
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 2, 2021
OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission File Number 000-08822

CAVCO INDUSTRIES INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

56-2405642
(I.R.S. Employer
Identification No.)

3636 North Central Ave, Ste 1200
Phoenix Arizona 85012
(Address of principal executive offices, including zip code)
(602) 256-6263
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.01	CVCO	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 29, 2021, 9,177,315 shares of the registrant's Common Stock, \$.01 par value, were outstanding.

CAVCO INDUSTRIES, INC.
FORM 10-Q
October 2, 2021

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PART 1. FINANCIAL INFORMATION
Item 1. Financial Statements

CAVCO INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	October 2, 2021	April 3, 2021
ASSETS	(Unaudited)	
Current assets		
Cash and cash equivalents	\$ 224,291	\$ 322,279
Restricted cash, current	19,850	16,693
Accounts receivable, net	72,038	47,396
Short-term investments	18,867	19,496
Current portion of consumer loans receivable, net	26,475	37,690
Current portion of commercial loans receivable, net	31,307	14,568
Current portion of commercial loans receivable from affiliates, net	294	4,664
Inventories	190,394	131,234
Prepaid expenses and other current assets	49,482	57,779
Total current assets	<u>632,998</u>	<u>651,799</u>
Restricted cash	335	335
Investments	35,650	35,010
Consumer loans receivable, net	32,124	37,108
Commercial loans receivable, net	36,685	20,281
Commercial loans receivable from affiliates, net	3,647	4,801
Property, plant and equipment, net	156,397	96,794
Goodwill	106,487	75,090
Other intangibles, net	35,404	14,363
Operating lease right-of-use assets	16,706	16,252
Total assets	<u>\$ 1,056,433</u>	<u>\$ 951,833</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 42,549	\$ 32,120
Accrued expenses and other current liabilities	237,462	203,133
Current portion of secured financings and other	2,260	1,851
Total current liabilities	<u>282,271</u>	<u>237,104</u>
Operating lease liabilities	13,240	13,361
Secured financings and other	17,305	10,335
Deferred income taxes	9,373	7,393
Redeemable noncontrolling interest	1,128	—
Stockholders' equity		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; No shares issued or outstanding	—	—
Common stock, \$0.01 par value; 40,000,000 shares authorized; Issued 9,275,016 and 9,241,256 shares, respectively	93	92
Treasury stock, at cost; 98,201 and 6,600 shares, respectively	(21,877)	(1,441)
Additional paid-in capital	259,116	253,835
Retained earnings	495,713	431,057
Accumulated other comprehensive income	71	97
Total stockholders' equity	<u>733,116</u>	<u>683,640</u>
Total liabilities, redeemable noncontrolling interest and stockholders' equity	<u>\$ 1,056,433</u>	<u>\$ 951,833</u>

See accompanying Notes to Consolidated Financial Statements

CAVCO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Net revenue	\$ 359,543	\$ 257,976	\$ 689,965	\$ 512,777
Cost of sales	269,615	204,435	526,024	403,913
Gross profit	89,928	53,541	163,941	108,864
Selling, general and administrative expenses	45,372	35,453	86,204	70,776
Income from operations	44,556	18,088	77,737	38,088
Interest expense	(203)	(194)	(367)	(390)
Other income, net	4,668	1,702	7,129	3,578
Income before income taxes	49,021	19,596	84,499	41,276
Income tax expense	(11,338)	(4,547)	(19,770)	(9,553)
Net income	37,683	15,049	64,729	31,723
Less: net income attributable to redeemable noncontrolling interest	73	—	73	—
Net income attributable to Cavco common stockholders	<u>\$ 37,610</u>	<u>\$ 15,049</u>	<u>\$ 64,656</u>	<u>\$ 31,723</u>
Comprehensive income				
Net income	\$ 37,683	\$ 15,049	\$ 64,729	\$ 31,723
Reclassification adjustment for securities sold	—	7	1	33
Applicable income taxes	—	(2)	—	(7)
Net change in unrealized position of investments held	(16)	3	(34)	62
Applicable income taxes	3	(1)	7	(13)
Comprehensive income	37,670	15,056	64,703	31,798
Less: comprehensive income attributable to redeemable noncontrolling interest	73	—	73	—
Comprehensive income attributable to Cavco common stockholders	<u>\$ 37,597</u>	<u>\$ 15,056</u>	<u>\$ 64,630</u>	<u>\$ 31,798</u>
Net income per share attributable to Cavco common stockholders				
Basic	<u>\$ 4.09</u>	<u>\$ 1.64</u>	<u>\$ 7.03</u>	<u>\$ 3.46</u>
Diluted	<u>\$ 4.06</u>	<u>\$ 1.62</u>	<u>\$ 6.97</u>	<u>\$ 3.42</u>
Weighted average shares outstanding				
Basic	<u>9,190,866</u>	<u>9,182,945</u>	<u>9,194,577</u>	<u>9,178,609</u>
Diluted	<u>9,273,136</u>	<u>9,295,409</u>	<u>9,274,440</u>	<u>9,280,080</u>

See accompanying Notes to Consolidated Financial Statements

CAVCO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Six Months Ended	
	October 2, 2021	September 26, 2020
OPERATING ACTIVITIES		
Net income	\$ 64,729	\$ 31,723
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,190	3,182
Provision for credit losses	(74)	223
Deferred income taxes	1,987	(18)
Stock-based compensation expense	2,417	2,048
Non-cash interest income, net	(770)	(2,596)
(Gain) loss on sale or retirement of property, plant and equipment, net	(41)	242
Gain on investments and sale of loans, net	(12,555)	(9,597)
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable	(3,136)	5,948
Consumer loans receivable originated	(85,370)	(82,352)
Proceeds from sales of consumer loans	101,556	80,589
Principal payments received on consumer loans receivable	6,875	6,974
Inventories	(19,980)	1,663
Prepaid expenses and other current assets	993	11,536
Commercial loans receivable	3,331	4,691
Accounts payable and accrued expenses and other current liabilities	16,935	20,353
Net cash provided by operating activities	<u>80,087</u>	<u>74,609</u>
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(4,671)	(3,773)
Payments for acquisitions, net	(151,309)	—
Proceeds from sale of property, plant and equipment	53	77
Purchases of investments	(6,251)	(4,440)
Proceeds from sale of investments	6,133	8,054
Net cash used in investing activities	<u>(156,045)</u>	<u>(82)</u>
FINANCING ACTIVITIES		
Proceeds from (payments for) exercise of stock options	2,865	(11)
Proceeds from secured financings and other	—	64
Payments on secured financings and other	(1,122)	(918)
Payments for common stock repurchases	(20,436)	—
Distributions to noncontrolling interest	(180)	—
Net cash used in financing activities	<u>(18,873)</u>	<u>(865)</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	(94,831)	73,662
Cash, cash equivalents and restricted cash at beginning of the fiscal year	339,307	255,607
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 244,476</u>	<u>\$ 329,269</u>
Supplemental disclosures of cash flow information		
Cash paid for income taxes	<u>\$ 19,127</u>	<u>\$ 7,865</u>
Cash paid for interest	<u>\$ 195</u>	<u>\$ 251</u>
Supplemental disclosures of noncash activity		
Change in GNMA loans eligible for repurchase	<u>\$ (8,830)</u>	<u>\$ 16,170</u>
Right-of-use assets recognized and operating lease obligations incurred	<u>\$ 2,205</u>	<u>\$ 5,617</u>
Fair value of assets acquired under finance leases	<u>\$ 7,398</u>	<u>\$ —</u>
Finance lease obligations incurred	<u>\$ 6,043</u>	<u>\$ —</u>

See accompanying Notes to Consolidated Financial Statements

CAVCO INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited Consolidated Financial Statements of Cavco Industries, Inc. and its subsidiaries (collectively, "we," "us," "our," the "Company" or "Cavco") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for Quarterly Reports on Form 10-Q and Article 10 of SEC Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such rules and regulations.

In the opinion of management, these financial statements include all adjustments, including normal recurring adjustments, that are necessary to fairly state the results for the periods presented. We have evaluated subsequent events after the balance sheet date through the date of the filing of this report with the SEC, and there were no disclosable subsequent events. These Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the Notes to the Consolidated Financial Statements included in our 2021 Annual Report on Form 10-K for the year ended April 3, 2021, filed with the SEC ("Form 10-K").

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying Notes. The uncertainty created by the novel coronavirus COVID-19 pandemic has made such estimates more difficult and subjective. Due to that and other uncertainties, actual results could differ from those estimates. The Consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows for the interim periods are not necessarily indicative of the results or cash flows for the full year. The Company operates on a 52-53 week fiscal year ending on the Saturday nearest to March 31st of each year. Each fiscal quarter consists of 13 weeks, with an occasional fourth quarter extending to 14 weeks, if necessary, for the fiscal year to end on the Saturday nearest to March 31st. The current fiscal year will end on April 2, 2022 and will include 52 weeks.

We operate in two segments: (1) factory-built housing, which includes wholesale and retail factory-built housing operations, and (2) financial services, which includes manufactured housing consumer finance and insurance. We design and build a wide variety of affordable manufactured homes, modular homes and park model RVs through 26 homebuilding production lines located throughout the United States, which are sold to a network of independent distributors, community owners and developers and through our 46 Company-owned retail stores. The financial services segment is comprised of a finance subsidiary, CountryPlace Acceptance Corp. ("CountryPlace"), and an insurance subsidiary, Standard Casualty Company ("Standard Casualty"). CountryPlace is an approved Federal National Mortgage Association and Federal Home Loan Mortgage Corporation seller/servicer and a Government National Mortgage Association ("GNMA") mortgage-backed securities issuer that offers conforming mortgages, non-conforming mortgages and home-only loans to purchasers of factory-built homes. Standard Casualty provides property and casualty insurance primarily to owners of manufactured homes.

On September 24, 2021, we acquired the business and certain assets and liabilities of The Commodore Corporation ("Commodore"), including its six manufacturing facilities and two wholly-owned retail locations. The results of operations are included in our Consolidated Financial Statements from the date of acquisition. See Note 21.

In addition to the below, for a description of significant accounting policies we used in the preparation of our Consolidated Financial Statements, please refer to Note 1 of the Notes to Consolidated Financial Statements included in the Form 10-K.

Redeemable Noncontrolling Interest. In fiscal year 2017, we purchased a 50% interest in Craftsman Homes, LLC and Craftsman Homes Development, LLC (collectively known as "Craftsman" or the "Entities") from a third-party ("Seller"). Craftsman is a manufactured home street retailer in Nevada with four locations selling Company and other manufacturer branded homes. They also provide general construction to setup the home property and assist with multi-home developments and multi-family dwellings.

On July 4, 2021, we entered into an agreement (the "Craftsman Purchase Agreement") with the Seller to obtain the remaining 50% ownership in Craftsman, owned by the Seller, to be purchased over time. As provided in the Craftsman Purchase Agreement, 20% of the equity of Craftsman owned by the Seller was obtained as of July 4, 2021 by us for cash and, as a result, we obtained a controlling ownership interest. We accounted for this transaction as a business combination to be achieved in stages (see Note 21) and consolidated the entities while recognizing a noncontrolling interest for the remaining Seller ownership as discussed below.

The Craftsman Purchase Agreement calls for an additional 20% of the equity of Craftsman owned by the Seller to be purchased on December 31, 2023 by us for cash. As mandatory redemption of this ownership interest is required, \$2.5 million for the fair value of this portion of the noncontrolling interest is recorded in the long-term liabilities section of the Consolidated Balance Sheet under the Secured financings and other caption. In each reporting period hereafter, until purchased by the Company, the mandatorily redeemable noncontrolling interest is adjusted to its current redemption value, based on a predetermined formula. Adjustments in the redemption value to the mandatorily redeemable noncontrolling interest are recorded to Interest expense.

After December 31, 2023, the Seller has the right to require Cavco to purchase all of Seller's remaining 10% ownership ("Put Right") for an amount specified in the Agreement that is designed to approximate fair value. Likewise, Cavco has the right to require Seller to sell their remaining 10% ownership ("Call Right") based on the same timing as described above for the Put Right. The purchase price to be payable by the Company for the purchase of Seller's remaining ownership pursuant to the exercise of the Put Right or the Call Right will be settled in cash. As redemption of this remaining ownership is not a current obligation, \$1.2 million for the initial fair value of this portion of the noncontrolling interest is classified as a temporary equity mezzanine item between liabilities and stockholders' equity in the Consolidated Balance Sheet under the Redeemable noncontrolling interest caption. The amount of income attributable to this noncontrolling interest is included in the Consolidated Statements of Comprehensive Income on the face of the Consolidated Statements of Comprehensive Income.

2. Revenue from Contracts with Customers

The following table summarizes customer contract revenues disaggregated by reportable segment and source (in thousands):

	Three Months Ended		Six Months Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Factory-built housing				
U.S. Housing and Urban Development code homes	\$ 285,947	\$ 197,723	\$ 548,337	\$ 387,169
Modular homes	31,386	20,483	58,003	41,266
Park model RVs	9,728	9,027	19,399	22,749
Other	15,033	13,734	28,638	27,873
	<u>342,094</u>	<u>240,967</u>	<u>654,377</u>	<u>479,057</u>
Financial services				
Insurance agency commissions received from third-party insurance companies	850	777	1,723	1,547
Other	16,599	16,232	33,865	32,173
	<u>17,449</u>	<u>17,009</u>	<u>35,588</u>	<u>33,720</u>
	<u>\$ 359,543</u>	<u>\$ 257,976</u>	<u>\$ 689,965</u>	<u>\$ 512,777</u>

3. Restricted Cash

Restricted cash consisted of the following (in thousands):

	October 2, 2021	April 3, 2021
Cash related to CountryPlace customer payments to be remitted to third parties	\$ 18,820	\$ 16,049
Other restricted cash	1,365	979
	<u>20,185</u>	<u>17,028</u>
Less current portion	(19,850)	(16,693)
	<u>\$ 335</u>	<u>\$ 335</u>

Corresponding amounts for customer payments to be remitted to third parties are recorded in Accounts payable.

