreement and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. Without limiting the foregoing, the Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred in any proceeding to which it is a party or witness in respect of its investigation and written report and shall pay all reasonable fees and expenses incident to the procedures in which such Independent Counsel was selected or appointed. No Independent Counsel may serve if a timely objection has been made to his or her selection unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without a reasonable basis.

(e) Trial De Novo. In the event that (i) a determination is made pursuant to Section 4(b) or 4(c) that an Officer is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 3(b), (iii) Independent Counsel has not made and delivered a written opinion determining a request for indemnification (A) within 90 days after being appointed by the Delaware Court, (B) within 90 days after objections to his or her selection have been overruled by the Delaware Court or (C) within 90 days after the time for the Company or the Officer to object to his or her selection or (iv) payment of indemnification is not made within five days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 4(b) or 4(c) or Section 6, the Officer shall be entitled to an adjudication in the Delaware Court of his or her entitlement to such indemnification or advancement of Expenses. In the event that a determination shall have been made that the Officer is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 4(e) shall be conducted in all respects as a de novo trial on the merits, and the Officer shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section 4(e), the Company shall have the burden of proving that the Officer is not entitled to indemnification or advancement of Expenses, as the case may be. If a determination shall have been made or deemed to have been made that the Officer is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 4(e), or otherwise, unless the Officer knowingly misrepresented a material fact in connection with the request for indemnification or such indemnification is prohibited by law.

The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 4(e) that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all provisions of this Agreement.

## 5. Notification and Defense of Proceeding.

(a) Notification. After receipt by the Officer of notice of the commencement of any Proceeding, the Officer will, if a claim for indemnification in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission to notify the Company will not relieve it from any liability which it may have to the Officer otherwise than under this Agreement.

(b) Defense. With respect to any Proceeding as to which the Officer notifies the Company of the commencement thereof, the Company will be entitled to participate therein at its own expense. Except as otherwise provided below, to the extent that it may wish, the Company (jointly with any other indemnifying party similarly notified) will be entitled to assume the defense thereof, with counsel reasonably satisfactory to the Officer. After receipt of notice from the Company to the Officer of the Company's election to assume the defense thereof, the Company will not be liable to the Officer under this Agreement for any legal or other expenses subsequently incurred by the Officer in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The Officer shall have the right to employ its own counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of the Officer unless (i) the employment of counsel by the Officer has been authorized by the Company, (ii) the Officer shall have reasonably concluded that there may be a conflict of interest between the Company and the Officer in the conduct of the defense of such Proceeding or (iii) the Company shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which cases the fees and expenses of counsel shall be subject to indemnification pursuant to the terms of this Agreement. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Officer shall have reasonably made the conclusion provided for in (ii) above.

(c) Settlements. The Company shall not be liable to indemnify the Officer under this Agreement for any amounts paid in settlement of any Proceeding made without its written consent, which consent shall not be unreasonably withheld, conditioned or delayed. The Company shall not settle any Proceeding in any manner that would impose any unindemnified penalty or limitation on the Officer without the Officer's written consent. Neither the Company nor the Officer will unreasonably withhold, condition or delay its consent to any proposed settlement.

6. Presumptions; Reliance and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume (except as otherwise expressly provided in this Agreement) that the Officer is entitled to indemnification under this Agreement if the Officer has submitted a request for indemnification in accordance with Section 4(a), and thereafter, to the fullest extent not prohibited by law, the Company shall have the burden of proof to overcome the presumption in reaching a determination contrary to the presumption. The presumption shall be used as a basis for a determination of entitlement to indemnification unless the Company provides information sufficient to overcome such presumption by clear and convincing evidence, or the investigation, review and analysis of the determination of entitlement to indemnification reveals by clear and convincing evidence that the presumption should not apply.

(b) Except where the determination of entitlement to indemnification is to be made by Independent Counsel, if the person or persons empowered under Section 4(b) or 4(c) to determine entitlement to indemnification shall not have made and furnished to the Officer in writing a determination within 90 days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Officer shall be entitled to such indemnification unless the Officer knowingly misrepresented a material fact in connection with the request for indemnification. The termination of any Proceeding, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) in and of itself adversely affect the right of the Officer to indemnification or create a presumption that (a) the Officer did not act in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the Company or, in all other cases, that at least his or her conduct was not opposed to the best interests of the Company, or (b) with respect to any criminal Proceeding, the Officer had reasonable cause to believe that his or her conduct was unlawful.

7. Indemnification and Expense Advancement for Additional Expenses. In the event that an Officer, pursuant to Sections 4(b), 4(c) or 4(e), seeks a judicial adjudication to enforce his or her rights under, or to recover damages for breach of, this Agreement, the Company shall, to the fullest extent permitted by law, indemnify the Officer against any and all Expenses and, if requested by the Officer, shall (within 10 days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to the Officer, which are incurred by or on behalf of the Officer in connection with any such action if, in the case of indemnification, the Officer is wholly successful on the underlying claims; if the Officer is not wholly successful on the underlying claims, then such indemnification shall be only to the extent the Officer is successful on such underlying claims or otherwise as permitted by law, whichever is greater.

8. No Presumption. For purposes of this Agreement, the termination of any Proceeding, action, suit or proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of *nolo contendere*, or its equivalent, shall not create a presumption that the Officer did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

9. Non-Exclusivity; Amendment of Charter Documents. The rights of the Officer hereunder shall be in addition to any other rights the Officer may have under the Charter, the Bylaws, pursuant to resolutions or determinations of the Board or stockholders, under the DGCL or otherwise. The Company shall not adopt any amendment to the Charter or the Bylaws (collectively, the “Charter Documents”), the effect of which would be to deny, diminish or encumber the Officer’s rights to exculpation, indemnity or advancement of expenses under the Charter Documents, the DGCL or any other applicable law. To the extent that a change in the DGCL (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Charter Documents and this Agreement, it is the intent of the parties hereto that the Officer shall enjoy by this Agreement the greater benefits so afforded by such change.

10. Insurance and Subrogation. The Company may maintain, at its expense, an insurance policy or policies providing liability insurance for directors or officers of the Company or of any other corporation, partnership, joint venture, trust or other enterprise which such person serves at the request of the Company against any such expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under applicable law.

In the event of any payment hereunder, the Company shall be subrogated to the extent of such payment to all the rights of recovery of the Officer, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if, but only to the extent that, the Officer has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

12. Indulgences, Etc. Neither the failure nor any delay on the part of either party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power, or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence.

13. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (iii) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (iv) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to the Officer, at the address indicated on the signature page of this Agreement, or such other address as the Officer shall provide to the Company.

(b) If to the Company to the attention of the Secretary of the Company at 3636 North Central Avenue, Suite 1200, Phoenix, Arizona 85012, or to any other address as may have been furnished to the Officer by the Company.

14. Provisions Separable. The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

15. Entire Agreement. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior written or oral and all contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, except as herein contained, which shall be deemed terminated effective immediately. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof. This Agreement may not be modified or amended other than by an agreement in writing signed by the Company and the Officer.

16. Headings; Index. The headings of paragraphs herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

17. Governing Law and Consent to Jurisdiction. This Agreement shall be governed by, and construed, interpreted and enforced in accordance with, the substantive laws in effect in the State of Delaware without giving effect to any conflicts-of-law rule, principle or statute that would result in the application of the laws of another jurisdiction. The Company and the Officer hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably RL&F Service Corp., 920 North King Street, 2<sup>nd</sup> Floor, Wilmington, New Castle County, Delaware 19801 as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

18. Survival. The covenants and agreements of the parties set forth in this Agreement are of a continuing nature and shall survive the expiration, termination or cancellation of this Agreement, regardless of the reason therefor.

19. Binding Effect, Etc. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company, spouses, heirs, and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business or assets of the Company, by written agreement in form and substance satisfactory to the Officer, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The indemnity provisions of this Agreement shall continue in effect regardless of whether the Officer continues to serve as an employee of the Company.



20. No Strict Construction. The parties hereto confirm that they have each participated in the negotiation and preparation of this Agreement and that this Agreement represents the joint agreement and understanding of the parties. The parties hereto have mutually chosen the language used in this Agreement, and no rule of strict construction construing ambiguities against any party hereto shall be applied.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officer thereunto duly authorized, and Officer has signed this Agreement, all as of the day and year first above written.

CAVCO INDUSTRIES, INC.

By: \_\_\_\_\_

Name:

Title:

OFFICER

\_\_\_\_\_  
Name:

## Employment Agreement

This **EMPLOYMENT AGREEMENT** (the “Agreement”) is entered into April 1, 2019 and made effective as of April 15, 2019 (the “Effective Date”), by and between Cavco Industries, Inc., a corporation organized under the laws of the State of Delaware (the “Company”), and Mickey R. Dragash (“Executive”) (the Company and Executive are sometimes collectively referred to herein as the “Parties” and individually as a “Party”), all with reference to the following:

**WHEREAS**, the Company desires to employ Executive, and Executive is willing and able to accept such employment, upon the terms and conditions contained in this Agreement.

