
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 December 30, 2023

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

56-2405642

(State or other jurisdiction of incorporation or organization)

(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)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	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 the 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 January 26, 2024, 8,346,618 shares of the registrant's Common Stock, \$0.01 par value, were outstanding.

CAVCO INDUSTRIES, INC.
FORM 10-Q
December 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Consolidated Balance Sheets as of December 30, 2023 (unaudited) and April 1, 2023</u>	<u>1</u>
<u>Consolidated Statements of Comprehensive Income (unaudited) for the three and nine months ended December 30, 2023 and December 31, 2022</u>	<u>2</u>
<u>Consolidated Statements of Cash Flows (unaudited) for the nine months ended December 30, 2023 and December 31, 2022</u>	<u>3</u>
<u>Notes to Consolidated Financial Statements (unaudited)</u>	<u>4</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>28</u>
<u>Item 4. Controls and Procedures</u>	<u>29</u>
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>30</u>
<u>Item 1A. Risk Factors</u>	<u>30</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>30</u>
Item 3. Not applicable	
Item 4. Not applicable	
<u>Item 5. Other Information</u>	<u>31</u>
<u>Item 6. Exhibits</u>	<u>32</u>
<u>SIGNATURES</u>	<u>33</u>

PART 1. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	December 30, 2023	April 1, 2023
ASSETS	(Unaudited)	
Current assets		
Cash and cash equivalents	\$ 352,808	\$ 271,427
Restricted cash, current	13,215	11,728
Accounts receivable, net	70,501	89,347
Short-term investments	16,819	14,978
Current portion of consumer loans receivable, net	11,855	17,019
Current portion of commercial loans receivable, net	48,817	43,414
Current portion of commercial loans receivable from affiliates, net	2,135	640
Inventories	236,649	263,150
Prepaid expenses and other current assets	80,248	92,876
Total current assets	<u>833,047</u>	<u>804,579</u>
Restricted cash	585	335
Investments	16,099	18,639
Consumer loans receivable, net	24,279	27,129
Commercial loans receivable, net	38,836	53,890
Commercial loans receivable from affiliates, net	2,784	4,033
Property, plant and equipment, net	224,216	228,278
Goodwill	120,744	114,547
Other intangibles, net	28,613	29,790
Operating lease right-of-use assets	37,393	26,755
Total assets	<u>\$ 1,326,596</u>	<u>\$ 1,307,975</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 23,928	\$ 30,730
Accrued expenses and other current liabilities	247,244	262,661
Total current liabilities	<u>271,172</u>	<u>293,391</u>
Operating lease liabilities	33,285	21,678
Other liabilities	7,651	7,820
Deferred income taxes	5,788	7,581
Redeemable noncontrolling interest	—	1,219
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 9,381,147 and 9,337,125 shares, respectively; Outstanding 8,345,812 and 8,665,324 shares, respectively	94	93
Treasury stock, at cost; 1,035,335 and 671,801 shares, respectively	(262,072)	(164,452)
Additional paid-in capital	277,847	271,950
Retained earnings	993,193	869,310
Accumulated other comprehensive loss	(362)	(615)
Total stockholders' equity	<u>1,008,700</u>	<u>976,286</u>
Total liabilities, redeemable noncontrolling interest and stockholders' equity	<u>\$ 1,326,596</u>	<u>\$ 1,307,975</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		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Net revenue	\$ 446,769	\$ 500,603	\$ 1,374,674	\$ 1,666,333
Cost of sales	343,718	368,635	1,046,787	1,232,042
Gross profit	103,051	131,968	327,887	434,291
Selling, general and administrative expenses	63,312	58,904	186,498	191,934
Income from operations	39,739	73,064	141,389	242,357
Interest income	5,234	3,581	15,664	6,746
Interest expense	(842)	(216)	(1,365)	(610)
Other (expense) income, net	(224)	(348)	557	(291)
Income before income taxes	43,907	76,081	156,245	248,202
Income tax expense	(7,920)	(16,492)	(32,274)	(54,721)
Net income	35,987	59,589	123,971	193,481
Less: net income attributable to redeemable noncontrolling interest	—	65	88	239
Net income attributable to Cavco common stockholders	<u>\$ 35,987</u>	<u>\$ 59,524</u>	<u>\$ 123,883</u>	<u>\$ 193,242</u>
Comprehensive income				
Net income	\$ 35,987	\$ 59,589	\$ 123,971	\$ 193,481
Reclassification adjustment for securities sold	293	(13)	299	(19)
Applicable income tax (expense) benefit	(62)	3	(63)	4
Net change in unrealized position of investments held	13	107	22	(412)
Applicable income tax (expense) benefit	(3)	(23)	(5)	86
Comprehensive income	36,228	59,663	124,224	193,140
Less: comprehensive income attributable to redeemable noncontrolling interest	—	65	88	239
Comprehensive income attributable to Cavco common stockholders	<u>\$ 36,228</u>	<u>\$ 59,598</u>	<u>\$ 124,136</u>	<u>\$ 192,901</u>
Net income per share attributable to Cavco common stockholders				
Basic	<u>\$ 4.31</u>	<u>\$ 6.71</u>	<u>\$ 14.47</u>	<u>\$ 21.72</u>
Diluted	<u>\$ 4.27</u>	<u>\$ 6.66</u>	<u>\$ 14.34</u>	<u>\$ 21.55</u>
Weighted average shares outstanding				
Basic	<u>8,358,389</u>	<u>8,870,565</u>	<u>8,561,209</u>	<u>8,897,405</u>
Diluted	<u>8,432,471</u>	<u>8,936,075</u>	<u>8,640,288</u>	<u>8,969,104</u>