The following table provides a reconciliation of Cash and cash equivalents and Restricted cash reported within the Consolidated Balance Sheets to the combined amounts shown on the Consolidated Statements of Cash Flows (in thousands):

	October 2, 2021	September 26, 2020
Cash and cash equivalents	\$ 224,291	\$ 312,243
Restricted cash	20,185	17,026
	<u>\$ 244,476</u>	<u>\$ 329,269</u>

4. Investments

Investments consisted of the following (in thousands):

	October 2, 2021	April 3, 2021
Available-for-sale debt securities	\$ 18,179	\$ 14,946
Marketable equity securities	16,566	17,600
Non-marketable equity investments	19,772	21,960
	<u>54,517</u>	<u>54,506</u>
Less current portion	(18,867)	(19,496)
	<u>\$ 35,650</u>	<u>\$ 35,010</u>

Investments in marketable equity securities consist of investments in the common stock of industrial and other companies. Our non-marketable equity investments include investments in community-based initiatives that buy and sell our homes and provide home-only financing to residents of certain manufactured home communities and other distribution operations.

The amortized cost and fair value of our investments in available-for-sale debt securities, by security type are shown in the table below (in thousands).

	October 2, 2021		April 3, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Residential mortgage-backed securities	\$ 2,352	\$ 2,365	\$ 2,787	\$ 2,804
State and political subdivision debt securities	7,942	8,023	7,239	7,345
Corporate debt securities	7,795	7,791	4,797	4,797
	<u>\$ 18,089</u>	<u>\$ 18,179</u>	<u>\$ 14,823</u>	<u>\$ 14,946</u>

The amortized cost and fair value of our investments in available-for-sale debt securities, by contractual maturity, are shown in the table below (in thousands). Expected maturities differ from contractual maturities as borrowers may have the right to call or prepay obligations, with or without penalties.

	October 2, 2021	
	Amortized Cost	Fair Value
Due in less than one year	\$ 1,611	\$ 1,618
Due after one year through five years	11,807	11,792
Due after five years through ten years	1,268	1,321
Due after ten years	1,051	1,083
Mortgage-backed securities	2,352	2,365
	<u>\$ 18,089</u>	<u>\$ 18,179</u>

There were no gross gains or losses realized on the sale of available-for-sale debt securities during the three and six months ended October 2, 2021. For the three and six months ended September 26, 2020, there were no gross gains realized on the sale of available-for-sale debt securities and gross losses realized were \$5,000.

Net investment gains and losses on marketable equity securities were as follows (in thousands):

	Three Months Ended		Six Months Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Marketable equity securities				
Net gain recognized during the period	\$ 243	\$ 1,251	\$ 1,939	\$ 3,281
Less: Net (gains) losses recognized on securities sold during the period	(143)	27	(279)	(6)
Unrealized gains recognized during the period on securities still held	<u>\$ 100</u>	<u>\$ 1,278</u>	<u>\$ 1,660</u>	<u>\$ 3,275</u>

5. Inventories

Inventories consisted of the following (in thousands):

	October 2, 2021	April 3, 2021
Raw materials	\$ 78,810	\$ 54,336
Work in process	27,983	19,149
Finished goods	83,601	57,749
	<u>\$ 190,394</u>	<u>\$ 131,234</u>

6. Consumer Loans Receivable

The following table summarizes consumer loans receivable (in thousands):

	October 2, 2021	April 3, 2021
Loans held for investment, previously securitized	\$ 28,631	\$ 31,949
Loans held for investment	16,207	18,690
Loans held for sale	10,253	15,587
Construction advances	7,485	13,801
	<u>62,576</u>	<u>80,027</u>
Deferred financing fees and other, net	(1,178)	(2,041)
Allowance for loan losses	<u>(2,799)</u>	<u>(3,188)</u>
	58,599	74,798
Less current portion	<u>(26,475)</u>	<u>(37,690)</u>
	<u>\$ 32,124</u>	<u>\$ 37,108</u>

The following table represents changes in the estimated allowance for loan losses, including related additions and deductions to the allowance for loan losses (in thousands):

	Three Months Ended		Six Months Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Allowance for loan losses at beginning of period	\$ 2,918	\$ 4,012	\$ 3,188	\$ 1,767
Impact of adoption of Financial Accounting Standards Board's Accounting Standards Update 2016-13 <i>Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> ("ASU 2016-13")	—	—	—	2,276
Change in estimated loan losses, net	210	(94)	(57)	67
Charge-offs	(329)	(8)	(332)	(200)
Allowance for loan losses at end of period	<u>\$ 2,799</u>	<u>\$ 3,910</u>	<u>\$ 2,799</u>	<u>\$ 3,910</u>

The consumer loans held for investment had the following characteristics:

	October 2, 2021	April 3, 2021
Weighted average contractual interest rate	8.2 %	8.3 %
Weighted average effective interest rate	8.8 %	9.3 %
Weighted average months to maturity	157	162

The following table is a consolidated summary of the delinquency status of the outstanding amortized cost of consumer loans receivable (in thousands):

	October 2, 2021	April 3, 2021
Current	\$ 59,602	\$ 76,378
31 to 60 days	110	508
61 to 90 days	2,502	21
91+ days	362	3,120
	<u>\$ 62,576</u>	<u>\$ 80,027</u>

The following tables disaggregate gross consumer loans receivable by credit quality indicator and fiscal year of origination (in thousands):

	October 2, 2021						Total
	2022	2021	2020	2019	2018	Prior	
Prime- FICO score 680 and greater	\$ 6,664	\$ 5,077	\$ 2,776	\$ 1,408	\$ 765	\$ 22,669	\$ 39,359
Near Prime- FICO score 620-679	2,247	3,445	2,175	1,856	1,354	9,978	21,055
Sub-Prime- FICO score less than 620	—	21	53	—	—	1,547	1,621
No FICO score	—	149	19	27	—	346	541
	<u>\$ 8,911</u>	<u>\$ 8,692</u>	<u>\$ 5,023</u>	<u>\$ 3,291</u>	<u>\$ 2,119</u>	<u>\$ 34,540</u>	<u>\$ 62,576</u>

	April 3, 2021						Total
	2021	2020	2019	2018	2017	Prior	
Prime- FICO score 680 and greater	\$ 18,250	\$ 3,575	\$ 1,718	\$ 971	\$ 1,959	\$ 23,375	\$ 49,848
Near Prime- FICO score 620-679	10,227	2,744	1,794	1,364	500	10,401	27,030
Sub-Prime- FICO score less than 620	348	53	—	—	84	1,579	2,064
No FICO score	576	—	28	—	—	481	1,085
	<u>\$ 29,401</u>	<u>\$ 6,372</u>	<u>\$ 3,540</u>	<u>\$ 2,335</u>	<u>\$ 2,543</u>	<u>\$ 35,836</u>	<u>\$ 80,027</u>

As of October 2, 2021, 36% of the outstanding principal balance of the consumer loans receivable portfolio was concentrated in Texas and 18% was concentrated in Florida. As of April 3, 2021, 35% of the outstanding principal balance of the consumer loans receivable portfolio was concentrated in Texas and 20% was concentrated in Florida. Other than Texas and Florida, no state had concentrations in excess of 10% of the principal balance of the consumer loans receivable as of October 2, 2021 or April 3, 2021.

Repossessed homes totaled approximately \$893,000 and \$518,000 as of October 2, 2021 and April 3, 2021, respectively, and are included in Prepaid expenses and other current assets in the Consolidated Balance Sheets. Foreclosure or similar proceedings in progress totaled approximately \$927,000 and \$1.1 million as of October 2, 2021 and April 3, 2021, respectively.

7. Commercial Loans Receivable

The commercial loans receivable balance consists of direct financing arrangements for the home product needs of our independent distributors, community owners and developers and amounts loaned by us under participation financing programs.

Commercial loans receivable, net consisted of the following (in thousands):

	October 2, 2021	April 3, 2021
Loans receivable	\$ 73,006	\$ 45,377
Allowance for loan losses	(826)	(816)
Deferred financing fees, net	(247)	(247)
	71,933	44,314
Less current portion of commercial loans receivable (including from affiliates), net	(31,601)	(19,232)
	<u>\$ 40,332</u>	<u>\$ 25,082</u>

The commercial loans receivable balance had the following characteristics:

	October 2, 2021	April 3, 2021
Weighted average contractual interest rate	6.3 %	6.4 %
Weighted average months outstanding	10	11

The following table represents changes in the estimated allowance for loan losses, including related additions and deductions to the allowance for loan losses (in thousands):

	Three Months Ended		Six Months Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Balance at beginning of period	\$ 785	\$ 828	\$ 816	\$ 393
Impact of adoption of ASU 2016-13	—	—	—	435
Change in estimated loan losses, net	41	(39)	10	(39)
Balance at end of period	<u>\$ 826</u>	<u>\$ 789</u>	<u>\$ 826</u>	<u>\$ 789</u>

As of October 2, 2021 and April 3, 2021, there were no commercial loans considered watch list or nonperforming. The following table disaggregates our commercial loans receivable by fiscal year of origination (in thousands):

	October 2, 2021						
	2022	2021	2020	2019	2018	Prior	Total
Performing	\$ 25,069	\$ 35,259	\$ 7,338	\$ 2,669	\$ 1,379	\$ 1,292	\$ 73,006

	April 3, 2021						
	2021	2020	2019	2018	2017	Prior	Total
Performing	\$ 30,627	\$ 8,677	\$ 3,206	\$ 1,864	\$ 1,003	\$ —	\$ 45,377

At October 2, 2021, there were no commercial loans 90 days or more past due that were still accruing interest and we were not aware of any potential problem loans that would have a material effect on the commercial loans receivable balance.

As of October 2, 2021, 34% of our outstanding commercial loans receivable principal balance was concentrated in Pennsylvania. As of April 3, 2021, 13% of our outstanding commercial loans receivable principal balance was concentrated in Arizona. No other state had concentrations in excess of 10% of the principal balance of the consumer loans receivable as of October 2, 2021 or April 3, 2021.

We had concentrations with one independent third-party and its affiliates that equaled 12% and 18% of the net commercial loans receivable principal balance outstanding, all of which was secured, as of October 2, 2021 and April 3, 2021.

8. Property, Plant and Equipment, net

Property, plant and equipment, net, consisted of the following (in thousands):

	October 2, 2021	April 3, 2021
Property, plant and equipment, at cost		
Land	\$ 42,407	\$ 28,314
Buildings and improvements	108,577	71,827
Machinery and equipment	45,628	34,146
	<u>196,612</u>	<u>134,287</u>
Accumulated depreciation	(40,215)	(37,493)
	<u>\$ 156,397</u>	<u>\$ 96,794</u>

Depreciation expense was \$1.4 million for each of the three month periods ending October 2, 2021 and September 26, 2020. Depreciation expense for the six months ended October 2, 2021 and September 26, 2020 was \$2.9 million and \$2.8 million, respectively. Included in the balances above are certain assets under finance leases. See Note 9 for further information.

9. Leases

We lease certain production and retail locations, office space and equipment. During the period ended October 2, 2021, we executed various lease renewals and acquired certain assets under finance leases.

The following table provides information about the financial statement classification of our lease balances reported within the Consolidated Balance Sheets as of October 2, 2021 and April 3, 2021 (in thousands):

	Classification	October 2, 2021	April 3, 2021
<u>ROU assets</u>			
Operating lease assets	Operating lease right-of-use assets	\$ 16,706	\$ 16,252
Finance lease assets	Property, plant and equipment, net ⁽¹⁾	8,352	986
Total lease assets		<u>\$ 25,058</u>	<u>\$ 17,238</u>
<u>Lease Liabilities</u>			
Current:			
Operating lease liabilities	Accrued expenses and other current liabilities	\$ 4,783	\$ 4,184
Finance lease liabilities	Current portion of secured credit facilities and other	401	71
Non-current:			
Operating lease liabilities	Operating lease liabilities	13,240	13,361
Finance lease liabilities	Secured credit facilities and other	5,923	233
Total lease liabilities		<u>\$ 24,347</u>	<u>\$ 17,849</u>

(1) Recorded net of accumulated amortization of \$149,000 and \$143,000 as of October 2, 2021 and April 3, 2021, respectively.