**NOW, THEREFORE**, in consideration of the promises and the mutual covenants in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined shall have the meanings set forth in Exhibit A.

2. Term. Executive shall be employed by the Company for a term commencing on the Effective Date and terminating on the date on which Executive’s employment ends (the “Term”). The date on which Executive’s employment ends shall be referred to herein as the “Termination Date.”

3. Position and Duties.

(a) Position. During the Term, Executive shall serve as the Company’s Executive Vice President, General Counsel, Corporate Secretary, and Chief Compliance Officer. Executive shall report directly to the Company’s Chief Executive Officer (“CEO”). In such capacity, Executive shall have the duties, functions, responsibilities, and authority customarily appertaining to that position and shall have such other duties, functions, responsibilities, and authority consistent with such position as are from time to time delegated to him by the CEO.

(b) Duties. Executive shall have supervision, control over, and responsibility for the day-to-day legal and compliance affairs of the Company and shall have such other powers and duties as may from time to time be prescribed by the CEO, provided that such duties are consistent with Executive’s position or other positions that he may hold from time to time. Executive shall devote his full-time and exclusive attention and efforts to the performance of all assigned duties for the Company and shall not be engaged in any other significant activity, whether for gain, profit or other financial or economic advantage, or otherwise the performance of Executive’s responsibilities under this Agreement.

(c) Principal Place of Employment. Executive’s principal place of employment during the Term shall be in the Phoenix metropolitan area. The parties acknowledge that Executive may be required to travel in connection with the performance of his duties hereunder.

(d) Corporate Policies. During the Term, Executive shall be subject to all of the Company’s corporate governance, ethics, and executive compensation and other policies as in effect from time to time.

(e) Compensation, Benefits, and Other Items Applicable to Executive. During the Term, Executive shall be entitled to the compensation and benefits described in Sections 4 and 5 of this Agreement.

4. Compensation.

(a) Base Salary. During the Term, Executive shall receive an annual base salary (the “Base Salary”) as set forth in Exhibit B.

(b) Annual Incentive Bonus. During the Term, Executive shall be entitled to annual incentive compensation (the “Bonus”), payable in cash, as described in Exhibit B. Except as otherwise provided in this Agreement, to receive the Bonus, the Executive must remain employed as of the end of the Fiscal Year to which the Bonus relates as well as through the date on which the Bonus is actually paid.

(c) Annual Equity Awards. For each year during the Term, Executive shall be eligible to receive additional awards under the Stock Plan (or any successor thereto), subject to the achievement of certain performance goals established by the Compensation Committee pursuant to the Stock Plan (each, an “Annual Award”), as described in Exhibit B.

5. Employee and Fringe Benefits; Expense Reimbursements.

(a) Employee Benefits. During the Term, Executive and his eligible dependents (if any) shall be able to participate in employee benefit plans and perquisite and fringe benefit programs on a basis no less favorable than the basis on which such benefits and perquisites are provided by the Company from time to time to other senior executive employees.

(b) Vacation and Paid Time Off. Executive shall be entitled to twenty (20) days’ paid vacation each year and shall accrue paid time off in accordance with the Company’s then-current policy for other executive-level employees. The rules relating to other absences from regular duties for holidays, sick or disability leave, leave of absence without pay, or for other reasons, shall be the same as those provided to the Company’s other senior executive employees.

(c) Expense Reimbursement. Executive shall be entitled to receive prompt reimbursement for all travel and business expenses reasonably incurred and accounted for by Executive (in accordance with the policies and procedures established from time to time by the Company for Executive or as otherwise provided for in the Company’s approved travel budget) in performing services hereunder. Any reimbursement that Executive is entitled to receive shall (i) be paid as soon as practicable and in any event no later than the last day of Executive’s tax year following the tax year in which the expense was incurred, (ii) not be affected by any other expenses that are eligible for reimbursement in any tax year, and (iii) not be subject to liquidation or exchange for another benefit.

(d) Attorneys’ Fees. Company will reimburse Executive up to \$10,000 (ten thousand dollars) toward Executive’s expenses in obtaining legal counsel to assist Executive with the review and negotiation of this Agreement.

6. Termination of Employment. Except for the provisions intended to survive for other periods of time as specified in Section 16(m) below, this Agreement and Executive’s employment shall terminate (i) at any time upon mutual written agreement of the Parties; (ii) by the Company, immediately and without prior notice, for Cause as provided in Section 6(a); (iii) by Executive for Good Reason as provided in Section 6(b); (iv) immediately upon Executive’s Death or Disability as provided in Section 6(c); or (v) by the Company for any reason not otherwise covered by clauses (i), (ii), or (iii) herein as provided in Section 6(b); or (vi) by Executive for any reason not otherwise covered by clauses (i), (ii), (iii) or (iv) herein with advance written notice as provided in Section 6(a).

(a) Termination for Cause; Voluntary Termination. At any time during the Term, (i) the Company may immediately terminate Executive’s employment for Cause, and (ii) Executive may terminate his employment “voluntarily” (that is, other than by Death, Disability or for Good Reason); provided, that Executive will be required to give the Board at least ninety (90) days’ advance written notice of any such termination; provided, however, that the Board may waive all or any part of the foregoing notice requirement in its sole discretion, in which case Executive’s voluntary termination will be effective upon the date specified by the Board. Upon the termination of Executive’s employment by the Company for Cause or by Executive’s voluntary termination, Executive shall be entitled to receive the Accrued Obligations. All other benefits, if any, due to Executive following Executive’s termination of employment pursuant to this Section 6(a) shall be determined in accordance with the plans, policies, and practices of the Company as then in effect; provided, that Executive shall not be entitled to any severance payments or benefits under this Agreement or any other agreement or severance plan, policy, or program of the Company (excluding any group health benefit plans). Executive shall not earn or accrue any additional compensation or other benefits under this Agreement following the Termination Date.

(b) Termination for Good Reason by Executive or Without Cause by the Company. At any time, (x) Executive may terminate his employment for Good Reason; and (y) the Company may terminate Executive's employment hereunder without Cause, in either case pursuant to this Section 6(b). Upon the termination of Executive's employment pursuant to this Section 6(b), Executive shall receive the Accrued Obligations. In addition, and except as otherwise provided in Section 6(d), if applicable, and subject to Executive's compliance with the requirements set forth Sections 7 through 9 of this Agreement and Executive's execution, delivery, and non-revocation of an effective release of claims against the Company and certain related persons and entities in substantially the form attached hereto as Exhibit C (the "Release"), which Release shall be delivered to Executive within five (5) business days following the Termination Date and which must be executed (and not revoked) by Executive within the time specified in the Release (the "Release Period"), Executive shall be entitled to the following severance benefits:

(i) Cash Severance. A cash severance payment ("Severance Payment"), payable on that day which is sixty (60) days after Executive's termination of employment, equal to the sum of:

- (1) Executive's Base Salary in effect at termination of employment; plus
- (2) The average Bonuses paid to Executive under Section 4(b) of this Agreement for the three (3) calendar years immediately preceding termination of employment (excludes all incentive compensation paid to Executive prior to the Effective Date). If the foregoing three (3) calendar year period includes any year prior to the Effective Date, then for averaging purposes, the "Bonus" to be used for any such calendar year shall be based on Executive's Bonus target opportunity in effect as of the Effective Date.

(ii) Accelerated Stock Option Vesting. Any stock option or other equity compensation grants awarded to Executive that remain outstanding as of the date of termination shall immediately vest as provided below, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 7th anniversary of the original date of grant:

- (1) If termination occurs prior to the first anniversary of the Effective Date: 100% of such grants shall be made immediately vested.
- (2) If termination occurs on or after the first anniversary of the Effective Date but prior to that date which is six (6) years after the Effective Date: 50% of any unvested portion of the stock options or other equity compensation grants at the time of termination shall be made immediately vested.

(iii) Prorated Performance Based Share Awards. Executive will receive a pro-rata portion of all of Executive's then-existing unvested Performance Based Share awards, with vesting to be determined based on actual performance as of the end of the applicable performance period. For each unvested Performance Based Share award, the pro-rata portion of such award shall be (1) the Performance Based Share award that would have been paid at the end of the applicable performance period had Executive not terminated employment (if any) multiplied by (2) a fraction, the numerator of which is the number of days that Executive is employed by the Company during applicable performance period, and the denominator of which is the total number of days in the applicable performance period. Payment will be made at the same time(s) payment would have been paid had Executive not terminated employment.