See accompanying Notes to Consolidated Financial Statements

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

	Nine Months Ended	
	December 30, 2023	December 31, 2022
OPERATING ACTIVITIES		
Net income	\$ 123,971	\$ 193,481
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	13,854	12,174
Provision for credit losses	(121)	(659)
Deferred income taxes	(1,861)	3,225
Stock-based compensation expense	4,698	4,855
Non-cash interest income, net	(1,230)	(527)
Loss (gain) on sale or retirement of property, plant and equipment, net	186	(116)
Gain on investments and sale of loans, net	(5,958)	(6,647)
Distributions of earnings from equity method investments	—	4,306
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable	18,161	15,988
Consumer loans receivable originated	(74,306)	(135,552)
Proceeds from sales of consumer loans receivable	81,752	146,050
Principal payments received on consumer loans receivable	5,480	7,206
Inventories	51,182	28,513
Prepaid expenses and other current assets	9,909	(16,525)
Commercial loans receivable originated	(83,509)	(71,183)
Principal payments received on commercial loans receivable	87,591	61,605
Accounts payable, accrued expenses and other liabilities	(23,695)	(16,075)
Net cash provided by operating activities	<u>206,104</u>	<u>230,119</u>
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(13,237)	(40,850)
Payments for acquisitions, net	(19,702)	—
Proceeds from sale of property, plant and equipment	4,514	406
Purchases of investments	(7,408)	(10,198)
Proceeds from sale of investments	9,290	9,230
Return of invested capital from equity method investments	—	12,213
Net cash used in investing activities	<u>(26,543)</u>	<u>(29,199)</u>
FINANCING ACTIVITIES		
Payments for taxes on stock option exercises and releases of equity awards	(1,898)	(1,072)
Proceeds from exercise of stock options	3,098	1,591
Payments on finance leases and other secured financings	(442)	(549)
Payments for common stock repurchases	(96,781)	(73,230)
Distributions to noncontrolling interest	(420)	(600)
Net cash used in financing activities	<u>(96,443)</u>	<u>(73,860)</u>
Net increase in cash, cash equivalents and restricted cash	83,118	127,060
Cash, cash equivalents and restricted cash at beginning of the fiscal year	283,490	259,334
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 366,608</u>	<u>\$ 386,394</u>
Supplemental disclosures of cash flow information		
Cash paid for income taxes	<u>\$ 28,776</u>	<u>\$ 71,137</u>
Cash paid for interest	<u>\$ 612</u>	<u>\$ 430</u>
Supplemental disclosures of noncash activity		
Change in GNMA loans eligible for repurchase	<u>\$ (3,812)</u>	<u>\$ (2,914)</u>
Right-of-use assets recognized and operating lease obligations incurred	<u>\$ 14,743</u>	<u>\$ 3,535</u>
Non-cash consideration for acquisitions	<u>\$ 5,430</u>	<u>\$ —</u>

See accompanying Notes to Consolidated Financial Statements

CAVCO INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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 addition, references throughout to numbered "Notes" refer to these Notes to Consolidated Financial Statements (Unaudited), unless otherwise stated.