The present value of minimum payments for future fiscal years under non-cancelable leases as of October 2, 2021 was as follows (in thousands):

	Operating Leases	Finance Leases	Total
Remainder of 2022	\$ 2,449	\$ 206	\$ 2,655
2023	4,667	411	5,078
2024	4,121	411	4,532
2025	3,103	411	3,514
2026	3,127	387	3,514
2027	1,087	338	1,425
Thereafter	1,439	10,415	11,854
	19,993	12,579	32,572
Less amount representing interest	(1,970)	(6,255)	(8,225)
	18,023	6,324	24,347
Less current portion	(4,783)	(401)	(5,184)
	<u>\$ 13,240</u>	<u>\$ 5,923</u>	<u>\$ 19,163</u>

The following table provides information about the weighted average remaining lease terms and weighted average discount rates as of October 2, 2021:

	Remaining Lease Term (Years)	Discount Rate
Operating leases	4.9	4.5 %
Finance leases	34.9	4.5 %

10. Goodwill and Other Intangibles

Goodwill and other intangibles, net, consisted of the following (in thousands):

	October 2, 2021			April 3, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived						
Goodwill	\$ 106,487	\$ —	\$ 106,487	\$ 75,090	\$ —	\$ 75,090
Trademarks and trade names	15,680	—	15,680	8,900	—	8,900
State insurance licenses	1,100	—	1,100	1,100	—	1,100
	<u>123,267</u>	<u>—</u>	<u>123,267</u>	<u>85,090</u>	<u>—</u>	<u>85,090</u>
Finite-lived						
Customer relationships	25,400	(7,413)	17,987	11,300	(7,097)	4,203
Other	1,924	(1,287)	637	1,424	(1,264)	160
	<u>\$ 150,591</u>	<u>\$ (8,700)</u>	<u>\$ 141,891</u>	<u>\$ 97,814</u>	<u>\$ (8,361)</u>	<u>\$ 89,453</u>

Changes in the carrying amount of Goodwill were as follows for the six months ended October 2, 2021 (in thousands). See Note 21 for further information.

Balance at beginning of period	\$ 75,090
Goodwill recognized on Craftsman acquisition	3,933
Goodwill recognized on Commodore acquisition	27,464
Balance at end of period	<u>\$ 106,487</u>

Amortization expense recognized on intangible assets was \$166,000 and \$187,000 for the three months ended October 2, 2021 and September 26, 2020, respectively. Amortization expense recognized on intangible assets was \$339,000 and \$374,000 for the six months ended October 2, 2021 and September 26, 2020, respectively.

Expected amortization for future fiscal years is as follows (in thousands):

Remainder of fiscal year	\$ 1,985
2023	3,291
2024	1,749
2025	1,686
2026	1,666
2027	1,577
Thereafter	6,670

11. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	October 2, 2021	April 3, 2021
Customer deposits	\$ 49,219	\$ 41,835
Salaries, wages and benefits	44,161	37,737
Estimated warranties	25,745	18,032
Unearned insurance premiums	24,498	22,643
Accrued volume rebates	22,008	12,132
Company repurchase options on certain loans sold	17,151	25,938
Other	54,680	44,816
	<u>\$ 237,462</u>	<u>\$ 203,133</u>

12. Warranties

Activity in the liability for estimated warranties was as follows (in thousands):

	Three Months Ended		Six Months Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Balance at beginning of period	\$ 19,344	\$ 18,538	\$ 18,032	\$ 18,678
Purchase accounting additions	6,928	—	6,928	—
Charged to costs and expenses	7,994	6,232	17,119	12,579
Payments and deductions	(8,521)	(6,965)	(16,334)	(13,452)
Balance at end of period	<u>\$ 25,745</u>	<u>\$ 17,805</u>	<u>\$ 25,745</u>	<u>\$ 17,805</u>

13. Debt, Finance Lease and Mandatorily Redeemable Noncontrolling Interest Obligations

The following table summarizes debt, finance lease and mandatorily redeemable noncontrolling interest obligations (in thousands):

	October 2, 2021	April 3, 2021
Secured term loan	\$ 7,718	\$ 8,210
Finance lease obligations	6,324	304
Other secured financings	3,052	3,672
Mandatorily redeemable noncontrolling interest	2,471	—
	<u>19,565</u>	<u>12,186</u>
Less current portion	(2,260)	(1,851)
	<u>\$ 17,305</u>	<u>\$ 10,335</u>

We entered into secured credit facilities with independent third-party banks to originate and hold consumer home-only loans secured by manufactured homes, which were pledged as collateral to the facilities. Those facilities have since been converted into an amortizing loan with maturity dates starting in 2028 and payments based on a 20 or 25-year amortization period, resulting in a balloon payment due upon maturity. The outstanding balance of the converted loans was \$7.7 million as of October 2, 2021 and \$8.2 million as of April 3, 2021 with a weighted average interest rate of 4.91%.

14. Reinsurance and Insurance Loss Reserves

Certain of Standard Casualty's premiums and benefits are assumed from and ceded to other insurance companies under various reinsurance agreements. We remain obligated for amounts ceded in the event that the reinsurers do not meet their obligations.

The effects of reinsurance on premiums written and earned were as follows (in thousands):

	Three Months Ended			
	October 2, 2021		September 26, 2020	
	Written	Earned	Written	Earned
Direct premiums	\$ 6,310	\$ 6,323	\$ 4,915	\$ 5,145
Assumed premiums—nonaffiliated	8,240	7,630	7,593	7,043
Ceded premiums—nonaffiliated	(3,714)	(3,714)	(2,853)	(2,853)
	<u>\$ 10,836</u>	<u>\$ 10,239</u>	<u>\$ 9,655</u>	<u>\$ 9,335</u>

	Six Months Ended			
	October 2, 2021		September 26, 2020	
	Written	Earned	Written	Earned
Direct premiums	\$ 13,149	\$ 12,319	\$ 10,680	\$ 10,330
Assumed premiums—nonaffiliated	16,814	15,008	15,246	13,833
Ceded premiums—nonaffiliated	(7,361)	(7,361)	(6,055)	(6,055)
	<u>\$ 22,602</u>	<u>\$ 19,966</u>	<u>\$ 19,871</u>	<u>\$ 18,108</u>

Typical insurance policies written or assumed have a maximum coverage of \$300,000 per claim, of which we cede \$150,000 of the risk of loss per reinsurance. Therefore, our risk of loss is limited to \$150,000 per claim on typical policies, subject to the reinsurers meeting their obligations. After this limit, amounts are recoverable through reinsurance for catastrophic losses in excess of \$2 million per occurrence, up to a maximum of \$55 million in the aggregate for that occurrence.

Standard Casualty establishes reserves for claims and claims expense on reported and unreported claims of non-reinsured losses. The following details the activity in the reserve for the six months ended October 2, 2021 and September 26, 2020 (in thousands):

	Three Months Ended		Six Months Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Balance at beginning of period	\$ 8,348	\$ 6,730	\$ 7,451	\$ 5,582
Net incurred losses during the year	7,282	7,477	15,257	13,460
Net claim payments during the year	(8,280)	(7,320)	(15,358)	(12,155)
Balance at end of period	<u>\$ 7,350</u>	<u>\$ 6,887</u>	<u>\$ 7,350</u>	<u>\$ 6,887</u>

15. Commitments and Contingencies

Repurchase Contingencies. We are contingently liable under terms of repurchase agreements with financial institutions providing inventory financing to independent distributors of our products. These arrangements, which are customary in the industry, provide for the repurchase of products sold to distributors in the event of default by the distributor.

The maximum amount for which we were liable under such agreements approximated \$95.7 million and \$74.2 million at October 2, 2021 and April 3, 2021, respectively, without reduction for the resale value of the homes that are repurchased. We had a reserve for repurchase commitments of \$2.7 million at October 2, 2021 and \$2.3 million at April 3, 2021.

Construction-Period Mortgages. We fund construction-period mortgages through periodic advances during home construction. At the time of initial funding, we commit to fully fund the loan contract in accordance with a predetermined schedule. The total loan contract amount, less cumulative advances, represents an off-balance sheet contingent commitment to fund future advances.

Loan contracts with off-balance sheet commitments are summarized below (in thousands):

	October 2, 2021	April 3, 2021
Construction loan contract amount	\$ 22,466	\$ 37,628
Cumulative advances	(7,485)	(13,801)
	<u>\$ 14,981</u>	<u>\$ 23,827</u>

Representations and Warranties of Mortgages Sold. We sell loans to Government-Sponsored Enterprises ("GSEs") and whole-loan purchasers and finance certain loans with long-term credit facilities secured by the respective loans. In connection with these activities, we provide to GSEs and whole-loan purchasers and lenders representations and warranties related to the loans sold or financed. Upon a breach of a representation, we may be required to repurchase the loan or to indemnify a party for incurred losses. We maintain a reserve for these contingent repurchase and indemnification obligations. This reserve of \$1.2 million as of October 2, 2021 and April 3, 2021, included in Accrued expenses and other current liabilities, reflects management's estimate of probable loss. There were no claim requests that resulted in the execution of an indemnification agreement or in the repurchase of a loan during the six months ended October 2, 2021.

Interest Rate Lock Commitments. In originating loans for sale, we issue interest rate lock commitments ("IRLCs") to prospective borrowers. These IRLCs bind us to fund the approved loan at the specified rate regardless of whether interest rates or market prices for similar loans have changed between the commitment date and the closing date. As of October 2, 2021, we had outstanding IRLCs with a notional amount of \$29.5 million. During the three months ended October 2, 2021 and September 26, 2020, we recognized losses of \$5,000 and \$19,000, respectively, on outstanding IRLCs. For the six months ended October 2, 2021 and September 26, 2020, we recognized gains of \$42,000 and losses of \$144,000, respectively.

Forward Sales Commitments. We manage the risk profiles of a portion of the outstanding IRLCs and mortgage loans held for sale by entering into forward sales of mortgage-backed securities ("MBS") and whole loan sale commitments (collectively "Commitments"). As of October 2, 2021, we had \$33.5 million in outstanding Commitments. We recognized non-cash gains of \$79,000 and \$118,000 in the second quarter of 2022 and 2021, respectively. During the six months ended October 2, 2021 and September 26, 2020, we recognized losses of \$268,000 and gains of \$1.1 million, respectively.

Legal Matters. On September 2, 2021, the SEC filed a civil complaint in the United States District Court, District of Arizona, naming the Company along with the Company's former Chairman, President & Chief Executive Officer and the Company's former Chief Financial Officer, alleging violations of the antifraud and internal accounting control provisions of the Securities Exchange Act of 1934 based on trading in the shares of another company directed by the former CEO that resulted in an unrealized gain of approximately \$260,000. In the prior year, the Company recorded an accrual relating to this loss contingency. The SEC action follows an investigation that began in 2018. The Company filed a summary judgment to dismiss on November 2, 2021. While the Company cannot predict with certainty the resolution of this matter, we do not believe that this proceeding will have a material adverse effect on the Company's Consolidated Financial Statements.

We are party to certain other lawsuits in the ordinary course of business. Based on management's present knowledge of the facts and, in certain cases, advice of outside counsel, management does not believe that loss contingencies arising from pending matters are likely to have a material adverse effect on our consolidated financial position, liquidity or results of operations after taking into account any existing reserves, which reserves are included in Accrued expenses and other current liabilities in the Consolidated Balance Sheets. However, future events or circumstances will determine whether the resolution of pending or threatened litigation or claims will ultimately have a material effect on our consolidated financial position, liquidity or results of operations in any future reporting periods.

16. Stockholders' Equity and Redeemable Noncontrolling Interest

The following table represents changes in stockholders' equity attributable to Cavco's stockholders and redeemable noncontrolling interest for each quarterly period during the six months ended October 2, 2021 (dollars in thousands):

	Equity Attributable to Cavco Stockholders							Redeemable Noncontrolling Interest
	Common Stock		Treasury Stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total	
	Shares	Amount						
Balance, April 3, 2021	9,241,256	\$ 92	\$ (1,441)	\$ 253,835	\$ 431,057	\$ 97	\$ 683,640	\$ —
Net income	—	—	—	—	27,046	—	27,046	—
Other comprehensive income, net	—	—	—	—	—	(13)	(13)	—
Issuance of common stock under stock incentive plans	4,465	—	—	136	—	—	136	—
Stock-based compensation	—	—	—	1,100	—	—	1,100	—
Common stock repurchases	—	—	(12,842)	—	—	—	(12,842)	—
Balance, July 3, 2021	9,245,721	\$ 92	\$ (14,283)	\$ 255,071	\$ 458,103	\$ 84	\$ 699,067	\$ —
Initial value of noncontrolling interest upon transaction	—	—	—	—	—	—	—	1,235
Net income	—	—	—	—	37,610	—	37,610	73
Other comprehensive income, net	—	—	—	—	—	(13)	(13)	—
Issuance of common stock under stock incentive plans	29,295	1	—	2,728	—	—	2,729	—
Stock-based compensation	—	—	—	1,317	—	—	1,317	—
Common stock repurchases	—	—	(7,594)	—	—	—	(7,594)	—
Distributions	—	—	—	—	—	—	—	(180)
Balance, October 2, 2021	<u>9,275,016</u>	<u>\$ 93</u>	<u>\$ (21,877)</u>	<u>\$ 259,116</u>	<u>\$ 495,713</u>	<u>\$ 71</u>	<u>\$ 733,116</u>	<u>\$ 1,128</u>

The following table represents changes in stockholders' equity attributable to Cavco's stockholders and redeemable noncontrolling interest for each quarterly period during the six months ended September 26, 2020 (dollars in thousands):