(iv) If Executive timely and properly elects continuation health care coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”), the Company will pay the COBRA premium required for Executive and Executive’s dependents (if any) under the Company’s group medical and dental plans for a period of up to twelve (12) months following the Executive’s termination of employment (or until such earlier time as Executive ceases to be eligible for COBRA coverage) (the “COBRA Premium”). Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premium without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company instead shall pay Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA Premiums for that month, subject to applicable tax withholdings.

(c) Termination Due to Death or Disability. In the event Executive’s employment under this Agreement is terminated on account of Executive’s Death or Disability, then:

(i) All stock option grants awarded to Executive prior to termination that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 7th anniversary of the original date of grant:

(ii) All then-existing unvested Performance Based Share Awards granted to Executive prior to termination that remain outstanding as of the date of termination will be prorated and paid in the same manner as provided in Section 6(b)(iii), above.

(d) Termination Due to Change in Control. Notwithstanding Section 6(b) to the Contrary, where Executive’s employment under this Agreement is terminated by the Company without Cause or by the Executive for Good Reason during the period between six months prior to or within twelve (12) months after a Change in Control, then Executive shall receive the Accrued Obligations and, additionally, subject to Executive’s compliance with the requirements set forth in Sections 7 through 9 of this Agreement and Executive’s execution, delivery, and non-revocation of an effective release of claims against the Company and certain related persons and entities in substantially the form attached hereto as Exhibit C (the “Release”), which Release shall be delivered to Executive within five (5) business days following the Termination Date and which must be executed (and not revoked) by Executive within the time specified in the Release (the “Release Period”), Executive will be entitled to the following Change in Control severance benefits in lieu of (and not in addition to) the amounts otherwise payable to Executive under Section 6(b):

(i) A cash severance payment, payable on that day which is sixty (60) days after Executive’s termination of employment, equal to the sum of:

- (1) One hundred and fifty percent (150%) of Executive’s Base Salary in effect at termination of employment; plus
- (2) One hundred and fifty percent (150%) of the average Bonuses paid to Executive under Section 4(b) of this Agreement for the three (3) calendar years immediately preceding termination of employment (excluding all incentive compensation paid to Executive prior to the Effective Date). If the foregoing three (3) calendar year period includes any year prior to the Effective Date, then for averaging purposes, the “Bonus” to be used for any such calendar year shall be based on Executive’s Bonus target opportunity in effect as of the Effective Date.

(ii) Any stock option grants awarded to Executive that remain outstanding as of the date of termination shall immediately vest, if not previously vested, and shall remain exercisable for the remainder of the original term but not later than the 7th anniversary of the original date of grant.

(iii) Executive will be made vested in all of Executive's then-existing unvested Performance Based Share awards, with vesting to be determined based on "target" levels (i.e., at 100%). Such vested awards shall be settled as provided in the underlying Performance Based Share award agreements.

(iv) If Executive timely and properly elects continuation health care coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Company will pay the COBRA premium required for Executive and Executive's dependents (if any) under the Company's group medical and dental plans for a period of up to twelve (12) months following the Executive's termination of employment (or until such earlier time as Executive ceases to be eligible for COBRA coverage) (the "COBRA Premium"). Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premium without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company instead shall pay Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA Premiums for that month, subject to applicable tax withholdings.

(e) Notice of Termination. Any purported termination of Executive's employment by the Company or by Executive shall be communicated by written notice of termination to the other party in accordance with this Section 6. Such notice shall indicate the specific termination provision in this Agreement relied upon and shall, to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

## 7. Non-Competition and Non-Solicitation.

(a) Acknowledgements. Executive acknowledges:

(i) Company has provided and shall continue to provide Executive with its goodwill (a legitimate business interest of the Company) and Confidential Information so that Executive can perform his duties. Because Company would suffer irreparable harm if Executive misused its goodwill or disclosed Confidential Information, it is reasonable to protect the Company against misuse and disclosure of such information by Executive.

(ii) Because Executive will have continued access to and receive Confidential Information and will establish, maintain, and increase Company's goodwill with its customers, employees and others, and because the services provided by Executive for Company are a significant factor in the creation of valuable, special, and unique assets that are expected to provide Company with a competitive advantage, Company would suffer irreparable harm if Executive competed unfairly with Company (as described more fully below). Accordingly, it is reasonable to protect Company against potential unfair competition by Executive.

(iii) The promises in this Section are reasonably necessary for the protection of the Company and are reasonably limited with respect to the activities they prohibit, their duration, and their effect on Executive and the public. Executive acknowledges and agrees that the Company's provision of Confidential Information shall serve as adequate and independent consideration for the covenants set forth in this Section 7.

(b) Agreements Not to Compete or Solicit Employees or Customers. As a condition of employment and to protect Company's Confidential Information and competitive position, Executive promises and agrees that during his employment and during the Restriction Period, Executive (whether as an employee, officer, director, partner, proprietor, investor, associate, consultant, advisor or otherwise) will not, directly or indirectly, either for his own benefit or the benefit of any other person or entity:

(i) Engage, invest in, or establish, in any capacity as either as an employee, employer, contractor, consultant, agent, principal, partner, member, stockholder, investor, corporate officer, director, or in any other individual or representative capacity any business that is a Restricted Business (except Executive is allowed to own or acquire 5% or less of the outstanding voting securities of a public company). Executive further promises that during Executive's employment and the Restriction Period, Executive will not give advice or lend credit, money, or Executive's reputation to any person or entity engaged in or establishing the Restricted Business. Company and Executive acknowledge that nothing in this Section 7 restricts Executive, in any way, from engaging in the practice of law other than that already imposed on Executive by the applicable ethical rules of conduct.

(ii) Solicit, recruit, induce, entice, encourage, hire, directly recruit, or in any way cause any officer or manager who is or was an employee of Company within the twelve (12) months prior to Executive's separation of employment, or after, to terminate his employment with Company. This restriction is limited to those employees with whom Executive worked, had business contact, or about whom Executive gained non-public or Confidential Information while employed with the Company.

(iii) Solicit, contact, or communicate with any person or company for the purpose of engaging in a business that is a Restricted Business at the time Executive's employment ends, who was a customer of the Company during the twelve (12) months preceding Executive's separation and whom Executive contacted, solicited, serviced, or sold services to as an Executive of the Company (either directly or indirectly as a supervisor) at any time during the twelve (12) months preceding the date of Executive's separation. Executive also agrees not to induce any customer, supplier, or other person with whom the Company engaged in business, or to the knowledge of Executive planned or proposed to engage in business, during the twelve (12) months preceding the date of Executive's separation, to terminate any commercial relationship with the Company.

(iv) The effective time period of the restrictions set forth in this Section 7 shall be tolled during any period of time a legal proceeding brought by the Company against Executive to enforce this Agreement is pending or during any period of time in which the Executive is in violation of this Agreement.

#### 8. Non-Disclosure of Intellectual Property, Trade Secrets, and Confidential Information.

(a) Executive agrees that, unless otherwise required by law, Executive will forever keep secret all Confidential Information of the Company, and Executive will not use it for Executive's own private benefit, or directly or indirectly for the benefit of others, and Executive will not disclose Confidential Information to any other person, directly or indirectly.

(b) If Executive is legally compelled (by subpoena, interrogatory, request for documents, investigative demand or similar process) to disclose Confidential Information, Executive shall give Company prompt, prior written notice so Company can seek an appropriate remedy or waive compliance. Executive shall furnish only that portion of the Confidential Information required on advice of legal counsel, and shall exercise Executive's best efforts to obtain an order or assurance that any Confidential Information disclosed will be treated by others in a confidential manner.

(c) The foregoing provisions notwithstanding, Company employees, contractors, and consultants may disclose trade secrets in confidence, either directly or indirectly, to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, Company employees, contractors, and consultants who file retaliation lawsuits for reporting a suspected violation of law may disclose related trade secrets to their attorney and use them in related court proceedings, as long as the individual files documents containing the trade secret under seal and does not otherwise disclose the trade secret except pursuant to court order.

9. Non-Disparagement.

(a) Executive agrees that he will not make or cause to be made any oral or written statements that are derogatory, defamatory, or disparaging concerning the Company, its policies or programs, or its past or present officers, directors, employees, agents, or business associates, including but not limited to its past or present suppliers or vendors, or take any actions that are harmful to the business affairs of the Company or its employees. The foregoing shall not prohibit Executive from making any statement in order to pursue legal claims, either directly or indirectly, to a federal, state, or local government official, or make any statement to an attorney or in a complaint or other document filed in a lawsuit or other proceeding. Executive also agrees that he will not make or cause to be made any oral or written statements regarding the Company's Confidential Information (as defined in Section 8 above) to any third party, including, but not limited to, the general public (for example, via postings or publications on the internet), the media, financial analysts, auditors, institutional investors, consultants, suppliers, vendors, or business associates, or agents and/or representatives of any of the foregoing, unless the statement is (i) expressly authorized by the Company in writing, or (ii) required by law. This provision is a material and substantial term of this Agreement.