In the opinion of management, these financial statements include all adjustments, including normal recurring adjustments, which are necessary to fairly state the results for the periods presented. Certain prior period amounts have been reclassified including from Other (expense) income, net to Interest income to conform to current period classification. 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 2023 Annual Report on Form 10-K for the year ended April 1, 2023, 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 accompanying Notes. Due to uncertainties, actual results could differ from the estimates and assumptions used in preparation of the Consolidated Financial Statements. 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 March 30, 2024 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 29 homebuilding production lines located throughout the United States and two production lines in Mexico. We distribute our homes through a large network of independent distribution points in 48 states and Canada as well as 73 Company-owned U.S. retail stores, of which 43 are located in Texas. 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.

During fiscal 2023, we completed the acquisition of Solitaire Inc. and other related entities (collectively "Solitaire Homes"), including their four manufacturing facilities and twenty-two retail locations by acquiring 100% of the outstanding stock of Solitaire Homes. The results of operations are included in our Consolidated Financial Statements from the date of acquisition. See Note 21, Acquisition.

At December 30, 2023 we have a 70% interest in Craftsman Homes, LLC and Craftsman Homes Development, LLC (collectively "Craftsman"). On September 28, 2023, we executed an amendment to the Membership Interest Purchase Agreement (the "Agreement") for Craftsman to acquire the remaining 30% interest in Craftsman for cash on December 31, 2023. An additional amendment was signed in December 2023 to move the acquisition date to January 1, 2024. As the entire 30% is mandatorily redeemable, the value attributed to this noncontrolling interest at December 30, 2023 is included in Accrued expenses and other current liabilities on the Consolidated Balance Sheets at fair value. On January 1, 2024 we acquired the remaining 30% interest in Craftsman for cash.

On November 15, 2023, the Company acquired certain assets and liabilities of Kentucky Dream Homes, LLC, a manufactured home retailer with locations in Kentucky and Florida. The results of operations are included in our Consolidated Financial Statements from the date of acquisition. See Note 21, Acquisition

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.

2. Revenue from Contracts with Customers

The following table summarizes Net revenue disaggregated by reportable segment and source (in thousands):

	Three Months Ended		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Factory-built housing				
Home sales	\$ 400,633	\$ 455,459	\$ 1,250,417	\$ 1,555,236
Delivery, setup and other revenues	26,306	25,734	67,697	58,156
	<u>426,939</u>	<u>481,193</u>	<u>1,318,114</u>	<u>1,613,392</u>
Financial services				
Insurance agency commissions received from third-party insurance companies	1,229	887	3,145	3,313
All other sources	18,601	18,523	53,415	49,628
	<u>19,830</u>	<u>19,410</u>	<u>56,560</u>	<u>52,941</u>
	<u>\$ 446,769</u>	<u>\$ 500,603</u>	<u>\$ 1,374,674</u>	<u>\$ 1,666,333</u>

3. Cash and Cash Equivalents and Restricted Cash

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 in the Consolidated Statements of Cash Flows (in thousands):

	December 30, 2023	April 1, 2023
Cash and cash equivalents	\$ 352,808	\$ 271,427
Restricted cash, current	13,215	11,728
Restricted cash	585	335
	<u>\$ 366,608</u>	<u>\$ 283,490</u>

4. Investments

Investments consisted of the following (in thousands):

	December 30, 2023	April 1, 2023
Available-for-sale debt securities	\$ 19,207	\$ 18,555
Marketable equity securities	8,788	9,989
Non-marketable equity investments	4,923	5,073
	<u>32,918</u>	<u>33,617</u>
Less short-term investments	(16,819)	(14,978)
	<u>\$ 16,099</u>	<u>\$ 18,639</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 other retail distribution operations and community-based initiatives.