	Equity Attributable to Cavco Stockholders							Redeemable Noncontrolling Interest
	Common Stock		Treasury Stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total	
	Shares	Amount						
Balance, March 28, 2020	9,173,242	\$ 92	\$ —	\$ 252,260	\$ 355,144	\$ 90	\$ 607,586	\$ —
Cumulative effect of implementing ASU 2016-13, net	—	—	—	—	(733)	—	(733)	—
Net income	—	—	—	—	16,674	—	16,674	—
Other comprehensive income, net	—	—	—	—	—	68	68	—
Issuance of common stock under stock incentive plans	3,822	—	—	(533)	—	—	(533)	—
Stock-based compensation	—	—	—	945	—	—	945	—
Balance, June 27, 2020	9,177,064	\$ 92	\$ —	\$ 252,672	\$ 371,085	\$ 158	\$ 624,007	\$ —
Net income	—	—	—	—	15,049	—	15,049	—
Other comprehensive income, net	—	—	—	—	—	7	7	—
Issuance of common stock under stock incentive plans	11,098	—	—	522	—	—	522	—
Stock-based compensation	—	—	—	1,103	—	—	1,103	—
Balance, September 26, 2020	<u>9,188,162</u>	<u>\$ 92</u>	<u>\$ —</u>	<u>\$ 254,297</u>	<u>\$ 386,134</u>	<u>\$ 165</u>	<u>\$ 640,688</u>	<u>\$ —</u>

17. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (dollars in thousands, except per share amounts):

	Three Months Ended		Six Months Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Net income attributable to Cavco common stockholders	<u>\$ 37,610</u>	<u>\$ 15,049</u>	<u>\$ 64,656</u>	<u>\$ 31,723</u>
Weighted average shares outstanding				
Basic	9,190,866	9,182,945	9,194,577	9,178,609
Effect of dilutive securities	82,270	112,464	79,863	101,471
Diluted	<u>9,273,136</u>	<u>9,295,409</u>	<u>9,274,440</u>	<u>9,280,080</u>
Net income per share attributable to Cavco common stockholders				
Basic	<u>\$ 4.09</u>	<u>\$ 1.64</u>	<u>\$ 7.03</u>	<u>\$ 3.46</u>
Diluted	<u>\$ 4.06</u>	<u>\$ 1.62</u>	<u>\$ 6.97</u>	<u>\$ 3.42</u>

Anti-dilutive common stock equivalents excluded from the computation of diluted earnings per share for the three months ended October 2, 2021 and September 26, 2020 were 2,808 and 20,582, respectively. Anti-dilutive common stock equivalents excluded from the computation of diluted earnings per share for the six months ended October 2, 2021 and September 26, 2020 were 5,417 and 30,182, respectively.

18. Fair Value Measurements

The book value and estimated fair value of our financial instruments were as follows (in thousands):

	October 2, 2021		April 3, 2021	
	Book Value	Estimated Fair Value	Book Value	Estimated Fair Value
Available-for-sale debt securities	\$ 18,179	\$ 18,179	\$ 14,946	\$ 14,946
Marketable equity securities	16,566	16,566	17,600	17,600
Non-marketable equity investments	19,772	19,772	21,960	21,960
Consumer loans receivable	58,599	65,641	74,798	86,209
Commercial loans receivable	71,933	70,363	44,314	42,379
Secured financings and other	(19,565)	(19,454)	(12,186)	(12,340)

See Note 19, Fair Value Measurements, and the Fair Value of Financial Instruments caption in Note 1, Summary of Significant Accounting Policies, in the Form 10-K for more information on the methodologies we use in determining fair value.

Mortgage Servicing. Mortgage Servicing Rights ("MSRs") are the rights to receive a portion of the interest coupon and fees collected from the mortgagors for performing specified mortgage servicing activities. MSRs are initially recorded at fair value.

	October 2, 2021	April 3, 2021
Number of loans serviced with MSRs	4,533	4,647
Weighted average servicing fee (basis points)	34.39	33.57
Capitalized servicing multiple	73.7 %	45.9 %
Capitalized servicing rate (basis points)	25.36	15.42
Serviced portfolio with MSRs (in thousands)	\$ 586,547	\$ 593,939
MSRs (in thousands)	\$ 1,488	\$ 916

19. Employee Benefit Plans

As part of the Commodore acquisition, we entered into a Transition Services Agreement ("TSA") with the seller whereby we lease Commodore employees from the seller while we transition them to our payroll systems. Expenses related to the TSA totaled \$1.4 million for the three and six months ended October 2, 2021.

Commodore participates in the IAM National Pension Fund, a multiemployer defined benefit plan. Participation in this plan is available to all hourly employees who are members of the participating collective bargaining unit. Once the TSA ends, we will contribute to the plan a specified amount per hour worked for each eligible employee. Benefits under this plan are based on a fixed monthly benefit rate per year of credited service. The risks of participating in this multiemployer plan differ from single-employer plans. The potential risks include, but are not limited to, the use of the Company's contributions to provide benefits to employees of other participating employers, the Company becoming obligated for other participating employers' unfunded obligations and, upon the Company's withdrawal from the plan, the Company being required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

20. Related Party Transactions

We have non-marketable equity investments in other distribution operations outside of Company-owned retail stores. In the ordinary course of business, we sell homes and lend to certain of these operations through our commercial lending programs. For the three and six months ended October 2, 2021, the total amount of sales to non-consolidated related parties was \$14.0 million and \$28.8 million, respectively. For the three and six months ended September 26, 2020, the total amount of sales to non-consolidated related parties was \$10.3 million and \$23.0 million, respectively. As of October 2, 2021, receivables from non-consolidated related parties included \$3.9 million of accounts receivable and \$3.9 million of commercial loans outstanding. As of April 3, 2021, receivables from non-consolidated related parties included \$4.7 million of accounts receivable and \$9.5 million of commercial loans outstanding.

21. Acquisitions

Craftsman Homes, LLC and Craftsman Development, LLC Acquisition

In fiscal year 2017, we purchased a 50% ownership interest in Craftsman for \$1.3 million to expand our retail presence in Nevada. At the time of the acquisition of that ownership, we concluded that we were not considered to be the primary beneficiary and therefore did not consolidate the Entities. Since the date of acquisition, we have recorded a non-marketable equity investment for the ownership, with changes to that investment for earnings and distributions from the Entities.

On July 4, 2021, we obtained an additional 20% ownership interest in the Entities utilizing the same pre-tax income multiple as the 2017 purchase. As we now have a controlling interest, we have consolidated the Entities and remeasured the Entities' assets and liabilities to fair value, including our previous equity investment of \$2.9 million in the Entities. As a result of the remeasurement, we recorded a gain of \$3.3 million in Other income, net in the Consolidated Statements of Comprehensive Income.

The purchase price on July 4, 2021 for 20% ownership was \$2.5 million, valuing the Entities at \$12.4 million. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands). Certain estimated values are not yet finalized and are subject to change, which could be significant. The allocation of the purchase price is still preliminary due to the short duration since the acquisition date and will be finalized upon completion of the analysis of the fair values of Craftsman's assets and specified liabilities. We expect to finalize these amounts as soon as possible but no later than one year from the acquisition date.

	July 4, 2021
Cash	\$ 6,466
Accounts receivable	577
Inventories	7,393
Property, plant and equipment	189
Other current assets	846
Intangible assets ⁽¹⁾	2,980
Total identifiable assets acquired	18,451
Accounts payable and accrued liabilities	10,028
Net identifiable assets acquired	8,423
Goodwill ⁽²⁾	3,933
Net assets acquired	\$ 12,356

(1) Includes \$3.0 million assigned to trademarks and trade names, which are considered indefinite lived intangible assets and are not subject to amortization.

(2) Attributable to the Factory-built housing segment, all of which will be deductible for income tax purposes.

We recorded a Redeemable noncontrolling interest for the remaining 30% ownership. As 20% of this is considered mandatorily redeemable per the Agreement, \$2.5 million for the fair value of this portion of the noncontrolling interest is recorded in the long-term liabilities section of the Consolidated Balance Sheet under the Secured financings and other caption. As we are not currently obligated for the redemption of the remaining 10% ownership, \$1.2 million for the initial fair value of this portion of the noncontrolling interest is classified as a temporary equity mezzanine item between liabilities and stockholders' equity in the Consolidated Balance Sheet under the Redeemable noncontrolling interest caption.

Since the acquisition date, Craftsman contributed Net revenue of \$4.5 million for the three and six months ended October 2, 2021. Craftsman increased consolidated Net income on the Consolidated Statements of Comprehensive Income for the three and six months ended October 2, 2021 by \$243,000. Net income from the Craftsman acquisition included required purchase accounting adjustments whereby home product inventory is recorded at fair value upon acquisition.

Commodore Homes Acquisition

On September 24, 2021, we purchased certain manufactured housing assets and assumed certain liabilities of Commodore, including its six manufacturing facilities and two wholly-owned retail locations. In addition to manufacturing, Commodore also participates in commercial lending operations with its dealers. The transaction was accounted for as a business combination and the results of operations have been included in the accompanying Consolidated Financial Statements since the date of acquisition.

The acquisition of Commodore brings beneficial geographic addition to our footprint with strong operations in the Northeast/Midwest/Mid-Atlantic markets and provides a platform for future growth, with the potential for cost and revenue synergies.

The acquisition-date fair value of the total consideration was \$156.1 million, which was paid in cash and is subject to future adjustments upon the finalization of closing financial statements. We have expensed \$2.7 million in acquisition related deal costs in Selling, general and administrative expense in the Consolidated Statements of Comprehensive Income, and have not incurred debt in connection with the purchase or subsequent operations.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands). Certain estimated values are not yet finalized and are subject to change, which could be significant. The allocation of the purchase price is still preliminary due to the short duration since the acquisition date and will be finalized upon completion of the analysis of the fair values of Commodore's assets and specified liabilities. We expect to finalize these amounts as soon as possible but no later than one year from the acquisition date.

	September 24, 2021
Cash	\$ 619
Accounts receivable	20,930
Commercial loans	30,960
Inventories	31,787
Property, plant and equipment ⁽¹⁾	57,606
Other current assets	534
Intangible assets ⁽²⁾	18,400
Total identifiable assets acquired	160,836
Accounts payable and accrued liabilities	32,249
Net identifiable assets acquired	128,587
Goodwill ⁽³⁾	27,464
Net assets acquired	\$ 156,051

- (1) Includes assets acquired under finance leases. See Note 9 for additional information.
- (2) Includes \$11.8 million assigned to customer-related intangibles, subject to a useful life of 11 years amortized on a straight-line basis; \$3.8 million assigned to trademarks and trade names, which are considered indefinite lived intangible assets and are not subject to amortization; \$2.3 million for acquired sales order backlogs that will be amortized over the period to produce the associated backlog; and \$0.5 million for a covenant not to compete from the sellers, amortized on a straight-line basis over the term of 5 years.
- (3) Attributable to the Factory-built housing segment, all of which will be deductible for income tax purposes.

Since the acquisition date, Commodore contributed Net revenue of \$4.4 million for the three and six months ended October 2, 2021. Commodore decreased consolidated Net income on the Consolidated Statements of Comprehensive Income for the three and six months ended October 2, 2021 by \$645,000. The Net loss from the Commodore acquisition included required purchase accounting adjustments whereby home product inventory is recorded at fair value upon acquisition.

Pro Forma Impact of Acquisitions. The following table presents supplemental pro forma information as if the above acquisitions occurred on March 29, 2020 (in thousands, except per share data):

	Three Months Ended		Six Months Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Net revenue	\$ 444,303	\$ 327,491	\$ 856,054	\$ 635,061
Net income attributable to Cavco common stockholders	38,331	20,665	66,161	37,494
Diluted net income per share	4.13	2.22	7.13	4.04

22. Business Segment Information

We operate principally in two segments: (1) factory-built housing, which includes wholesale and retail factory-built housing operations and (2) financial services, which includes manufactured housing consumer finance and insurance. The following table provides selected financial data by segment (in thousands):

	Three Months Ended		Six Months Ended	
	October 2, 2021	September 26, 2020	October 2, 2021	September 26, 2020
Net revenue				
Factory-built housing	\$ 342,094	\$ 240,967	\$ 654,377	\$ 479,057
Financial services	17,449	17,009	35,588	33,720
	<u>\$ 359,543</u>	<u>\$ 257,976</u>	<u>\$ 689,965</u>	<u>\$ 512,777</u>
Income before income taxes				
Factory-built housing	\$ 46,893	\$ 17,452	\$ 80,452	\$ 35,902
Financial services	2,128	2,144	4,047	5,374
	<u>\$ 49,021</u>	<u>\$ 19,596</u>	<u>\$ 84,499</u>	<u>\$ 41,276</u>
Total assets:			October 2, 2021	April 3, 2021
Factory-built housing			\$ 819,879	\$ 711,579
Financial services			236,554	240,254
			<u>\$ 1,056,433</u>	<u>\$ 951,833</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Statements in this Report on Form 10-Q include "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are often characterized by the use of words such as "believes," "estimates," "expects," "projects," "may," "will," "intends," "plans," or "anticipates," or by discussions of strategy, plans or intentions. 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; the expected effect of certain risks and uncertainties on our business, financial condition and results of operations; economic conditions and consumer confidence; operational and legal risks; how the Company may be affected by the novel coronavirus COVID-19 pandemic ("COVID-19") or any other pandemic or outbreak; labor shortages and the pricing and availability of raw materials; governmental regulations and legal proceedings; the availability of favorable consumer and wholesale manufactured home financing; market interest rates and Company investments and the ultimate outcome of our commitments and contingencies. Forward-looking statements contained in this Report on Form 10-Q speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. We do not intend to publicly update or revise any forward-looking statement contained in this Report on Form 10-Q or in any document incorporated herein by reference to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time.