(b) Company agrees that it will not make any official public statement that is derogatory, defamatory, or disparaging concerning Executive, and will instruct the members of the Board and its senior executives to refrain from making any derogatory, defamatory, or disparaging public statements concerning Executive.

10. Severability. If any provision, subsection, or sentence of this Agreement shall be held to be invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision, subsection, or sentence had not been contained herein.

11. Compliance With Confidentiality, Non-Compete, or Non-Disclosure Obligations. Executive represents and warrants that he is in compliance with any confidentiality, non-compete, or non-disclosures obligations or agreements previously entered into with the Company and that any such obligations or agreements shall remain in effect from and after the Effective Date. In the event of any conflict between any such pre-existing confidentiality, non-compete, or non-disclosures obligations or agreements and the terms of this Agreement, the terms of this Agreement shall control.

12. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any Sections 7, 8, or 9(a) (each a "Covenant" and together the "Covenants") of the Covenants would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of a breach of any of the Covenants, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and, in the case of either a breach or a threatened breach of any of the Covenants, seek equitable relief before a court of competent jurisdiction, in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy that may then be available.

13. Protected Rights. Executive understands that nothing contained in this Agreement limits Executive's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state, or local governmental agency or commission ("Government Agencies"). Executive further understands that this Agreement does not limit Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company.

14. Conflicts of Interest. Executive agrees that for the duration of this Agreement, he will adhere to the obligations set forth in the Company's Code of Conduct, which may be amended from time to time.



15. Intellectual Property; Assignment of Inventions.

(a) Assignment and License of Rights. Executive assigns to Company all of Executive's rights in Intellectual Property that Executive makes or conceives during Executive's employment, whether as a sole or joint inventor, whether made during or outside working hours, and whether made on Company premises or elsewhere. Executive grants to Company an unlimited, unrestricted, worldwide, royalty-free, fully paid right to access, use, modify, add to, and distribute any Intellectual Property that Executive developed and reduced to a practical form prior to Executive's employment with Company, its affiliates or subsidiaries, and that Executive includes in any Intellectual Property assigned to Company. Executive understands and acknowledges that "Intellectual Property" means, for purposes of this Agreement, any information of a technical and/or business nature, such as ideas, discoveries, inventions, trade secrets, know-how, and writings and other works of authorship which relate in any manner to the actual or anticipated business or research and development of Company, its affiliates or subsidiaries.

(b) Assist Documentation. Upon request at any time and at the expense of Company or its nominee and for no additional personal remuneration, Executive agrees to execute and sign any document that Company considers necessary to secure for or maintain for the benefit of Company adequate patent and other property rights in the United States and all foreign countries with respect to any Intellectual Property. Executive also agrees to assist Company as required to obtain and enforce these rights.

(c) Disclosure. Executive agrees to promptly disclose to Company any Intellectual Property when conceived or made by Executive, whether in whole or in part, and to make and maintain adequate and current records of it. If Executive's employment ends for any reason, Executive agrees to promptly turn over to Company all models, prototypes, drawings, records, documents, and the like in Executive's possession or under Executive's control, whether prepared by Executive or others, relating to Intellectual Property, and any other work done for Company. Executive acknowledges that these items are the sole property of Company.

16. Miscellaneous.

(a) Executive's Representations. Executive hereby represents and warrants to the Company that (i) Executive has read this Agreement in its entirety, fully understands the terms of this Agreement, has had the opportunity to consult with counsel prior to executing this Agreement, and is signing the Agreement voluntarily and with full knowledge of its significance; (ii) the execution, delivery, and performance of this Agreement by Executive does not and shall not conflict with, breach, violate, or cause a default under any contract, agreement, instrument, order, judgment, or decree to which Executive is a party or by which he is bound; (iii) Executive is not a party to or bound by an employment agreement, non-compete agreement, or confidentiality agreement with any other person or entity that would interfere with the performance of his duties hereunder; and (iv) Executive shall not use any Confidential Information or trade secrets of any person or party other than the Company in connection with the performance of his duties hereunder, except with valid written consent of such other person or party. **Executive has carefully read and considered all provisions of these Agreements and acknowledges that this is an important legal document that sets forth restrictions on Executive's conduct as a condition of employment with the Company.**

(b) Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification, or discharge is agreed to in a writing signed by Executive and an officer of the Company (other than Executive) duly authorized by the Board to execute such amendment, waiver or discharge. No waiver by either Party of any breach of the other Party of, or compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(c) Successors and Assigns.

(i) This Agreement is personal to Executive and shall not be assignable by Executive but shall inure to the benefit of and be enforceable by Executive's heirs and legal representatives.

(ii) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and, other than as set forth in Section 16(c)(iii) below, shall not be assignable by the Company without the prior written consent of Executive (which shall not be unreasonably withheld).

(iii) The Agreement shall be assigned by the Company to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company; provided, that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as defined in this Agreement and any successor to its business (including by way of merger or consolidation) and/or assets. The Company shall require such successor to assume and agree to perform the Company's obligations under this Agreement by operation of law or otherwise.

(d) Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, if delivered by overnight courier service, or if mailed by registered mail, return receipt requested, postage prepaid, addressed to the respective addresses or sent via facsimile to the respective facsimile numbers, as the case may be, as set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt; provided, however, that (i) notices sent by personal delivery or overnight courier shall be deemed given when delivered; (ii) notices sent by facsimile transmission shall be deemed given upon the sender's receipt of confirmation of complete transmission; and (iii) notices sent by registered mail shall be deemed given two (2) days after the date of deposit in the mail.

If to Executive, to such address as shall most currently appear on the records of the Company.

If to the Company, to:

Cavco Industries, Inc.

1001 North Central Avenue, Suite 800

Phoenix, AZ 85004

Attention: CEO

(e) GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF ARIZONA OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF ARIZONA TO BE APPLIED. IN FURTHERANCE OF THE FOREGOING, THE LAW OF THE STATE OF ARIZONA (EXCEPT TO THE EXTENT SUPERSEDED BY THE LAWS OF THE UNITED STATES) WILL CONTROL THE INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT. ANY ACTION TO ENFORCE THIS AGREEMENT MUST BE BROUGHT IN, AND THE PARTIES HEREBY CONSENT TO JURISDICTION IN MARICOPA COUNTY, ARIZONA. EACH PARTY HEREBY WAIVES THE RIGHTS TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

(f) Compliance with Section 409A. The intent of the Parties is that payments and benefits under this Agreement comply with, or be exempt from, Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith.

(i) Notwithstanding anything herein to the contrary, (x) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment that are considered a "deferral of compensation" within the meaning of Section 409A is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of the portion of such payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) to the extent necessary to comply with Section 409A until the first business day to occur following the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date otherwise permitted under Section 409A); and (y) if any other payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, mutually agreed upon between the Executive and the Board, that does not cause such an accelerated or additional tax.

(ii) In the event that payments under this Agreement are deferred pursuant to this Section 16(f) in order to prevent any accelerated tax or additional tax under Section 409A, then such payments shall be paid at the time specified under this Section 16(f) without any interest thereon.

(iii) Notwithstanding anything to the contrary herein, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "resignation," "termination," "termination of employment," or like terms shall mean separation from service.

(iv) Each payment made under this Agreement shall be considered separate payments and not one of a series of payments for purposes of Section 409A.

(v) Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement, or in-kind benefit provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A, (A) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year; (B) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (C) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(g) Severability of Invalid or Unenforceable Provisions. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(h) Advice of Counsel and Construction. Each Party acknowledges that such Party had the opportunity to be represented by counsel in the negotiation and execution of this Agreement. Accordingly, the rule of construction of contract language against the drafting party is hereby waived by each Party.

(i) Entire Agreement. This Agreement constitutes the entire agreement between the parties as of the Effective Date and supersedes all previous agreements and understandings between the parties with respect to the subject matter hereof, including Executive's Offer Letter dated January 28, 2019, which Executive signed on January 29, 2019 (the "Offer Letter").

(j) Withholding Taxes. The Company shall be entitled to withhold from any payment due to Executive hereunder any amounts required to be withheld by applicable tax laws or regulations.

(k) Section Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(l) Cooperation. During the Term and at any time thereafter, Executive agrees to cooperate in a reasonable manner (i) with the Company in the defense of any legal matter involving any matter that arose during Executive's employment with the Company; and (ii) with all government authorities on matters pertaining to any investigation, litigation, or administrative proceeding pertaining to the Company. The Company will reimburse Executive for any reasonable travel, out of pocket expenses, and attorneys' fees incurred by Executive in providing such cooperation.