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):

	December 30, 2023		April 1, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Residential mortgage-backed securities	\$ 1,888	\$ 1,836	\$ 2,567	\$ 2,488
State and political subdivision debt securities	5,652	5,515	6,023	5,769
Corporate debt securities	12,124	11,856	10,745	10,298
	<u>\$ 19,664</u>	<u>\$ 19,207</u>	<u>\$ 19,335</u>	<u>\$ 18,555</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.

	December 30, 2023	
	Amortized Cost	Fair Value
Due in less than one year	\$ 7,585	\$ 7,453
Due after one year through five years	9,804	9,532
Due after five years through ten years	—	—
Due after ten years	387	386
Mortgage-backed securities	1,888	1,836
	<u>\$ 19,664</u>	<u>\$ 19,207</u>

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

	Three Months Ended		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Marketable equity securities				
Net gain (loss) recognized during the period	\$ 776	\$ 707	\$ 1,051	\$ (1,868)
Less: Net (gain) loss recognized on securities sold during the period	(235)	(107)	(365)	183
Unrealized gain (loss) recognized during the period on securities still held	\$ 541	\$ 600	\$ 686	\$ (1,685)

5. Inventories

Inventories consisted of the following (in thousands):

	December 30, 2023	April 1, 2023
Raw materials	\$ 80,630	\$ 92,045
Work in process	25,969	29,022
Finished goods	130,050	142,083
	<u>\$ 236,649</u>	<u>\$ 263,150</u>

6. Consumer Loans Receivable

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

	December 30, 2023	April 1, 2023
Loans held for investment, previously securitized	\$ 18,001	\$ 21,000
Loans held for investment	12,901	13,117
Loans held for sale	6,236	10,846
Construction advances	464	706
	<u>37,602</u>	<u>45,669</u>
Deferred financing fees and other, net	(362)	(368)
Allowance for loan losses	(1,106)	(1,153)
	<u>36,134</u>	<u>44,148</u>
Less current portion	(11,855)	(17,019)
	<u>\$ 24,279</u>	<u>\$ 27,129</u>

The consumer loans held for investment had the following characteristics:

	December 30, 2023	April 1, 2023
Weighted average contractual interest rate	8.0 %	8.2 %
Weighted average effective interest rate	8.6 %	8.8 %
Weighted average months to maturity	173	150

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

	December 30, 2023	April 1, 2023
Current	\$ 35,403	\$ 43,252
31 to 60 days	951	1,247
61 to 90 days	311	213
91+ days	937	957
	<u>\$ 37,602</u>	<u>\$ 45,669</u>

The following table disaggregates the outstanding principal balance of consumer loans receivable by credit quality indicator and fiscal year of origination (in thousands):

	December 30, 2023						
	2024	2023	2022	2021	2020	Prior	Total
Prime- FICO score 680 and greater	\$ 5,628	\$ 329	\$ 97	\$ 985	\$ 1,914	\$ 15,413	\$ 24,366
Near Prime- FICO score 620-679	744	—	—	1,208	949	9,146	12,047
Sub-Prime- FICO score less than 620	—	—	—	18	49	803	870
No FICO score	—	—	—	—	—	319	319
	<u>\$ 6,372</u>	<u>\$ 329</u>	<u>\$ 97</u>	<u>\$ 2,211</u>	<u>\$ 2,912</u>	<u>\$ 25,681</u>	<u>\$ 37,602</u>

	April 1, 2023						
	2023	2022	2021	2020	2019	Prior	Total
Prime- FICO score 680 and greater	\$ 9,471	\$ 185	\$ 1,051	\$ 1,982	\$ 1,191	\$ 16,601	\$ 30,481
Near Prime- FICO score 620-679	1,695	—	1,012	1,131	1,550	8,244	13,632
Sub-Prime- FICO score less than 620	84	—	19	51	—	1,033	1,187
No FICO score	—	—	—	—	24	345	369
	<u>\$ 11,250</u>	<u>\$ 185</u>	<u>\$ 2,082</u>	<u>\$ 3,164</u>	<u>\$ 2,765</u>	<u>\$ 26,223</u>	<u>\$ 45,669</u>

As of December 30, 2023, 42% of the outstanding principal balance of the consumer loans receivable portfolio was concentrated in Texas and 14% was concentrated in Florida. As of April 1, 2023, 44% of the outstanding principal balance of the consumer loans receivable portfolio was concentrated in Texas and 13% was concentrated in Florida. Other than Texas and Florida, no state had concentrations in excess of 10% of the outstanding principal balance of the consumer loans receivable as of December 30, 2023 or April 1, 2023.