Forward-looking statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, many of which are beyond our control. To the extent that our assumptions and expectations differ from actual results, our ability to meet such forward-looking statements, including the ability to generate positive cash flow from operations, may be significantly hindered. Factors that could affect our results and cause them to materially differ from those contained in the forward-looking statements include, without limitation, those discussed in Risk Factors in Part I, Item 1A of our 2021 Annual Report on Form 10-K filed with the Securities and Exchange Commission ("Form 10-K").

Introduction

The following should be read in conjunction with Cavco Industries, Inc. and its subsidiaries' (collectively, "we," "us," "our," the "Company" or "Cavco") Consolidated Financial Statements and the related Notes that appear in Item 1 of this Report. References to "Note" or "Notes" pertain to the Notes to our Consolidated Financial Statements.

Company Overview

Headquartered in Phoenix, Arizona, we design and produce factory-built housing products primarily distributed through a network of independent and Company-owned retailers, planned community operators and residential developers. We are one of the largest producers of manufactured homes in the United States, based on reported wholesale shipments. Our products are marketed under a variety of brand names including Cavco, Fleetwood, Palm Harbor, Nationwide, Fairmont, Friendship, Chariot Eagle, Destiny, Commodore, Colony, Pennwest, R-Anell, Manorwood and Midcountry. We are also one of the leading producers of park model RVs, vacation cabins and factory-built commercial structures. Our finance subsidiary, CountryPlace Acceptance Corp. ("CountryPlace"), is an approved Federal National Mortgage Association and Federal Home Loan Mortgage Corporation ("Freddie Mac") seller/servicer and a Government National Mortgage Association ("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 Company ("Standard Casualty"), provides property and casualty insurance to owners of manufactured homes.

We operate 26 homebuilding production lines located in Millersburg and Woodburn, Oregon; Riverside, California; Nampa, Idaho; Phoenix and Goodyear, Arizona; Austin, Fort Worth, Seguin and Waco, Texas; Montevideo, Minnesota; Dorchester, Wisconsin; Nappanee and Goshen, Indiana; Lafayette, Tennessee; Douglas and Moultrie, Georgia; Shipperville and Emlenton, Pennsylvania; Martinsville and Rocky Mount, Virginia; Cherryville, North Carolina; and Ocala and Plant City, Florida. The majority of the homes produced are sold to, and distributed by, independently owned and controlled retail operations located throughout the United States and Canada. In addition, our homes are sold through 46 Company-owned U.S. retail locations.

Included in the above figures are two recent acquisitions. On July 4, 2021, we purchased an additional 20% ownership in Craftsman Homes, LLC and Craftsman Homes Development, LLC (collectively known as "Craftsman") in addition to our existing 50% ownership, making us controlling owner. Craftsman is a manufactured home street retailer with four locations in Nevada selling Company and other manufacturer branded homes. They also provide general construction to setup the home property and assist with multi-home developments and multi-family dwellings. The transaction was accounted for as a business combination achieved in stages and the results of operations have been included in the accompanying Consolidated Financial Statements since the date of the acquisition of the additional 20% interest, with a reduction for the earnings of the noncontrolling shareholder.

On September 24, 2021, we purchased certain manufactured housing assets and assumed certain liabilities of The Commodore Corporation ("Commodore"), including its six manufacturing facilities and two wholly-owned retail locations. In addition to manufacturing, Commodore also participates in commercial lending operations with its dealers. The transaction was accounted for as a business combination and the results of operations have been included in the accompanying Consolidated Financial Statements since the date of acquisition.

Company and Industry Outlook

According to data reported by the Manufactured Housing Institute, industry home shipments increased 14.3% for the first 8 months of calendar year 2021 compared to the same period in the prior year, which was impacted by shutdowns related to COVID-19. However, we did not experience any significant factory shutdowns in the prior year period, in contrast to certain other industry participants.

The industry offers solutions to the affordable housing crisis and these industry shipment numbers do not represent demand; instead, they represent the industry's ability to produce in the current environment. The average price per square foot for a manufactured home is lower than a site-built home. Also, based on the relatively low cost associated with manufactured home ownership, our products have traditionally competed with rental housing's monthly payment affordability.

The two largest manufactured housing consumer demographics, young adults and those who are age 55 and older, are both growing. "First-time" and "move-up" buyers of affordable homes are historically among the largest segments of new manufactured home purchasers. Included in this group are lower-income households that are particularly affected by periods of low employment rates and underemployment. Consumer confidence is especially important among manufactured home buyers interested in our products for seasonal or retirement living.

We seek out niche market opportunities where our diverse product lines and custom building capabilities provide a competitive advantage. Our green building initiatives involve the creation of an energy efficient envelope and higher utilization of renewable materials. These homes provide environmentally-friendly maintenance requirements, typically lower utility costs and sustainability.

We maintain a conservative cost structure in an effort to build added value into our homes and we work diligently to maintain a solid financial position. Our balance sheet strength, including the position in cash and cash equivalents, helps avoid liquidity problems and enables us to act effectively as market opportunities or challenges present themselves.

We continue to make certain commercial loan programs available to members of our wholesale distribution chain. Under direct commercial loan arrangements, we provide funds for financed home purchases by distributors, community owners and developers (see Note 7 to the Consolidated Financial Statements). Our involvement in commercial loans helps to increase the availability of manufactured home financing to distributors, community owners and developers and provides additional opportunity for product exposure to potential home buyers. While these initiatives support our ongoing efforts to expand product distribution, they expose us to risks associated with the creditworthiness of this customer base and our inventory financing partners.

The lack of an efficient secondary market for manufactured home-only loans and the limited number of institutions providing such loans results in higher borrowing costs for home-only loans and continues to constrain industry growth. We work directly with other industry participants to develop secondary market opportunities for manufactured home-only loan portfolios and expand lending availability in the industry. Additionally, we continue to invest in community-based lending initiatives that provide home-only financing to new residents of certain manufactured home communities. We also develop and invest in home-only lending programs to grow sales of homes through traditional distribution points. We believe that growing our investment and participation in home-only lending may provide additional sales growth opportunities for our financial services segment, as well as provide a means that could lead to increased home sales for our factory-built housing operations.

Operational efficiencies have declined from hiring challenges, higher and largely unpredictable factory employee absenteeism and other inefficiencies from building material supply shortages. Accordingly, our total average plant capacity utilization rate was approximately 75% during the second fiscal quarter of 2022, which remains consistent with that of our first quarter of fiscal 2022.

Housing demand remains strong as well-qualified individuals continue pursuing home-ownership, bolstered by the low home loan interest rates. Home order rates are starting to gradually decline from the extreme highs we saw in the past few quarters, but still remain above pre-COVID rates, which were considered to be strong.

Our backlogs at October 2, 2021 were \$1.1 billion, up \$315 million or 39.8% compared to \$792 million at July 3, 2021, and up \$787 million or 245.4% compared to \$321 million at September 26, 2020. These increases include \$279 million attributable to the Commodore acquisition. Backlog excludes home orders that have been paused or canceled at the request of the customer.

Key housing building materials include wood and wood products, gypsum wallboard, steel, windows, appliances, insulation and other petroleum-based products. Pricing and availability of certain raw materials have recently been volatile due to a number of factors in the current environment. We continue to monitor and react to inflation in these materials by maintaining a focus on our product pricing in response to higher materials costs, but such increases may lag behind the escalation of such costs. Availability of these products has not caused a production halt in the current period, but we have experienced periodic shutdowns in other periods and shortages of primary building materials have caused production inefficiencies as we have needed to change processes in response to the delay in materials.

While it is difficult to predict the future of housing demand, employee availability, supply chain and Company performance and operations, maintaining an appropriately sized and well-trained workforce is key to increasing production to meet increased demand, and we face challenges in overcoming labor-related difficulties in the current environment to increase home production. We continually review the wage rates of our production employees, and have established other monetary incentive and benefit programs, with a goal of providing competitive compensation. We also provide leadership training to new managers and other employees in supervisory roles to enhance communication and improve the oversight and motivation of other employees, more extensively use online recruiting tools, update our recruitment brochures and improve the appearance and appeal of our manufacturing facilities to improve the recruitment and retention of qualified production employees and reduce annualized turnover rates. Regardless, we believe our ability to recruit the workforce we need to meet the overall need for affordable housing continues to improve.

In the financial services segment, we continue to assist customers in need by servicing existing loans and insurance policies and complying with state and federal regulations regarding loan forbearance, home foreclosures and policy cancellations. Certain loans serviced for investors expose us to cash flow deficits if customers do not make contractual monthly payments of principal and interest in a timely manner. For certain loans serviced for Ginnie Mae and Freddie Mac, and home-only loans serviced for certain other investors, we must remit scheduled monthly principal and/or interest payments and principal curtailments regardless of whether monthly mortgage payments are collected from borrowers. Ginnie Mae permits cash obligations on loans in forbearance from COVID-19 to be offset by other incoming cash flows from loans such as loan pre-payments. Although monthly collections of principal and interest from borrowers have exceeded scheduled principal and interest payments owed to investors, mandatory extended forbearance under the Coronavirus Aid, Relief and Economic Security Act and certain other regulations related to COVID-19 could negatively impact cash obligations in the future.

Results of Operations

Net Revenue.

	Three Months Ended		Change	
	October 2, 2021	September 26, 2020		
(\$ in thousands, except revenue per home sold)				
Factory-built housing	\$ 342,094	\$ 240,967	\$ 101,127	42.0 %
Financial services	17,449	17,009	440	2.6 %
	<u>\$ 359,543</u>	<u>\$ 257,976</u>	<u>\$ 101,567</u>	<u>39.4 %</u>
Factory-built homes sold				
by Company-owned retail sales centers	710	763	(53)	(6.9)%
to independent retailers, builders, communities & developers	2,887	2,664	223	8.4 %
	<u>3,597</u>	<u>3,427</u>	<u>170</u>	<u>5.0 %</u>
Net factory-built housing revenue per home sold	\$ 95,105	\$ 70,314	\$ 24,791	35.3 %

	Six Months Ended		Change	
	October 2, 2021	September 26, 2020		
(\$ in thousands, except revenue per home sold)				
Factory-built housing	\$ 654,377	\$ 479,057	\$ 175,320	36.6 %
Financial services	35,588	33,720	1,868	5.5 %
	<u>\$ 689,965</u>	<u>\$ 512,777</u>	<u>\$ 177,188</u>	<u>34.6 %</u>
Factory-built homes sold				
by Company-owned retail sales centers	1,433	1,515	(82)	(5.4)%
to independent retailers, builders, communities & developers	5,864	5,261	603	11.5 %
	<u>7,297</u>	<u>6,776</u>	<u>521</u>	<u>7.7 %</u>
Net factory-built housing revenue per home sold	\$ 89,678	\$ 70,699	\$ 18,979	26.8 %

In the factory-built housing segment, the increase in Net revenues was primarily due to an increase in the average sales price and the number of units sold. The higher home prices were driven by product price increases and a shift toward more multi-section homes. Home sales volume increased from higher factory capacity utilization.

Net factory-built housing revenue per home sold is a volatile metric dependent upon several factors. A primary factor is the price disparity between sales of homes to independent distributors, builders, communities and developers and sales of homes to consumers by Company-owned retail stores. Wholesale sales prices are primarily comprised of the home and the cost to ship the home from a homebuilding facility to the home-site. Retail home prices include these items and retail markup, as well as items that are largely subject to home buyer discretion, including, but not limited to, installation, utility connections, site improvements, landscaping and additional services. Our homes are constructed in one or more floor sections ("modules") which are then installed on the customer's site. Changes in the number of modules per home, the selection of different home types/models and optional home upgrades create changes in product mix, also causing fluctuations in this metric. The table below presents the mix of modules and homes sold for the three and six months ended October 2, 2021 and September 26, 2020:

	Three Months Ended					
	October 2, 2021		September 26, 2020		Change	
	Modules	Homes	Modules	Homes	Modules	Homes
U.S. Housing and Urban Development code homes	5,548	3,154	5,030	2,979	10.3 %	5.9 %
Modular homes	519	254	484	223	7.2 %	13.9 %
Park model RVs	189	189	225	225	(16.0)%	(16.0)%
	<u>6,256</u>	<u>3,597</u>	<u>5,739</u>	<u>3,427</u>	9.0 %	5.0 %
	Six Months Ended					
	October 2, 2021		September 26, 2020		Change	
	Modules	Homes	Modules	Homes	Modules	Homes
U.S. Housing and Urban Development code homes	11,200	6,430	9,911	5,844	13.0 %	10.0 %
Modular homes	987	480	950	438	3.9 %	9.6 %
Park model RVs	387	387	494	494	(21.7)%	(21.7)%
	<u>12,574</u>	<u>7,297</u>	<u>11,355</u>	<u>6,776</u>	10.7 %	7.7 %

Financial services segment revenue increased primarily due to higher volume in home loan sales and more insurance policies in force in the current year compared to the prior year, partially offset by lower interest income earned on the acquired consumer loan portfolios that continue to amortize and changes in the value of the marketable equity securities in the financial services portfolio. For the three and six months ended October 2, 2021, we recognized unrealized losses on marketable equity securities of \$0.5 million and \$0.1 million, respectively. For the three and six months ended September 26, 2020, we recognized gains of \$0.7 million and \$1.7 million, respectively.

Gross Profit.