(m) Survival. Sections 6 through 15, inclusive, shall survive and continue in full force in accordance with their terms notwithstanding any termination of the Term or of Executive's employment with the Company.

(n) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(o) Recoupment/Clawback. Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to Executive pursuant to this Agreement or any other agreement or arrangement with the Company or any of its affiliates, which may be subject to recovery under any law, government regulation, Company policy or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, Company written policy or stock exchange listing requirement solely to the extent required by any such law, government regulation, company written policy or stock exchange listing requirement; provided, however, that no company policy will be more restrictive than any law, government regulation or stock exchange listing requirement to which the Company is subject.

(p) Indemnification. The Company shall indemnify and hold Executive harmless to the fullest extent permitted by the laws of the Company's state of incorporation in effect at the time against and in respect of any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including advancement of reasonable attorney's fees for the attorney of Executive's choice), losses, and damages resulting from Executive's good faith performance of Executive's duties and obligations with the Company. Executive will be entitled to be covered, both during and, while potential liability exists, by any insurance policies the Company may elect to maintain generally for the benefit of officers and directors of the Company against all costs, charges and expenses incurred in connection with any action, suit or proceeding to which Executive may be made a party by reason of being an officer or director of the Company, or any subsidiary or affiliate, or a fiduciary of any benefit plan in the same amount and to the same extent as the Company covers its other officers and directors or fiduciaries. These obligations shall survive the termination of Executive's employment with the Company unless it is determined by a Court, tribunal, or arbitrator that Executive acted in bad faith.

*[Remainder of page intentionally left blank]*

The parties have executed this Agreement as of the date first above written.

**Company**

Cavco Industries, Inc.

By: /s/ Steven G. Bunger

Name: Steven G. Bunger

Title: Chairman, Board of Directors

**Executive**

/s/ Mickey R. Dragash

Mickey R. Dragash

## **EXHIBIT A**

### **DEFINED TERMS**

1. “Accrued Obligations” shall mean, at any point in time and except as expressly provided herein, any amounts to which the Executive is entitled to payment but have not yet been paid to Executive including, but not limited to, each of the following (but only to the extent such amounts are vested, earned or accrued at the time of payment): Base Salary, earned but unpaid incentive compensation amounts described in Sections 4(b) and 4(c) above, accrued but unused vacation or paid time off, and any other payments, business expenses, retention bonuses, entitlements or benefits vested, earned or accrued but unpaid under applicable benefit and compensation plans, programs, and other arrangements with the Company and/or any of its subsidiaries.

2. “Affiliate” of a Person shall mean any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person.

3. “Board” shall mean the Company’s board of directors.

4. “Cause” shall mean the occurrence of one or more of the following: (i) Executive’s willful malfeasance, or willful gross misconduct, or willful dishonesty that materially harms the Company or its stockholders; (ii) Executive’s conviction of a felony that is materially detrimental to the Company or its stockholders; (iii) Executive’s conviction of, or entry of a plea *nolo contendere* to a felony that materially damages the Company’s financial condition or reputation or to a crime involving fraud; (iv) Executive’s willful and material violation of the Company’s Code of Ethics, including breach of duty of loyalty in connection with the Company’s business; (v) Executive’s willful failure to perform duties under this Agreement, after notice by the Board and an opportunity to cure of at least thirty (30) days; (vi) Executive’s willful failure to reasonably cooperate with, or Executive’s impedance or interference with, an investigation authorized by the Board after notice by the Board and an opportunity to cure of at least thirty (30) days; (vii) Executive’s willful failure to follow a legal and proper Board directive, after notice by the Board and a thirty (30) day opportunity to cure; or (viii) Executive’s willful misconduct or gross negligence pursuant to the Sarbanes-Oxley Act, if and to the extent such conduct triggers a material restatement of the Company’s financial results.

5. “Change in Control” means that: (i) the Company merges or consolidates with any other corporation (other than a Subsidiary) and is not the surviving corporation (or survives only as a Subsidiary or operating unit of another corporation), (ii) the Company sells all or substantially all of its assets to any other person or entity (other than a Subsidiary), (iii) the Company is dissolved, or (iv) a third person, including a “group” as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, becomes the beneficial owner of shares of Common Stock having 50% or more of the total number of votes that may be cast for the election of directors of the Company; or as a result of, or in connection with, a contested election for directors, the persons who were directors of the Company before such election shall cease to constitute a majority of the Board of the Company, or (v) a “Change in Control” under the Stock Plan. Notwithstanding any provision of this paragraph, an event, transaction, or corporate action described in this Subsection which would otherwise be deemed a Change in Control, will not be deemed a Change in Control if: it is a management led or supported transaction by persons who were the directors of the Company and persons who were the executive officers of the Company as of six months prior to such event; and if immediately after such event such persons constitute a majority of the directors and constitute a majority of executive officers for, and own in the aggregate at least fifteen percent of the voting securities or interest of, the Company or the surviving or resulting corporation or the parent of the resulting corporation. Notwithstanding anything in this Agreement to the contrary, to the extent needed to comply with Section 409A, an event will not be considered a Change in Control unless the event also qualifies as a “change in control event” as defined in Treas. Reg. §1.409A-3(i)(5)(i). In addition, an event will not be considered a Change in Control unless the transaction which will result in the Change in Control closes.

6. “Code” shall mean the Internal Revenue Code of 1986, as amended.

7. “Company Stock” shall mean the common stock of the Company, par value \$0.01 per share.

8. “Compensation Committee” shall mean the compensation committee of the Board.

9. “Confidential Information” shall mean any and all confidential, non-public, and/or proprietary knowledge, data or information of the Company, its affiliates, parents and subsidiaries, whether now existing or developed during Executive’s employment. By way of illustration but not limitation, “Confidential Information” includes (a) trade secrets, inventions, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques and any other proprietary technology and all Proprietary Rights therein (hereinafter collectively referred to as “Inventions”); (b) information regarding research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, margins, discounts, credit terms, pricing and billing policies, quoting procedures, methods of obtaining business, forecasts, future plans and potential strategies, financial projections and business strategies, operational plans, financing and capital-raising plans, activities and agreements, internal services and operational manuals, methods of conducting Company business, suppliers and supplier information, and purchasing; (c) information regarding dealers, customers and potential dealers and customers of the Company, including customer or dealer lists, names, representatives, their needs or desires with respect to the types of products or services offered by the Company, proposals, bids, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Company and other non-public information relating to customers and potential customers; (d) information regarding any of the Company’s business partners and their services, including names; representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the Company, and other non-public information relating to business partners; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information which a competitor of the Company could use to the competitive disadvantage of the Company. Notwithstanding the foregoing, Executive is free to use information which is generally known in the trade or industry through no breach of this agreement or other act or omission by Executive, and Executive is free to discuss the terms and conditions of Executive’s employment with others to the extent permitted by law.

10. “Disability” means Executive has been unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. Alternatively, Executive will be deemed Disabled if determined to be totally disabled by the Social Security Administration. Termination of employment resulting from Disability may only be effected after at least thirty (30) days’ written notice by the Company of its intention to terminate an Executive’s employment. In the event that Executive resumes the performance of substantially all of his or her duties hereunder before his or her termination becomes effective, the notice of intent to terminate based on Disability will automatically be deemed to have been revoked. In conjunction with determining Disability for purposes of this Agreement, Executive hereby (i) consents to any such examinations, to be performed by a qualified medical provider selected by the Company and approved by the Executive (which approval shall not be unreasonably withheld), which are relevant to a determination of whether Executive has incurred a Disability; and (ii) agrees to furnish such medical information as may be reasonably requested.

11. “Fiscal Year” shall mean the twelve (12) month period beginning on or about April 1 and ending on or about March 31.

12. “Good Reason” shall mean the occurrence of any one or more of the following events without Executive’s written consent:

- (a) the Company assigns Executive duties that are materially inconsistent with, or constitute a material reduction of powers or functions associated with, Executive’s position, duties, or responsibilities with the Company as in effect immediately prior to such assignment;
- (b) a material, adverse change in Executive’s titles, authority, or reporting responsibilities as in effect immediately prior to such change;

- (c) except in cases where the Compensation Committee reduces the base salaries for all of the Company's executive officers on account of what the Compensation Committee, in its sole and complete discretion, determines to be a significant downturn in the Company's financial performance that necessitates such action, a reduction by the Company of the Executive's annual Base Salary in excess of fifteen percent (15%) of the Base Salary as in effect immediately prior to such reduction or an aggregate reduction resulting in a Base Salary level that is lower than eighty-five percent (85%) of his initial Base Salary rate set forth in Exhibit B of this Agreement;
- (d) a material breach by the Company of its obligations under this Agreement; or
- (e) a relocation of the Company's principal place of business to a location that is fifty (50) miles or more from the Company's current headquarters located in Phoenix, Arizona.