Repossessed homes totaled approximately \$0.8 million and \$1.1 million as of December 30, 2023 and April 1, 2023, respectively, and are included in Prepaid expenses and other current assets in the Consolidated Balance Sheets. Homes undergoing foreclosure or similar proceedings in progress totaled approximately \$0.4 million and \$0.5 million as of December 30, 2023 and April 1, 2023, 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.

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

	December 30, 2023	April 1, 2023
Loans receivable	\$ 94,178	\$ 103,726
Allowance for loan losses	(1,423)	(1,586)
Deferred financing fees, net	(183)	(163)
	<u>92,572</u>	<u>101,977</u>
Less current portion of commercial loans receivable (including from affiliates), net	(50,952)	(44,054)
	<u><u>\$ 41,620</u></u>	<u><u>\$ 57,923</u></u>

The commercial loans receivable balance had the following characteristics:

	December 30, 2023	April 1, 2023
Weighted average contractual interest rate	6.5 %	7.6 %
Weighted average months outstanding	11	9

Nonperforming status includes loans accounted for on a non-accrual basis and accruing loans with principal payments 90 days or more past due. As of December 30, 2023 and April 1, 2023, there were no commercial loans considered nonperforming. The following table disaggregates the outstanding principal balance of our commercial loans receivable by fiscal year of origination (in thousands):

	December 30, 2023						
	2024	2023	2022	2021	2020	Prior	Total
Performing	\$ 48,598	\$ 34,344	\$ 6,522	\$ 2,462	\$ 1,478	\$ 774	\$ 94,178

	April 1, 2023						
	2023	2022	2021	2020	2019	Prior	Total
Performing	\$ 80,193	\$ 16,028	\$ 4,071	\$ 2,203	\$ 1,231	\$ —	\$ 103,726

As of December 30, 2023 and April 1, 2023, 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 December 30, 2023, we had concentrations of our outstanding principal balance of the commercial loans receivable balance in New York of 15% and California of 16%. As of April 1, 2023, 18% of our outstanding principal balance of the commercial loans receivable balance was in New York. No other state had concentrations in excess of 10% of the outstanding principal balance of the commercial loans receivable as of December 30, 2023 or April 1, 2023.

As of December 30, 2023 and April 1, 2023, one independent third-party and its affiliates comprised 14% and 12%, respectively, of the net commercial loans receivable principal balance outstanding, all of which was secured.

8. Property, Plant and Equipment, net

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

	December 30, 2023	April 1, 2023
Property, plant and equipment, at cost		
Buildings and improvements	\$ 170,423	\$ 167,291
Machinery and equipment	78,496	76,826
Land	39,822	39,822
Construction in progress	7,913	5,472
	<u>296,654</u>	<u>289,411</u>
Accumulated depreciation	(72,438)	(61,133)
	<u>\$ 224,216</u>	<u>\$ 228,278</u>

Depreciation expense for the three and nine months ended December 30, 2023 was \$4.2 million and \$12.7 million, respectively. Depreciation expense for the three and nine months ended December 31, 2022 was \$3.4 million and \$10.7 million, respectively.

9. Leases

We lease certain production and retail locations, office space and equipment. The following table provides information about the financial statement classification of our lease balances reported within the Consolidated Balance Sheets as of December 30, 2023 and April 1, 2023 (in thousands):

	Classification	December 30, 2023	April 1, 2023
<u>ROU assets</u>			
Operating lease assets	Operating lease right-of-use ("ROU") assets	\$ 37,393	\$ 26,755
Finance lease assets	Property, plant and equipment, net ⁽¹⁾	6,351	6,088
Total lease assets		<u>\$ 43,744</u>	<u>\$ 32,843</u>
<u>Lease Liabilities</u>			
Current:			
Operating lease liabilities	Accrued expenses and other current liabilities	\$ 5,305	\$ 6,262
Finance lease liabilities	Accrued expenses and other current liabilities	79	347
Non-current:			
Operating lease liabilities	Operating lease liabilities	33,285	21,678
Finance lease liabilities	Other liabilities	6,107	5,896
Total lease liabilities		<u>\$ 44,776</u>	<u>\$ 34,183</u>

(1) Recorded net of accumulated amortization of \$0.4 million and \$0.3 million as of December 30, 2023 and April 1, 2023, respectively.