(\$ in thousands)	Three Months Ended		Change	
	October 2, 2021	September 26, 2020		
Factory-built housing	\$ 82,299	\$ 46,155	\$ 36,144	78.3 %
Financial services	7,629	7,386	243	3.3 %
	<u>\$ 89,928</u>	<u>\$ 53,541</u>	<u>\$ 36,387</u>	<u>68.0 %</u>

Gross profit as % of Net revenue				
Consolidated	25.0 %	20.8 %	N/A	4.2 %
Factory-built housing	24.1 %	19.2 %	N/A	4.9 %
Financial services	43.7 %	43.4 %	N/A	0.3 %

(\$ in thousands)	Six Months Ended		Change	
	October 2, 2021	September 26, 2020		
Factory-built housing	\$ 148,572	\$ 93,147	\$ 55,425	59.5 %
Financial services	15,369	15,717	(348)	(2.2)%
	<u>\$ 163,941</u>	<u>\$ 108,864</u>	<u>\$ 55,077</u>	<u>50.6 %</u>

Gross profit as % of Net revenue				
Consolidated	23.8 %	21.2 %	N/A	2.6 %
Factory-built housing	22.7 %	19.4 %	N/A	3.3 %
Financial services	43.2 %	46.6 %	N/A	(3.4)%

Factory-built housing gross profit increased primarily due to increased home sales volume and higher average sales prices. We continue to monitor and react to inflation in building material prices by maintaining a focus on our product pricing; however, product price increases may lag behind the escalation of building material costs. While lumber and other lumber related product market prices have begun to decline, we have seen most other product prices increase, offsetting those declines. Gross profit as a percentage of Net revenue also increased from a shift toward more multi-section homes.

For the three months ended October 2, 2021, Financial services gross profit increased primarily due to lower weather-related claims volume, partially offset by unrealized losses on marketable equity securities. For the six months ended October 2, 2021, gross profit decreased primarily due to higher weather-related claims volume in the first quarter and unrealized losses on marketable equity securities.

Selling, General and Administrative Expenses.

(\$ in thousands)	Three Months Ended		Change	
	October 2, 2021	September 26, 2020		
Factory-built housing	\$ 40,347	\$ 30,725	\$ 9,622	31.3 %
Financial services	5,025	4,728	297	6.3 %
	<u>\$ 45,372</u>	<u>\$ 35,453</u>	<u>\$ 9,919</u>	<u>28.0 %</u>
Selling, general and administrative expenses as % of Net revenue	12.6 %	13.7 %	N/A	(1.1)%

(\$ in thousands)	Six Months Ended		Change	
	October 2, 2021	September 26, 2020		
Factory-built housing	\$ 75,844	\$ 61,462	\$ 14,382	23.4 %
Financial services	10,360	9,314	1,046	11.2 %
	<u>\$ 86,204</u>	<u>\$ 70,776</u>	<u>\$ 15,428</u>	<u>21.8 %</u>
Selling, general and administrative expenses as % of Net revenue	12.5 %	13.8 %	N/A	(1.3)%

Selling, general and administrative expenses related to factory-built housing increased between periods primarily from higher salary and incentive-based compensation expense and deal costs related to the Commodore acquisition which were \$2.1 million and \$2.4 million for the three and six months ended October 2, 2021, respectively. This was partially offset by a reduction in the amortization of the additional Director and Officer insurance premium, added in the third quarter of fiscal year 2019, which was \$2.1 million and \$4.2 million for the three and six months ended September 26, 2020, respectively, with no expense in the current year.

In Financial services, Selling, general and administrative expenses increased primarily from greater recognition of deferred origination costs on higher loan sales and higher compensation expense.

Other Components of Net Income.

(\$ in thousands)	Three Months Ended		Change	
	October 2, 2021	September 26, 2020		
Interest expense	\$ 203	\$ 194	\$ 9	4.6 %
Other income, net	4,668	1,702	2,966	174.3 %
Income tax expense	11,338	4,547	6,791	149.4 %
Effective tax rate	23.1 %	23.2 %	N/A	(0.1)%

(\$ in thousands)	Six Months Ended		Change	
	October 2, 2021	September 26, 2020		
Interest expense	\$ 367	\$ 390	\$ (23)	(5.9)%
Other income, net	7,129	3,578	3,551	99.2 %
Income tax expense	19,770	9,553	10,217	107.0 %
Effective tax rate	23.4 %	23.1 %	N/A	0.3 %

Interest expense consists primarily of debt service on the financings of manufactured home-only loans and interest related to finance leases.

Other income, net primarily consists of realized and unrealized gains and losses on corporate investments, interest income related to commercial loan receivable balances, interest income earned on cash balances and gains and losses from the sale of property, plant and equipment. During the year, we also recognized a non-cash gain of \$3.3 million on the remeasurement of the assets and liabilities of Craftsman. See Note 21 to the Consolidated Financial Statements for further information.

Liquidity and Capital Resources

We believe that cash and cash equivalents at October 2, 2021, together with cash flow from operations, will be sufficient to fund our operations and provide for growth for the next 12 months and into the foreseeable future. We maintain cash in U.S. Treasury and other money market funds, some of which are in excess of federally insured limits. We expect to continue to evaluate potential acquisitions of, or strategic investments in, businesses that are complementary to the Company, as well as other expansion opportunities. Such transactions may require the use of cash and have other impacts on our liquidity and capital resources. Because of our sufficient cash position, we have not historically sought external sources of liquidity, with the exception of certain credit facilities for the home-only lending programs. Regardless, depending on our operating results and strategic opportunities, we may need to seek additional or alternative sources of financing in the future. There can be no assurance that such financing would be available on satisfactory terms, if at all. If this financing were not available, it could be necessary for us to reevaluate our long-term operating plans to make more efficient use of our existing capital resources at such time. The exact nature of any changes to our plans that would be considered depends on various factors, such as conditions in the factory-built housing industry and general economic conditions outside of our control.

State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, the assets owned by our insurance subsidiary are generally not available to satisfy the claims of Cavco or its legal subsidiaries. We believe that stockholders' equity at the insurance subsidiary remains sufficient and do not believe that the ability to pay ordinary dividends to Cavco will be restricted per state regulations.

The following is a summary of the Company's cash flows for the six months ended October 2, 2021 and September 26, 2020, respectively:

(in thousands)	Six Months Ended		
	October 2, 2021	September 26, 2020	\$ Change
Cash, cash equivalents and restricted cash at beginning of the fiscal year	\$ 339,307	\$ 255,607	\$ 83,700
Net cash provided by operating activities	80,087	74,609	5,478
Net cash used in investing activities	(156,045)	(82)	(155,963)
Net cash used in financing activities	(18,873)	(865)	(18,008)
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 244,476</u>	<u>\$ 329,269</u>	<u>\$ (84,793)</u>

Net cash provided by operating activities increased primarily from higher net income and proceeds from consumer loan sales, which were \$101.6 million this year compared to \$80.6 million in the previous year. This increase was partially offset by rising costs of our raw materials and higher purchases of such materials, the timing of collections on accounts receivable and commercial loans receivable and payments on Accounts payable and Accrued expenses and other current liabilities.

Consumer loan originations increased \$3.0 million to \$85.4 million for the six months ended October 2, 2021 from \$82.4 million for the six months ended September 26, 2020.

We enter into commercial loan arrangements with distributors, communities and developers under which we provide funds for financing homes. In addition, we enter into commercial loan arrangements with certain distributors of our products under which we provide funds for wholesale purchases. We have also invested in community-based lending initiatives that provide home-only financing to new residents of certain manufactured home communities. For additional information regarding our commercial loans receivable, see Note 7 to the Consolidated Financial Statements. Further, we invest in and develop home-only loan pools and lending programs to attract third party financier interest in order to grow sales of new homes through traditional distribution points. Decreased lending activity provided cash of \$3.3 million while the prior period net activity provided \$4.7 million in cash.

Net cash used in investing activities consists of buying and selling debt and marketable equity securities in our Financial Services segment, purchases of property, plant and equipment and funding strategic growth acquisitions. Greater cash was used in the current period for the purchase of Craftsman and Commodore.

Net cash used in financing activities for the current period was primarily for the repurchase of common stock.

We entered into secured credit facilities with independent third-party banks to facilitate the origination of consumer home-only loans to be held for investment, secured by the manufactured homes which were subsequently pledged as collateral to the facilities. Upon completion of the draw down periods, these facilities were converted into an amortizing loan based on a 20 or 25-year amortization period with a balloon payment due upon maturity. As of October 2, 2021, the outstanding balance of the converted loans was \$7.7 million with a weighted average interest rate of 4.91%.

Contractual Commitments and Contingencies. There were no material changes to the contractual obligations as set forth in our Annual Report on Form 10-K.

Critical Accounting Policies

Except as described in Note 1 to the Consolidated Financial Statements, there have been no other significant changes to our critical accounting policies during the six months ended October 2, 2021, as compared to those disclosed in Part II, Item 7 of our Form 10-K, under the heading "Critical Accounting Policies," which provides a discussion of the critical accounting policies that management believes affect its more significant judgments and estimates used in the preparation of the Company's Consolidated Financial Statements.

Other Matters

Related Party Transactions. See Note 20 to the Consolidated Financial Statements for a discussion of our related party transactions.

Off Balance Sheet Arrangements

See Note 15 to the Consolidated Financial Statements for a discussion of our off-balance sheet commitments, which discussion is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes from the quantitative and qualitative disclosures about market risk previously disclosed in the Form 10-K.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its President and Chief Executive Officer and its Principal Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, the Company's President and Chief Executive Officer and its Principal Financial Officer concluded that, as of October 2, 2021, its disclosure controls and procedures were effective.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ended October 2, 2021 which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See the information under the "Legal Matters" caption in Note 15 to the Consolidated Financial Statements, which is incorporated herein by reference.

Item 1A. Risk Factors

In addition to the other information set forth in this Report, you should carefully consider the factors discussed in Part I, Item 1A, *Risk Factors*, in the Form 10-K, which could materially affect our business, financial condition or future results. The risks described in this Report and in the Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

On October 27, 2020, the Company's Board of Directors approved a \$100 million stock repurchase program, which was announced on a Current Report on Form 8-K filed with the Securities and Exchange Commission on October 29, 2020, and that may be used to purchase its outstanding common stock. The repurchases may be made in the open market or in privately negotiated transactions in compliance with applicable state and federal securities laws and other legal requirements. The level of repurchase activity is subject to market conditions and other investment opportunities. The repurchase program does not obligate us to acquire any particular amount of common stock and may be suspended or discontinued at any time. The repurchase program is funded using our available cash. The following table sets forth repurchases of our common stock during the second quarter of fiscal year 2022:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of the Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (in thousands)
July 4, 2021 to August 7, 2021	—	\$ —	—	\$ 85,717
August 8, 2021 to September 4, 2021	—	—	—	85,717
September 5, 2021 to October 2, 2021	30,300	250.63	30,300	78,123
	<u>30,300</u>		<u>30,300</u>	

Item 5. Other Information

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On November 2, 2021, the Company entered into a Severance Agreement with Allison K. Aden, the Company's Chief Financial Officer.

The Severance Agreement provides for certain payments and other benefits to be provided upon termination without Cause (as defined in the Severance Agreement). In the event of a qualifying termination, Ms. Aden will receive: (a) a severance payment equal to the sum of: (i) one year of her current base salary plus (ii) her annual target bonus for the year of termination; (b) a pro-rated bonus, for the period of time Ms. Aden was employed and worked during the fiscal year, equal to her annual target bonus amount as of the year of termination; and (c) COBRA benefits coverage for up to twelve (12) months following termination.

In addition, upon a termination without Cause (as defined in the Severance Agreement) during the period six months prior to or within twelve months following a Change in Control, Ms. Aden will be entitled to the payments and benefits described above and all outstanding equity awards will immediately vest in full, provided however, that any award subject to performance goals shall vest at the target levels of performance.

The payment of severance benefits described above is conditioned upon the delivery and non-revocation of a customary release and is subject to customary provisions regarding confidentiality of information.

A copy of the Severance Agreement is filed as Exhibit 10.1 to this report and is incorporated by reference herein.

Also on November 2, 2021, the Company entered into a Change in Control Agreement with certain officers of the Company, including Paul W. Bigbee, the Company's Chief Accounting Officer.

The Change in Control Agreement provides for certain payments and other benefits to be provided upon termination without Cause (as defined in the Change in Control Agreement) during the period six months prior to or within twelve months following a Change in Control (as defined in the Change in Control Agreement). In the event of a Change in Control and qualifying termination, the respective officer will receive: (a) a severance payment equal to the sum of: (i) one year of the officer's current base salary plus (ii) the annual target bonus for the year of termination; (b) a pro-rated bonus, for the period of time the officer was employed and worked during the fiscal year, equal to the officer's annual target bonus amount as of the year of termination (c) all outstanding equity awards will immediately vest in full, provided however, that any award subject to performance goals shall vest at the target levels of performance; and (d) COBRA benefits coverage for up to twelve (12) months following termination.

The payment of the severance benefits is conditioned upon the officer's execution and non-revocation of a customary release and is subject to customary provisions regarding confidentiality of information.

The form of Change in Control Agreement is filed as Exhibit 10.2 to this report and is incorporated herein by reference.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Exhibit</u>
10.1	(1) Severance Agreement, dated November 2, 2021, by and between Allison K. Aden and Cavco Industries, Inc.
10.2	(1) Form of Change in Control Agreement
10.3	(2) Asset Purchase Agreement, dated July 23, 2021, by and among Commodore Homes, LLC, The Commodore Corporation, TCC Clarion Limited Partnership, TCC Pennwest, LLC and each of the individual equityholders named therein, and Barry S. Shein, in his capacity as Sellers' representative
31.1	(1) Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Rule 13a-14(a)/15d-14(a)
31.2	(1) Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Rule 13a-14(a)/15d-14(a)
32	(3) Certification Pursuant to 18 U.S.C. 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

All other items required under Part II are omitted because they are not applicable.