Notwithstanding the foregoing, an event described in this Section shall not constitute Good Reason unless it is communicated by the Executive to the Company in writing within ninety (90) days of the initial existence of such event and is not corrected by the Company in a manner which is reasonably satisfactory to such Executive within thirty (30) days of the Company's receipt of such written notice. If the purported Good Reason condition is not cured within the thirty (30) day period described in the preceding sentence, Executive may submit a written notice of termination to the Chair of the Board specifying a Termination Date that is no more than sixty (60) days following the final day of the Company's cure period. Executive will be deemed to have accepted the condition(s), or the Company's correction of such condition(s), that may have given rise to the existence of Good Reason if he fails to provide such written notice or fails to terminate his employment within the sixty (60) day period described in the preceding sentence.

13. "Restricted Business" shall mean (i) any business conducted by the Company or its affiliates under common control with the Company during the Term, including but not limited to the construction, financing, or insurance of manufactured housing, and/or (ii) any business competitive with the business conducted by the Company or its affiliates under common control with the Company during the Term. Company and Executive acknowledge that nothing in this paragraph restricts Executive, in any way, from engaging in the practice of law other than that already imposed on Executive by the applicable ethical rules of conduct.

14. "Restriction Period" shall mean the period of twelve (12) months following the Executive's separation from the Company for any reason beginning on the Termination Date of this Agreement.

15. "Section 409A" shall mean Code section 409A together with regulatory guidance promulgated thereunder, as amended from time to time.

16. "Stock Plan" shall mean the Company 2005 Stock Incentive Plan as amended as approved by Company stockholders.



**EXHIBIT B**  
**COMPENSATION AND BONUS OPPORTUNITIES**

- A. Base Salary. Executive's annual base salary shall be \$325,000 (three hundred twenty-five thousand dollars) payable in regular installments in accordance with the Company's usual payroll practices. Executive's Base Salary is subject to annual review and may, in the Compensation Committee's discretion, be increased or decreased under the Company's standard compensation policies for executive-level employees; provided, however, that any decrease may constitute "Good Reason" pursuant to its definition under this Agreement. The Company may not decrease Executive's Base Salary in the event the Company modifies, alters, or reduces Executive's duties and responsibilities as set forth herein. As so adjusted, the term "Base Salary" shall refer to the adjusted amount except for subparagraph (c) of the definition of Good Reason. For avoidance of doubt, the stock option that was granted to Executive in February 2019 does not count towards satisfying the Company's obligations under this paragraph.
- B. Annual Stock Option Award. Each year, Executive will be granted an award of time-based stock options, which may be granted either as non-qualified stock options or as incentive stock options. Each annual stock option grant will equal 37.5% of Executive's Base Salary. Each annual stock option grant will be evidenced by a separate stock option agreement, and will provide for 33% vesting on the first anniversary of the grant date, 66% vesting on the second anniversary of the grant date, and 100% vesting on the third anniversary of grant date. The number of shares subject to each annual stock option grant will be calculated using the Black-Scholes model based on the Company Stock closing price on the day immediately preceding grant date, rounded up to the nearest fifty (50) shares.
- C. Annual Performance Based Restricted Share Award. Each year, Executive will be granted an award of Performance Based Restricted Shares. The Performance Based Restricted Share grant will equal 37.5% of Executive's Base Salary. The number of shares awarded under each Performance Based Restricted Share grant will be calculated by dividing the value of the grant by the Company Stock closing price on the day immediately preceding the grant date, rounded up to the nearest fifty (50) shares. Each Performance Based Restricted Share award will be evidenced by a separate award agreement. The award agreement for each Performance Based Restricted Share grant shall provide for (i) a three (3) year performance period; and (ii) performance-based vesting at a level of 60% for "threshold" performance, 100% for "target" performance, and 120% for "stretch" performance levels (with straight-line interpolation of vesting between performance levels, except below threshold). No grant of Performance Based Restricted Shares will vest if the threshold goal for such grant is not achieved as of the end of the applicable performance period for that grant. Moreover, and except as otherwise provided herein or under the terms of an applicable award agreement, the unvested portion of each Performance Based Restricted Share grant shall be forfeited if Executive terminates employment under this Agreement prior to the third anniversary of the grant date. The maximum number of shares payable under each Performance Based Restricted Share grant will be capped at the stretch performance level. The threshold, target, and stretch goals for each annual Performance Based Restricted Share grant will be set annually by the Compensation Committee, subject to Board approval.
- D. Annual Awards. The annual stock option and Performance-Based Restricted Share awards discussed in paragraphs B and C, above (the "Annual Awards") shall be made on terms and conditions that are consistent with those on which awards are made to other senior executive officers of the Company, except as the Compensation Committee may otherwise specify in its sole discretion. Except as otherwise provided herein, each Annual Award will be subject to the terms of the Stock Plan (or any successor thereto) and the individual award agreement pursuant to which it is made.

- E. Annual Cash Bonus Opportunity. For each twelve (12) month performance period as specified by the Compensation Committee, Executive shall be entitled to a Bonus based on performance goals set by the Compensation Committee, subject to Board approval (the “Annual Bonus”). The Annual Bonus for achieving “threshold,” “target,” and “stretch” performance levels is 60%, 100%, and 120% respectively (with straight-line interpolation between levels, except below threshold), multiplied by the Executive’s highest Base Salary level during the applicable performance period. No Annual Bonus will be payable if the Executive achieves less than the threshold performance goal. The maximum Annual Bonus will be capped at the stretch performance level for the specific performance goal. The threshold, target, and stretch goals for each annual Performance Based Restricted Share grant will be set annually by the Compensation Committee, subject to Board approval. For avoidance of doubt, any cash bonus made by the Company prior to the execution of this Agreement does not count towards satisfying the Company’s obligations under this paragraph.
- F. Payment. Except as otherwise provided in the Agreement, any Bonus payable under this Exhibit B shall be paid in cash in a single lump sum to Executive at the time(s) determined by the Committee in its reasonable discretion, provided that the Bonus shall be paid in its entirety no later than ninety (90) days after the Company’s Fiscal Year to which the payment relates.
- F. One-Time Transition Allowance. As set forth in Executive’s Offer Letter, the Company previously paid Executive a one-time transition allowance of \$20,000 (twenty thousand dollars) as a bonus payment for two months of Fiscal Year 2019.
- G. One-Time Stock Option Grant. As set forth in the Offer Letter, the Company has previously granted Executive a one-time stock option grant for Fiscal Year 2019.

## EXHIBIT C

### FORM OF RELEASE OF CLAIMS

This Release of Claims ("Agreement") is made and entered into by Mickey R. Dragash ("Employee") and Cavco Industries, Inc. (the "Company") on the date set forth below.

WHEREAS, Employee and the Company entered into an Employment Agreement dated \_\_\_\_\_ ("Employment Agreement"); and

WHEREAS, pursuant to the terms of the Employment Agreement, Employee agreed to execute and deliver Company a written waiver and general release agreement as a condition precedent to his right to receive certain amounts under the Employment Agreement;

NOW, THEREFORE, in consideration of the promises and payments set forth in the Employment Agreement, Employee agrees as follows:

1. **Meaning of "Released Parties":** The term "Released Parties", as used throughout this Agreement, includes the Company and all of its past, present, and future shareholders, parents, subsidiaries, and affiliates, joint venturers, and other current or former related entities thereof, and all of the past, present, and future officers, directors, employees, agents, insurers, legal counsel, and successors and assigns of said entities.

2. **Employee's Release of Claims:** In consideration for the severance payments and benefits provided for in the Employment Agreement and subject to Paragraph 4 of this Agreement, Employee, on behalf of himself, his spouse (if any), representatives, agents, heirs, trusts and assigns, hereby unconditionally and irrevocably releases Released Parties to the maximum extent permitted by law, from any and all claims, debts, obligations, demands, judgments, or causes of action of any kind whatsoever, whether known or unknown that Employee has or may have had prior to the date of Employee's execution of this Agreement for any action or omission by Released Parties and/or due to any matter whatsoever relating to Employee's employment or cessation of employment with the Company. Without limiting in any way the foregoing general release, this release specifically includes the following:

a. All claims and causes of action arising under the following laws, as amended: Section 1981 of the Civil Rights Act of 1866; Title VII of the Civil Rights Act; the Americans with Disabilities Act; the Federal Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; the National Labor Relations Act; the Labor Management Relations Act; the Fair Credit Reporting Act; the Employee Retirement Income Security Act of 1974; the Genetic Information Nondiscrimination Act of 2008; the Health Insurance Portability and Accountability Act; the Occupational and Safety Health Act; the Equal Pay Act; Executive Orders 11246 and 11141; the Consolidated Omnibus Budget Reconciliation Act of 1986; the Rehabilitation Act of 1973; the Electronic Communications Privacy Act of 1986 (including the Stored Communications Act); the Arizona Wage Statute, A.R.S. § 23-350, *et seq.*; the Arizona Civil Rights Act; the Arizona Employment Protection Act; the Arizona wage statutes; the Arizona Medical Marijuana Law; and the Arizona Constitution; and

b. All claims and causes of action arising under any other federal, state or local law, regulation or ordinance, including for employment discrimination on any basis, hostile working environment, retaliation, wrongful discharge, retaliatory discharge, constructive discharge, unsafe working conditions, breach of express or implied contract, breach of collective bargaining agreement, breach of implied covenant of good faith and fair dealing, fraud, detrimental reliance, promissory estoppel, defamation, negligence, negligent or intentional misrepresentation, invasion of privacy, defamation, libel, slander, battery, failure to pay wages, bonuses, commissions, attorneys' fees, interference with economic gain or contractual relations, and intentional and negligent infliction of emotional distress or "outrage"; and

c. All claims and causes of action by the Employee that Released Parties have acted unlawfully or improperly in any manner whatsoever.