The present value of future minimum payments under non-cancelable leases as of December 30, 2023 was as follows (in thousands):

	Operating Leases	Finance Leases	Total
Remainder of fiscal 2024	\$ 1,688	\$ 89	\$ 1,777
Fiscal 2025	7,035	356	7,391
Fiscal 2026	6,980	356	7,336
Fiscal 2027	4,545	356	4,901
Fiscal 2028	3,649	356	4,005
Fiscal 2029	3,456	356	3,812
Thereafter	20,276	10,230	30,506
	<u>47,629</u>	<u>12,099</u>	<u>59,728</u>
Less: Amount representing interest	(9,039)	(5,913)	(14,952)
	<u>\$ 38,590</u>	<u>\$ 6,186</u>	<u>\$ 44,776</u>

10. Goodwill and Other Intangibles, net

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

	December 30, 2023			April 1, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived						
Goodwill	\$ 120,744	\$ —	\$ 120,744	\$ 114,547	\$ —	\$ 114,547
Trademarks and trade names	16,980	—	16,980	16,980	—	16,980
State insurance licenses	1,100	—	1,100	1,100	—	1,100
	<u>138,824</u>	<u>—</u>	<u>138,824</u>	<u>132,627</u>	<u>—</u>	<u>132,627</u>
Finite-lived						
Customer relationships	15,000	(4,965)	10,035	16,900	(5,818)	11,082
Other	1,114	(616)	498	1,114	(486)	628
	<u>\$ 154,938</u>	<u>\$ (5,581)</u>	<u>\$ 149,357</u>	<u>\$ 150,641</u>	<u>\$ (6,304)</u>	<u>\$ 144,337</u>

Changes to Goodwill for the nine months ended December 30, 2023 were as follows (in thousands):

Goodwill beginning of the period	\$ 114,547
Solitaire Goodwill adjustments (1)	1,137
Kentucky Dream Homes (1)	4,591
Other immaterial acquisition	469
	<u>\$ 120,744</u>

(1) See Note 21, Acquisitions

Amortization expense recognized on intangible assets for the three and nine months ended December 30, 2023 was \$0.4 million and \$1.2 million, respectively. Amortization expense recognized on intangible assets for the three and nine months ended December 31, 2022 was \$0.5 million and \$1.5 million, respectively. Customer relationships have a weighted average remaining life of 7.1 years and other finite lived intangibles have a weighted average remaining life of 2.8 years.

Expected future amortization is as follows (in thousands):

Remainder of fiscal year 2024	\$	392
Fiscal 2025		1,530
Fiscal 2026		1,488
Fiscal 2027		1,415
Fiscal 2028		1,299
Fiscal 2029		1,265
Thereafter		3,144
	<u>\$</u>	<u>10,533</u>

11. Accrued Expenses and Other Current Liabilities

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

	December 30, 2023	April 1, 2023
Salaries, wages and benefits	\$ 41,023	\$ 47,100
Customer deposits	40,698	45,193
Estimated warranties	32,822	31,368
Unearned insurance premiums	30,192	27,901
Accrued volume rebates	25,086	22,858
Accrued self-insurance	13,671	11,467
Other	63,752	76,774
	<u>\$ 247,244</u>	<u>\$ 262,661</u>

12. Warranties

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

	Three Months Ended		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Balance at beginning of period	\$ 33,015	\$ 30,841	\$ 31,368	\$ 26,250
Charged to costs and expenses	11,341	12,036	36,956	40,663
Payments and deductions	(11,534)	(11,931)	(35,502)	(35,967)
Balance at end of period	<u>\$ 32,822</u>	<u>\$ 30,946</u>	<u>\$ 32,822</u>	<u>\$ 30,946</u>