(1) Filed herewith.

(2) Exhibit 10.1 to Current Report on Form 8-K filed on July 26, 2021, incorporated by reference.

(3) Furnished herewith.

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 thereunto duly authorized.

Cavco Industries, Inc.

Registrant

Signature	Title	Date
<u>/s/ William C. Boor</u> William C. Boor	Director, President and Chief Executive Officer (Principal Executive Officer)	November 5, 2021
<u>/s/ Allison K. Aden</u> Allison K. Aden	Executive Vice President, Chief Financial Officer & Treasurer (Principal Financial Officer)	November 5, 2021

SEVERANCE AGREEMENT

This **SEVERANCE AGREEMENT** (the “Agreement”) is entered into November 2, 2021 (the “Effective Date”), by and between Cavco Industries, Inc., a corporation organized under the laws of the State of Delaware (the “Company”), and Allison K. Aden (“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; and

WHEREAS, the Parties desire to set forth the terms and conditions regarding Executive’s termination of employment and the payment of any benefits associated therewith.

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. Termination of Employment. 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 2(a); (iii) by the Company for any reason not otherwise covered by clauses (i) or (ii) herein as provided in Section 2(b); or (iv) by Executive for any reason with advance written notice as provided in Section 2(e). There is no promised or contracted term of employment and either party may terminate the employment relationship at any time, subject to the following:

(a) Termination for Cause; Voluntary Termination. At any time during the Executive’s employment, (i) the Company may immediately terminate Executive’s employment for Cause, and (ii) Executive may terminate his or her employment “voluntarily.” 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 2(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 Without Cause by the Company. At any time, the Company may terminate Executive’s employment without Cause. Upon the termination of Executive’s employment pursuant to this Section 2(b), Executive shall receive the Accrued Obligations. In addition, and contingent on Executive’s timely execution and non-revocation of the release agreement detailed in Section 2(d) herein, Executive shall be entitled to the following severance benefits:

(i) Cash Severance. A cash severance payment (“Severance Payment”) equal to the sum of: (A) one (1) year of Executive’s base salary in effect as of the Executive’s Termination Date and (B) Executive’s annual target bonus amount as of the year of termination, subject to and in accordance with the terms of the Company’s Executive Leadership Team STI program. The Severance Payment shall be made during the sixty (60) day period following Executive’s Termination Date.

(ii) Bonus Payment. A pro-rated bonus payment, for the period of time Executive was actually employed and worked during the fiscal year, equal to Executive’s annual target bonus amount as of the year of termination, subject to and in accordance with the terms of the Company’s Executive Leadership Team STI program. Payment of this pro-rated bonus will be made to Executive at the same time payment would have been paid had the Executive’s employment not been terminated.

(iii) 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 Termination Date (or until such earlier time as Executive obtains other health care coverage and/or 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 cash payment equal to the gross amount of the applicable COBRA Premiums, including any taxed amounts. No payments will be made after the first anniversary of the Executive’s Termination Date.

(c) Termination Due to Change in Control. When there is a Change in Control *and* Executive’s employment is terminated by the Company without Cause as a direct result of the Change in Control 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, contingent on Executive’s timely execution of the release agreement detailed in Section 2(d) herein, 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 2(b):

(i) Cash Severance. A cash severance payment (“Severance Payment”) equal to the sum of: (A) one (1) year of Executive’s base salary in effect as of the Executive’s Termination Date and (B) Executive’s annual target bonus amount as of the year of termination, subject to and in accordance with the terms of the Company’s Executive Leadership Team STI program. The Severance Payment shall be made during the sixty (60) day period following Executive’s Termination Date.

(ii) Bonus Payment. A pro-rated bonus payment, for the period of time Executive was actually employed and worked during the fiscal year, equal to Executive’s annual target bonus amount as of the year of termination, subject to and in accordance with the terms of the Company’s Executive Leadership Team STI program. Payment of this pro-rated bonus will be made to Executive at the same time payment would have been paid had the Executive’s employment not been terminated.

(iii) Any Awards awarded to Executive that remain outstanding as of the date of termination shall immediately vest in full, if not previously vested, and shall remain exercisable as provided in the Stock Incentive Plan, provided that any Award subject to performance goals shall vest at the target levels of performance (regardless of the otherwise applicable vesting or exercise schedules or performance goals provided for under the applicable Award Agreement).

(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 obtains other health care coverage and/or 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 cash payment equal to the gross amount of the applicable COBRA Premiums, including any taxed amounts. No such payments will be made after the first anniversary of the Executive’s Termination Date.

(d) Release Agreement. Payment and/or provision of any severance benefits pursuant to Sections 2(b) or 2(c) of this Agreement is contingent on 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 B (the “Release”). The Release must be executed (and not revoked) by Executive within the time specified in the Release (the “Release Period”).

(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 2. 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.

3. Miscellaneous.

(a) Executive’s Representations. Executive hereby represents and warrants to the Company that 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.

(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. This Agreement shall be binding upon, enforceable by, and insure to the benefit of the Company, and its personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees, but neither this Agreement, nor any

rights, payments or obligations arising hereunder may be assigned, pledged, transferred, or hypothecated by Executive.

(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 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; and (ii) 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.
3636 North Central Avenue, Suite 1200
Phoenix, AZ 85012

Attention: President & CEO

(e) Governing Law and 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 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, Phoenix, 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. This Agreement and its payments and benefits are intended to comply with (or be exempt from) the requirements of Code Section 409A and will be interpreted and administered in accordance with such intention. In the event this Agreement or any benefit paid to Executive hereunder is deemed to be subject to Code Section 409A, Executive consents to the Company adopting such conforming amendments or taking such actions as the Company deems necessary, in its discretion (and without an obligation to do so), to comply with Code Section 409A and avoid the imposition of taxes under Code Section 409A. While it is intended that all payments and benefits provided under this Agreement to Executive will be exempt from or comply with Code Section 409A, the Company makes no representation or covenant to ensure that the payments under this Agreement are exempt from or compliant with Code Section 409A. The Company will have no liability to Executive or any other person if any amounts paid or payable are subject to the additional tax and/or penalties and/or interest under Code Section 409A.

(i) Notwithstanding anything herein to the contrary, 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 the Termination Date (or the earliest date otherwise permitted under Section 409A). In the event that payments under this Agreement are deferred pursuant to this subclause (i) 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 subclause (i) without any interest thereon.

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

(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) 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.

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

Company

Cavco Industries, Inc.

By: /s/ William C. Boor

Name: William C. Boor

Title: President & Chief Executive Officer

Executive

/s/ Allison K. Aden

Allison K. Aden

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): Executive’s base salary (calculated as of the time of termination), 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. “Act” shall mean the Securities and Exchange Act of 1934, as amended.

3. “Award” shall mean a Cash Award, Option, Restricted Stock Award, or Stock Unit Award as defined in the Stock Incentive Plan.

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

5. “Cause” shall mean the occurrence of one or more of the following: (i) Executive’s malfeasance, or gross misconduct, or 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 failure to perform duties under this Agreement, after written/email notice to Executive of such failure 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 written/email notice to the Executive of such failure/impedance/interference 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 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.

6. “Change in Control” shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Act, whether or not the Company is then subject to such reporting requirement; provided, that, without limitation, such a change in control shall be deemed to have occurred if:

(a) a third person, including a “Group” as defined in Section 13(d)(3) of the Act, becomes the beneficial owner of Shares having fifty (50) percent or more of the total number of votes that may be cast for the election of Directors; or

(b) as a result of, or in connection with, a contested election for Directors, persons who were Directors immediately before such election shall cease to constitute a majority of the Board.

(c) The Company transfers all or substantially all of its assets to another person or entity.

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

8. “Director” shall mean an individual who is a member of the Board.

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

10. “Share” shall mean a share of Cavco Industries common stock, par value \$.01, and any share or shares of capital stock or other securities of Cavco Industries hereafter issued or issuable upon, in respect of or in substitution or in exchange for each present share. Such shares may be unissued or reacquired shares, as the Board, in its sole and absolute discretion, shall from time to time determine.

11. “Stock Incentive Plan” shall mean the Company 2005 Stock Incentive Plan as amended and approved by Company stockholders.

12. “Termination Date” shall mean the last date on which Executive is carried on the Company’s payroll as an employee.

EXHIBIT B

FORM OF RELEASE OF CLAIMS

This Release of Claims (“Agreement”) is made and entered into by Allison K. Aden (“Employee”) and Cavco Industries, Inc. (the “Company”) on the date set forth below.

WHEREAS, Employee and the Company entered into a Severance Agreement dated November 5, 2021 (“Severance Agreement”); and

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

NOW, THEREFORE, in consideration of the promises and payments set forth in the Severance Agreement, to which Employee is not otherwise entitled, 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 and present shareholders, parents, subsidiaries, and affiliates, joint venturers, and other current or former related entities thereof, and all of the past and present 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 Severance Agreement and subject to Paragraph 4 of this Agreement, Employee, on behalf of himself/herself, his or her 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 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 Severance Agreement, claims which may not be released as matter of law, or claims which arise under the terms of this Agreement or after the date on which Employee signs 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, 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 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 Employee has been provided a copy of this Agreement, has signed this Agreement voluntarily, and with full knowledge of its consequences. In addition, 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 Employee;

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

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

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

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

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

g. Employee shall not be entitled to receive any severance benefits unless this Agreement is timely executed and returned to the Company on or by the end of the Review Period and there is no revocation during the revocation period described in Section 3(f) ("Revocation Period"); and

h. Employee may not sign this Agreement until after Employee's 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 Parties agree and acknowledge that the release and waiver set forth above shall not prevent Employee from participating in or cooperating with any local, state or federal agency, including the Equal Employment Opportunity Commission ("EEOC"), the National Labor Relations Board ("NLRB"), or the Securities and Exchange Commission ("SEC") investigation or charge of discrimination. The Parties further agree and acknowledge that nothing in the Agreement prevents or prohibits Employee from reporting to or filing a charge of discrimination with a local, state or federal agency, including the EEOC, NLRB or SEC. Employee understands that Employee has waived and released any and all claims for money damages and equitable relief that 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. Employee also understands, however, that this Agreement does not limit Employee'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. This Agreement also does not limit 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 Employee has under an ERISA pension benefit plan(s).

6. **Medicare:** Employee affirms, covenants, and warrants Employee 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 Employee is a Medicare beneficiary, etc.), the following sentences (i.e., the remaining sentences of this paragraph) apply. Employee affirms, covenants, and warrants Employee 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, 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. Employee agrees and affirms that, to the best of Employee's knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. 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. **Confidentiality and Non-Disclosure.** Employee agrees and acknowledges that the Company has developed Confidential Information (as defined below) at great time and expense and further agrees that the Company has provided Employee with access to Confidential Information and specialized training. Employee covenants and agrees that, except to the extent Confidential Information becomes known to the general public other than by breach of Employee's obligations: (a) Employee shall keep strictly confidential and not disclose to any person not employed by the Company any Confidential Information; and (b) Employee shall not use for Employee or for any other person or entity any Confidential Information.

"Confidential Information" means all confidential proprietary or business information related to the Company's Business that was furnished to, obtained by, or created by Employee during Employee's employment with the Company and which could be used to harm or compete against the Company. Confidential Information includes, by way of illustration, such information relating to: (a) the Company's formulae and processes used to calculate and negotiate prices to be charged customers; (b) employee performance metrics and other personnel information; (c) the Company's customers, including customer lists, preferences, contact information, and billing histories; (d) the Company's finances, including financial statements, balance sheets, sales data, forecasts, and cost analyses; (e) the Company's plans and projections for business opportunities for new or developing business, including marketing concepts and business plans; (f) the Company's research and development activities, technical data, computer files, and software; and (g) the Company's operating methods, business processes and techniques, services, products, prices, costs, service performance, and operating results.

Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation or order. Except as otherwise provided by law, Employee shall provide written notice of any such order to an authorized officer of the Company within 24 hours of receiving such order where possible, but in any event sufficiently in advance of making any disclosure to permit the Company to contest the order or seek confidentiality protections, as determined in the Company's sole discretion.

8. **Return of Company Property.** Employee agrees to immediately return to Company all of Company's property in Employee's possession, regardless of the type or medium upon which it is maintained, including, but not limited to, employee information, customer lists, mailing lists, account information, price lists, pricing information, any phone cards, phones, cellular phones, computers, business plans and strategies, financial data or reports, memoranda, correspondence, software, contract terms, compensation plans, and any other documents pertaining to the business of the Company, or its customers or vendors, and any other documents, writings and materials that Employee came to possess or otherwise acquired as a result of and/or in connection with Employee's association with the Company. Employee further represents and warrants that Employee has not retained any copies, electronic or otherwise, of such property. Should Employee later find any Company property in Employee's possession, Employee agrees to return it immediately.

9. **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, Phoenix, Arizona.

10. **Severability.** If a court of competent jurisdiction determines that any provision of this Agreement is invalid, illegal, or incapable of being enforced, then the Parties request that such court or panel modify such provision by “blue-penciling,” reforming or otherwise modifying the provision in order to render such provision not invalid, illegal or incapable of being enforced and then enforce the provision as modified. The Parties further agree that each provision of this Agreement is severable from each other provision of this Agreement

11. **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.