Nothing in this Release shall be interpreted to release any claims to Employee's post-employment benefits provided under the Employment Agreement, claims which may not be released as matter of law, or claims which arise under the terms of this Agreement or after the Effective Date of this Agreement, or to release Employee's right, if any, to any vested benefits under any retirement plan or stock subscription agreements. Employee acknowledges that this Agreement constitutes a full settlement, accord, and satisfaction of all claims covered by this Release.

3. **Age Discrimination in Employment Act; Older Workers Benefit Protection Act of 1990:** In addition to the general release in Paragraph 2 of this Agreement, the Employee is waiving and releasing any and all claims against Released Parties under the Age Discrimination and Employment Act ("ADEA") that arose at any time during the Employee's employment with the Company, up to and including his last day of employment. This Agreement is subject to the terms of the Older Workers Benefit Protection Act of 1990 ("OWBPA"). The OWBPA provides that an individual cannot waive a right or claim under the ADEA unless the waiver is knowing and voluntary. Pursuant to the terms of the OWBPA, the Employee acknowledges and agrees that the Employee has been provided a copy of this Agreement, has signed this Agreement voluntarily, and with full knowledge of its consequences. In addition, the Employee hereby acknowledges and agrees as follows:

a. This Agreement has been written in a manner that is calculated to be understood, and is understood, by the Employee;

b. The release provisions of this Agreement apply to any rights the Employee may have under the ADEA up to the date of this Agreement;

c. The release provisions of this Agreement do not apply to any rights or claims the Employee may have under the ADEA that arise after the date he signs this Agreement;

d. The Employee has been advised that he should consult with an attorney prior to signing this Agreement;

e. The Employee has been provided a period of twenty-one (21) calendar days (the "Review Period") from his last day of employment with the Company to consider this Agreement. The Employee may, but is not required to, accept and sign this Agreement before the expiration of the Review Period, but no earlier than his last day of employment with the Company. If the Employee signs this Agreement before the expiration of the Review Period, the Employee agrees that he is knowingly and expressly waiving the time-period;

f. For a period of seven (7) calendar days following his signing of this Agreement, the Employee may revoke this Agreement by providing written notice of any such revocation to [\_\_\_\_\_], on or before the seventh day after the Employee signs the Agreement. This Agreement shall become "effective" on the eighth calendar day after the Employee signs it if it has not been revoked during the seven (7) day revocation period (the "Effective Date");

g. Payment of any severance benefits is conditioned on the execution of this Agreement no later than five (5) days after the end of the Review Period and the running of the revocation period described in 3(f) ("Revocation Period"); and

h. The Employee may not sign this Agreement until after his last day of employment with the Company and the Agreement shall not be effective if the Employee executes the Agreement prior to such date.

4. **Protected Rights:** The Employee understands that nothing contained in this Agreement shall be construed to prohibit him from filing a charge with or participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, the National Labor Relations Board, or any state or federal agency. The Employee understands that he has waived and released any and all claims for money damages and equitable relief that the Employee may recover from Released Parties pursuant to the filing or prosecution of any administrative charge against Released Parties, or any resulting civil proceeding or lawsuit brought on his behalf for the recovery of such relief, and which arises out of the matters that are and may be released or waived by this Agreement. The Employee also understands, however, that this Agreement does not limit his ability to communicate with any government agencies or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice to the Company. This Agreement also does not limit the Employee's right to receive an award for information provided to any government agencies.

5. **Pension Plan:** This Agreement shall not affect any vested rights the Employee has under an ERISA pension benefit plan(s).

6. **Medicare:** The Employee affirms, covenants, and warrants he is not a Medicare beneficiary and is not currently receiving, has not received in the past, will not have received at the time of payment pursuant to this Agreement, is not entitled to, is not eligible for, and has not applied for or sought Social Security Disability or Medicare benefits. In the event any statement in the preceding sentence is incorrect (for example, but not limited to, if the Employee is a Medicare beneficiary, etc.), the following sentences (i.e., the remaining sentences of this paragraph) apply. The Employee affirms, covenants, and warrants he has made no claim for illness or injury against, nor is he aware of any facts supporting any claim against, the Released Parties under which Released Parties could be liable for medical expenses incurred by the Employee before or after the execution of this agreement. Furthermore, the Employee is aware of no medical expenses which Medicare has paid and for which Released Parties are or could be liable now or in the future. The Employee agrees and affirms that, to the best of his knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. The Employee will indemnify, defend, and hold Released Parties harmless from Medicare claims, liens, damages, conditional payments, and rights to payment, if any, including attorneys' fees, and the Employee further agrees to waive any and all future private causes of action for damages pursuant to 42 U.S.C. § 1395y(b)(3)(A) et seq.

7. **Governing Law and Venue:** This Agreement will be interpreted and construed in accordance with the laws of the State of Arizona, insofar as federal law does not control, and venue as to any dispute regarding this Agreement, or interpretation thereof, shall be in Maricopa County, Arizona.

8. **Modification of Agreement:** This Agreement shall not be modified, amended, or terminated unless such modification, amendment, or termination is executed in writing by the Employee, and an authorized representative of the Company.

9. **The Employee's Representations:** The Employee warrants that the Employee is over the age of eighteen (18) and competent to sign this Agreement; that in signing this Agreement the Employee is not relying on any statement or representation by the Company that is not contained in this Agreement, but is relying upon the Employee's judgment and/or that of the Employee's legal counsel and/or tax advisor; that the Agreement was signed knowingly and voluntarily without duress or coercion in any form; and that the Employee fully understands the same is a FULL and FINAL SETTLEMENT of any and all claims against Released Parties which have been or could have been asserted or on account or arising out of the Employee's employment relationship with the Company or the actions of any of Released Parties. The Employee further represents and certifies that the Employee has been given a fair opportunity to review the terms of this Agreement and has determined that it is in the Employee's best interest to enter into this Agreement.

10. **Drafting and Construction:** This Agreement may not be construed in favor of or against either the Employee or the Company (each, a "Party") on the grounds that said Party was less or more involved in the drafting process.

[SIGNATURES ON FOLLOWING PAGE]

ACCEPTED AND AGREED:

\_\_\_\_\_  
Mickey R. Dragash

\_\_\_\_\_  
Date

CAVCO INDUSTRIES, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_



## News Release

**Media Contact:**  
**John Lovallo**  
**Phone:** 917-612-8419  
**Email:** jlovallo@levick.com

**FOR IMMEDIATE RELEASE**

### **CAVCO INDUSTRIES NAMES WILLIAM BOOR CHIEF EXECUTIVE OFFICER**

*Acting CEO Daniel Urness to resume former role of Chief Financial Officer*

*Steven Bunger assumes non-executive Chair of the Board responsibilities*

*Richard Kerley appointed Audit Committee Chair*

PHOENIX, AZ - April 2, 2019 - Cavco Industries, Inc. (NASDAQ: CVCO) ("the "Company") today announced that its Board of Directors (the "Board") has appointed William Boor as Chief Executive Officer ("CEO"), effective April 15, 2019. Mr. Boor will succeed Daniel Urness, who served as President and Acting Chief Executive Officer since November 2018. Mr. Urness will resume his former role of Executive Vice President, Chief Financial Officer and Treasurer, also effective April 15, 2019.

Mr. Boor assumes his new role as CEO with over 10 years of experience with Cavco, most recently serving as non-executive Chairman of the Board for the Company. Mr. Boor joined Cavco as an independent member of the Board in 2008. Several years prior to his service on the Cavco Board, Mr. Boor held the position of Vice President, Corporate Development at Centex Corporation while Cavco was a subsidiary of Centex. During that tenure, Mr. Boor worked on developing and implementing Cavco's business strategy and participated in its eventual spin-off in 2003.

As CEO, Mr. Boor will be responsible for day-to-day leadership of the Company.

Mr. Boor will remain a member of the Company's Board of Directors. The Board has named independent Board member Steven Bunger to serve as the Company's new non-executive Chair of the Board. Richard Kerley has been appointed Chairman of the Audit Committee. Both of these Board appointments are effective immediately.

"After thoughtful consideration of options to strengthen the management team, the Board concluded Bill is the right choice to assume the CEO role," commented Mr. Bunger, new non-executive Chair of Board. "Bill is a strong and proven leader, who has a successful track record of managing large, complex businesses and working across a range of executive roles in public companies. His significant knowledge and insights into Cavco's business, from his tenure on the Board and previous strategic work with the company, provide the immediate and long-term ability needed to lead the execution of our strategic plan and focus on operational excellence."

"The Board would like to thank Dan Urness for his leadership and contributions over the last five months as Acting CEO during an important period of transition. We are pleased he will remain an important part of our leadership team," commented Mr. Boor. "I've had the pleasure of working closely with Dan for many years while I was Chairman of the Audit Committee and I look forward to working closely with him in the coming years."

Mr. Boor added, "Cavco's strong track record speaks for itself and we remain very well-positioned for the future. I'm excited to have the opportunity to lead the Company's next chapter, working closely with the Board, and the entire Cavco team, to help the Company deliver value to all stakeholders including customers, employees, partners, and investors."

**William Boor, Chief Executive Officer**

Mr. Boor, Chairman of the Company's Audit Committee, a member of the Company's Compensation Committee and an independent member of the Board since July 2008, most recently assumed the role of non-executive Chairman of the Board. Most recently, Mr. Boor held the role of Chief Executive Officer of Great Lakes Brewing Company, a large craft brewery in Cleveland, Ohio, a position he has held since 2015. From 2007 to 2014, Mr. Boor served in various executive positions with Cliffs Natural Resources, Inc. ("Cliffs"), most recently serving as Executive Vice President - Corporate Development and Chief Strategy/Risk Officer and President-Ferroalloys. Among other roles prior to Cliffs, Mr. Boor held the position of Vice President, Corporate Development at Centex Corporation. During that tenure, Cavco was a subsidiary of Centex, and Mr. Boor worked on the Cavco strategy and its eventual spin-off in 2003. Mr. Boor earned an engineering degree from Penn State University and a Master of Business Administration degree from Harvard Business School. He is also a CFA charterholder.

**Daniel Urness, Chief Financial Officer**

Mr. Urness was Cavco's Executive Vice President, Chief Financial Officer and Treasurer from April 2015 until August 2018, where he transitioned into the role of President and Acting Chief Executive Officer in November 2018. Mr. Urness also served as Cavco's Vice President, Chief Financial Officer and Treasurer from January 2006 to April 2015 and as a director and/or officer of certain of Cavco's major subsidiaries, including Palm Harbor Homes, Inc., Fleetwood Homes, Inc., CountryPlace Acceptance Corp. and Standard Casualty Company. Mr. Urness was also Cavco's Interim Chief Financial Officer from August 2005 to January 2006, Corporate Controller from May 2005 to August 2005, financial consultant to the Company from June 2002 to May 2005 and Controller from May 1999 to June 2002. Prior to joining Cavco, Mr. Urness served as manager and staff accountant at Deloitte & Touche LLP for approximately six years.

**Steven Bunger, Chair of the Board**

Mr. Steven G. Bunger is an Independent Director of Cavco Industries, Inc. Mr. Bunger is currently President and Chief Executive Officer of Pro Box Portable Storage, Inc., a provider of portable storage solutions in Arizona, Colorado, and Oklahoma. From 2001 until December 31, 2012, he served as Chairman of the Board of Mobile Mini, Inc. the nation's largest publicly-owned provider of portable storage containers and mobile offices. He was also the President and Chief Executive Officer of Mobile Mini Inc., having served in those capacities from 1997 to 2012. Mr. Bunger joined Mobile Mini in 1983 and held numerous positions with the company, including Vice President of Operations and Marketing and Executive Vice President and Chief Operating Officer.

**Richard Kerley, Audit Committee Chairman**

Mr. Kerley served as the Senior Vice President, Chief Financial Officer and member of the Board of Peter Piper, Inc., a privately-held pizza and entertainment restaurant chain, from November 2008 to December 2014, when he retired. Previously, Mr. Kerley served as the Chief Financial Officer of Fender Musical Instruments Corporation, from July 2005 to October 2008. From June 1981 to July 2005, Mr. Kerley was an audit partner with Deloitte & Touche LLP. Prior to becoming a partner at Deloitte & Touche LLP, Mr. Kerley served as an audit manager and staff accountant from August 1971 to June 1981. Mr. Kerley also currently serves on the board of The Providence Service Corporation, a publicly traded holding company whose subsidiaries provide high quality, technology-enabled healthcare services, and The Joint Corp., a publicly traded operator, manager and franchisor of chiropractic clinics. Mr. Kerley received a bachelor's degree in accounting from Marshall University in 1971.

**About Cavco Industries, Inc.**

Cavco Industries, Inc., headquartered in Phoenix, Arizona, designs and produces factory-built housing products primarily distributed through a network of independent and Company-owned retailers. The Company is one of the largest producers of manufactured homes in the United States, based on reported wholesale shipments, marketed under a variety of brand names including Cavco Homes, Fleetwood Homes, Palm Harbor Homes, Fairmont Homes, Friendship Homes, Chariot Eagle and Lexington Homes.



The Company is also a leading producer of park model RVs, vacation cabins, and systems-built commercial structures, as well as modular homes built primarily under the Nationwide Homes brand. Cavco's mortgage subsidiary, CountryPlace Mortgage, is an approved Fannie Mae and Freddie Mac seller/servicer, a Ginnie Mae mortgage-backed securities issuer that offers conforming mortgages, non-conforming mortgages and home-only loans to purchasers of factory-built homes. Our insurance subsidiary, Standard Casualty, provides property and casualty insurance to owners of manufactured homes.

## **Forward-Looking Statements**

*Certain statements contained in this release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities and Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. In general, all statements that are not historical in nature are forward-looking. Forward-looking statements are typically included, for example, in discussions regarding the manufactured housing and site-built housing industries; our financial performance and operating results; and the expected effect of certain risks and uncertainties on our business, financial condition and results of operations. All forward-looking statements are subject to risks and uncertainties, many of which are beyond our control. As a result, our actual results or performance may differ materially from anticipated results or performance. Factors that could cause such differences to occur include, but are not limited to: adverse industry conditions; our ability to successfully integrate past acquisitions and any future acquisition or the ability to attain the anticipated benefits of such acquisitions; the risk that any past or future acquisition may adversely impact our liquidity; involvement in vertically integrated lines of business, including manufactured housing consumer finance, commercial finance and insurance; a constrained consumer financing market; curtailment of available financing for retailers in the manufactured housing industry; our participation in certain wholesale and retail financing programs for the purchase of our products by industry distributors and consumers may expose us to additional risk of credit loss; significant warranty and construction defect claims; our contingent repurchase obligations related to wholesale financing; market forces and housing demand fluctuations; net losses were incurred in certain prior periods and there can be no assurance that we will generate income in the future; a write-off of all or part of our goodwill; the cyclical and seasonal nature of our business; limitations on our ability to raise capital; competition; our ability to maintain relationships with independent distributors; our business and operations being concentrated in certain geographic regions; labor shortages; pricing and availability of raw materials; unfavorable zoning ordinances; loss of any of our executive officers; organizational document provisions delaying or making a change in control more difficult; volatility of stock price; general deterioration in economic conditions and continued turmoil in the credit markets; increased costs of healthcare benefits for employees; governmental and regulatory disruption, including federal government shutdowns; information technology failures and data security breaches; extensive regulation affecting manufactured housing; potential financial impact on the Company from the subpoenas we received from the SEC; the risk of potential litigation or regulatory action, and costs and expenses, arising from the SEC subpoenas and the events described in or covered by the SEC subpoenas, including the Company's indemnification obligations and insurance costs regarding such matters; potential reputational damage that the Company may suffer as a result of the matters that are the subject of the subpoenas from the SEC, as well as the results of the investigation being carried out by the Audit Committee of the Board of Directors; together with all of the other risks described in our filings with the Securities and Exchange Commission. Readers are specifically referred to the Risk Factors described in Item 1A of the 2018 Form 10-K, as may be amended from time to time, which identify important risks that could cause actual results to differ from those contained in the forward-looking statements. Cavco expressly disclaims any obligation to update any forward-looking statements contained in this release, whether as a result of new information, future events or otherwise. Investors should not place any reliance on any such forward-looking statements.*