12. **The Employee’s Representations:** Employee warrants that Employee is over the age of eighteen (18) and competent to sign this Agreement; that in signing this Agreement Employee is not relying on any statement or representation by the Company that is not contained in this Agreement, but is relying upon Employee’s judgment and/or that of 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 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. Employee further represents and certifies that 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.

13. **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.

14. **Headings.** Section, paragraph and other captions or headings contained in this agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or otherwise describe the scope or intent of this Agreement or any provision hereof and shall not affect in any way the meaning or interpretation of this Agreement.

15. **Execution in Counterparts.** This Agreement may be executed in one or more counterparts, none of which need to contain the signatures of each of the parties hereto and each of which shall be deemed an original.

ACCEPTED AND AGREED:

ALLISON K. ADEN

Date

CAVCO INDUSTRIES, INC.

By: _____

Its: _____

Date: _____

**FORM OF
CHANGE IN CONTROL AGREEMENT**

This **CHANGE IN CONTROL AGREEMENT** (the “Agreement”) is entered into _____ (the “Effective Date”), by and between Cavco Industries, Inc., a corporation organized under the laws of the State of Delaware (the “Company”), and _____ (“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; and

WHEREAS, in the event of a Change in Control, the Parties desire to set forth the terms and conditions regarding Executive’s termination of employment and the payment of any benefits associated therewith.

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. **Termination Due to Change in Control**. When there is a Change in Control *and* Executive’s employment is terminated by the Company without Cause as a direct result of the Change in Control 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, contingent on Executive’s timely execution of the release agreement detailed in Section 2(a) herein, Executive will be entitled to the following Change in Control severance benefits:

(i) **Cash Severance**. A cash severance payment (“Severance Payment”) equal to the sum of: (A) one (1) year of Executive’s base salary in effect as of the Executive’s Termination Date and (B) Executive’s annual target bonus amount as of the year of termination, subject to and in accordance with the terms of the Company’s Executive Leadership Team STI program. The Severance Payment shall be made during the sixty (60) day period following Executive’s Termination Date.

(ii) **Bonus Payment**. A pro-rated bonus payment, for the period of time Executive was actually employed and worked during the fiscal year, equal to Executive’s annual target bonus amount as of the year of termination, subject to and in accordance with the terms of the Company’s Executive Leadership Team STI program. Payment of this pro-rated bonus will be made to Executive at the same time payment would have been paid had the Executive’s employment not been terminated.

(iii) Any Awards awarded to Executive that remain outstanding as of the date of termination shall immediately vest in full, if not previously vested, and shall remain exercisable as provided in the Stock Incentive Plan, provided that any Award subject to performance goals shall vest at the target levels of performance (regardless of the otherwise applicable vesting or exercise schedules or performance goals provided for under the applicable Award Agreement).

(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, dental and vision plans for a period of up to twelve (12) months following the Executive’s termination of employment (or until such earlier time as Executive obtains other health care coverage and/or 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 cash payment equal to the gross amount of the applicable COBRA Premiums, including any taxed amounts. No such payments will be made after the first anniversary of the Executive’s Termination Date.

(a) Release Agreement. Payment and/or provision of any severance benefits pursuant to Section 2 of this Agreement is contingent on 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 B (the “Release”). The Release must be executed (and not revoked) by Executive within the time specified in the Release (the “Release Period”).

(b) Notice of Termination. Any purported termination of Executive’s employment by the Company shall be communicated by written notice of termination to the Executive.

3. Miscellaneous.

(a) Executive’s Representations. Executive hereby represents and warrants to the Company that 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.

(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. This Agreement shall be binding upon, enforceable by, and insure to the benefit of the Company, and its personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees, but neither this Agreement, nor any rights, payments or obligations arising hereunder may be assigned, pledged, transferred, or hypothecated by Executive.

(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 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; and (ii) notices sent by registered mail shall be deemed given two (2) days after the date of deposit in the mail.

(e) Governing Law and 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 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, Phoenix, 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. This Agreement and its payments and benefits are intended to comply with (or be exempt from) the requirements of Code Section 409A and will be interpreted and administered in accordance with such intention. In the event this Agreement or any benefit paid to Executive hereunder is deemed to be subject to Code Section 409A, Executive consents to the Company adopting such conforming amendments or taking such actions as the Company deems necessary, in its discretion (and without an obligation to do so), to comply with Code Section 409A and avoid the imposition of taxes under Code Section 409A. While it is intended that all payments and benefits provided under this Agreement to Executive will be exempt from or comply with Code Section 409A, the Company makes no representation or covenant to ensure that the payments under this Agreement are exempt from or compliant with Code Section 409A. The Company will have no liability to Executive or any other person if any amounts paid or payable are subject to the additional tax and/or penalties and/or interest under Code Section 409A.

(i) Notwithstanding anything herein to the contrary, 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 the Termination Date (or the earliest date otherwise permitted under Section 409A). In the event that payments under this Agreement are deferred pursuant to this subclause (i) 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 subclause (i) without any interest thereon.

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

(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) 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.

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

Company

Cavco Industries, Inc.

By: _____

Name: _____

Title: President & Chief Executive Officer

Executive

[Name]

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): Executive’s base salary (calculated as of the time of termination), 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. “Act” shall mean the Securities and Exchange Act of 1934, as amended.
3. “Award” shall mean a Cash Award, Option, Restricted Stock Award, or Stock Unit Award (performance or otherwise) as defined in the Stock Incentive Plan.
4. “Board” shall mean the Company’s board of directors.
5. “Cause” shall mean the occurrence of one or more of the following: (i) Executive’s malfeasance, or gross misconduct, or 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 failure to perform duties under this Agreement, after written/email notice to Executive of such failure 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 written/email notice to the Executive of such failure/impedance/interference 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 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.
6. “Change in Control” shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Act, whether or not the Company is then subject to such reporting requirement; provided, that, without limitation, such a change in control shall be deemed to have occurred if:
 - (a) a third person, including a “Group” as defined in Section 13(d)(3) of the Act, becomes the beneficial owner of Shares having fifty (50) percent or more of the total number of votes that may be cast for the election of Directors; or
 - (b) as a result of, or in connection with, a contested election for Directors, persons who were Directors immediately before such election shall cease to constitute a majority of the Board.
 - (c) The Company transfers all or substantially all of its assets to another person or entity.
7. “Code” shall mean the Internal Revenue Code of 1986, as amended.

8. “Director” shall mean an individual who is a member of the Board.

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

10. “Share” shall mean a share of Cavco Industries common stock, par value \$.01, and any share or shares of capital stock or other securities of Cavco Industries hereafter issued or issuable upon, in respect of or in substitution or in exchange for each present share. Such shares may be unissued or reacquired shares, as the Board, in its sole and absolute discretion, shall from time to time determine.

11. “Stock Incentive Plan” shall mean the Company’s 2005 Stock Incentive Plan as amended and approved by Company stockholders.

12. “Termination Date” shall mean the last date on which Executive is carried on the Company’s payroll as an employee.

EXHIBIT B

FORM OF RELEASE OF CLAIMS

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

WHEREAS, Employee and the Company entered into a Change in Control Agreement dated _____ (“Change in Control Agreement”); and

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

NOW, THEREFORE, in consideration of the promises and payments set forth in the Change in Control Agreement, to which Employee is not otherwise entitled, 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 and present shareholders, parents, subsidiaries, and affiliates, joint venturers, and other current or former related entities thereof, and all of the past and present 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 Change in Control Agreement and subject to Paragraph 4 of this Agreement, Employee, on behalf of himself/herself, his or her 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 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 Change in Control Agreement, claims which may not be released as matter of law, or claims which arise under the terms of this Agreement or after the date on which Employee signs 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, 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 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 Employee has been provided a copy of this Agreement, has signed this Agreement voluntarily, and with full knowledge of its consequences. In addition, 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 Employee;

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

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

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

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

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

g. Employee shall not be entitled to receive any severance benefits unless this Agreement is timely executed and returned to the Company on or by the end of the Review Period and there is no revocation during the revocation period described in Section 3(f) (“Revocation Period”); and

h. Employee may not sign this Agreement until after Employee’s 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 Parties agree and acknowledge that the release and waiver set forth above shall not prevent Employee from participating in or cooperating with any local, state or federal agency, including the Equal Employment Opportunity Commission (“EEOC”), the National Labor Relations Board (“NLRB”), or the Securities and Exchange Commission (“SEC”) investigation or charge of discrimination. The Parties further agree and acknowledge that nothing in the Agreement prevents or prohibits Employee from reporting to or filing a charge of discrimination with a local, state or federal agency, including the EEOC, NLRB or SEC. Employee understands that Employee has waived and released any and all claims for money damages and equitable relief that 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. Employee also understands, however, that this Agreement does not limit Employee’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. This Agreement also does not limit 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 Employee has under an ERISA pension benefit plan(s).

6. **Medicare:** Employee affirms, covenants, and warrants Employee 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 Employee is a Medicare beneficiary, etc.), the following sentences (i.e., the remaining sentences of this paragraph) apply. Employee affirms, covenants, and warrants Employee 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, 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. Employee agrees and affirms that, to the best of Employee’s knowledge, no liens of any governmental entities, including those for Medicare conditional payments, exist. 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. **Confidentiality and Non-Disclosure.** Employee agrees and acknowledges that the Company has developed Confidential Information (as defined below) at great time and expense and further agrees that the Company has provided Employee with access to Confidential Information and specialized training. Employee covenants and agrees that, except to the extent Confidential Information becomes known to the general public other than by breach of Employee's obligations: (a) Employee shall keep strictly confidential and not disclose to any person not employed by the Company any Confidential Information; and (b) Employee shall not use for Employee or for any other person or entity any Confidential Information.

"Confidential Information" means all confidential proprietary or business information related to the Company's Business that was furnished to, obtained by, or created by Employee during Employee's employment with the Company and which could be used to harm or compete against the Company. Confidential Information includes, by way of illustration, such information relating to: (a) the Company's formulae and processes used to calculate and negotiate prices to be charged customers; (b) employee performance metrics and other personnel information; (c) the Company's customers, including customer lists, preferences, contact information, and billing histories; (d) the Company's finances, including financial statements, balance sheets, sales data, forecasts, and cost analyses; (e) the Company's plans and projections for business opportunities for new or developing business, including marketing concepts and business plans; (f) the Company's research and development activities, technical data, computer files, and software; and (g) the Company's operating methods, business processes and techniques, services, products, prices, costs, service performance, and operating results.

Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation or order. Except as otherwise provided by law, Employee shall provide written notice of any such order to an authorized officer of the Company within 24 hours of receiving such order where possible, but in any event sufficiently in advance of making any disclosure to permit the Company to contest the order or seek confidentiality protections, as determined in the Company's sole discretion.

8. **Return of Company Property.** Employee agrees to immediately return to Company all of Company's property in Employee's possession, regardless of the type or medium upon which it is maintained, including, but not limited to, employee information, customer lists, mailing lists, account information, price lists, pricing information, any phone cards, phones, cellular phones, computers, business plans and strategies, financial data or reports, memoranda, correspondence, software, contract terms, compensation plans, and any other documents pertaining to the business of the Company, or its customers or vendors, and any other documents, writings and materials that Employee came to possess or otherwise acquired as a result of and/or in connection with Employee's association with the Company. Employee further represents and warrants that Employee has not retained any copies, electronic or otherwise, of such property. Should Employee later find any Company property in Employee's possession, Employee agrees to return it immediately.

9. **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, Phoenix, Arizona.

10. **Severability.** If a court of competent jurisdiction determines that any provision of this Agreement is invalid, illegal, or incapable of being enforced, then the Parties request that such court or panel modify such provision by “blue-penciling,” reforming or otherwise modifying the provision in order to render such provision not invalid, illegal or incapable of being enforced and then enforce the provision as modified. The Parties further agree that each provision of this Agreement is severable from each other provision of this Agreement

11. **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.

12. **The Employee’s Representations:** Employee warrants that Employee is over the age of eighteen (18) and competent to sign this Agreement; that in signing this Agreement Employee is not relying on any statement or representation by the Company that is not contained in this Agreement, but is relying upon Employee’s judgment and/or that of 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 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. Employee further represents and certifies that 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.

13. **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.

14. **Headings.** Section, paragraph and other captions or headings contained in this agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or otherwise describe the scope or intent of this Agreement or any provision hereof and shall not affect in any way the meaning or interpretation of this Agreement.

15. **Execution in Counterparts.** This Agreement may be executed in one or more counterparts, none of which need to contain the signatures of each of the parties hereto and each of which shall be deemed an original.

ACCEPTED AND AGREED:

[Name]

Date

CAVCO INDUSTRIES, INC.

By: _____

Its: _____

Date: _____

Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, William C. Boor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cavco Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 5, 2021

By: /s/ William C. Boor
William C. Boor
President and Chief Executive Officer
(Principal Executive Officer)

Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Allison K. Aden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cavco Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 5, 2021

By: /s/ Allison K. Aden
Allison K. Aden
Executive Vice President, Chief Financial
Officer & Treasurer
(Principal Financial Officer)

Certification Pursuant to 18 U.S.C. 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Cavco Industries, Inc. (the “Registrant”) on Form 10-Q for the period ending October 2, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, William C. Boor and Allison K. Aden, President and Chief Executive Officer and Executive Vice President, Chief Financial Officer & Treasurer, respectively, of the Registrant, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

November 5, 2021

/s/ William C. Boor

William C. Boor

President and Chief Executive Officer
(Principal Executive Officer)

/s/ Allison K. Aden

Allison K. Aden

Executive Vice President, Chief Financial Officer
& Treasurer
(Principal Financial Officer)