13. Other Liabilities

The following table summarizes secured financings and other obligations (in thousands):

	December 30, 2023	April 1, 2023
Finance lease liabilities	\$ 6,186	\$ 6,243
Mandatorily redeemable noncontrolling interest	2,796	2,268
Other secured financing	1,942	2,379
	10,924	10,890
Less current portion included in Accrued expenses and other current liabilities	(3,273)	(3,070)
	<u>\$ 7,651</u>	<u>\$ 7,820</u>

14. Debt

We are party to a Credit Agreement (the "Credit Agreement") that expires in 2027 with Bank of America, N.A., providing for a \$50 million revolving credit facility (the "Revolving Credit Facility"), which may be increased up to an aggregate amount of \$100 million.

As of December 30, 2023 and April 1, 2023, there were no borrowings outstanding under the Revolving Credit Facility and we were in compliance with all covenants.

15. 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			
	December 30, 2023		December 31, 2022	
	Written	Earned	Written	Earned
Direct premiums	\$ 11,135	\$ 10,693	\$ 7,454	\$ 7,529
Assumed premiums—nonaffiliated	8,430	8,459	7,709	8,358
Ceded premiums—nonaffiliated	(6,406)	(6,406)	(4,413)	(4,413)
	<u>\$ 13,159</u>	<u>\$ 12,746</u>	<u>\$ 10,750</u>	<u>\$ 11,474</u>

	Nine Months Ended			
	December 30, 2023		December 31, 2022	
	Written	Earned	Written	Earned
Direct premiums	\$ 31,581	\$ 28,740	\$ 22,350	\$ 21,917
Assumed premiums—nonaffiliated	27,735	25,880	25,555	24,526
Ceded premiums—nonaffiliated	(18,971)	(18,971)	(13,056)	(13,056)
	<u>\$ 40,345</u>	<u>\$ 35,649</u>	<u>\$ 34,849</u>	<u>\$ 33,387</u>

Typical insurance policies written or assumed have a maximum coverage of \$0.4 million per claim, of which we cede \$0.2 million of the risk of loss per reinsurance. Therefore, our risk of loss is limited to \$0.2 million 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 \$3.0 million per occurrence, up to a maximum of \$100 million in the aggregate for that occurrence.

Standard Casualty establishes reserves for claims and claims expense on reported and incurred but not reported ("IBNR") claims of non-reinsured losses. The following details the activity in the reserve for the three and nine months ended December 30, 2023 and December 31, 2022 (in thousands):

	Three Months Ended		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Balance at beginning of period	\$ 9,154	\$ 7,790	\$ 10,939	\$ 8,149
Net incurred losses during the period	9,489	8,464	29,152	25,050
Net claim payments during the period	(9,189)	(7,163)	(30,637)	(24,108)
Balance at end of period	<u>\$ 9,454</u>	<u>\$ 9,091</u>	<u>\$ 9,454</u>	<u>\$ 9,091</u>

16. Commitments and Contingencies

Repurchase Contingencies. The maximum amount for which the Company was liable under the terms of repurchase agreements with financial institutions that provide inventory financing to independent distributors of our products approximated \$116 million and \$178 million at December 30, 2023 and April 1, 2023, respectively, without reduction for the estimated resale value of the homes. During the third quarter of fiscal 2024, we received one repurchase demand notice for three homes. During the nine months ended December 30, 2023, we received three repurchase demand notices covering nine homes, of which six homes had been repurchased by period end. In all cases, the estimated fair value exceeded the repurchase price so no loss reserve was deemed necessary. Our reserve for repurchase commitments, recorded in Accrued expenses and other current liabilities, was \$2.7 million at December 30, 2023 and \$5.2 million at April 1, 2023.

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

	December 30, 2023	April 1, 2023
Construction loan contract amount	\$ 1,361	\$ 2,214
Cumulative advances	(464)	(706)
	<u>\$ 897</u>	<u>\$ 1,508</u>

Representations and Warranties of Mortgages Sold. The reserve for contingent repurchases and indemnification obligations was \$0.6 million as of December 30, 2023 and \$0.7 million as of April 1, 2023, included in Accrued expenses and other current liabilities on the Consolidated Balance Sheets. There were no claim requests that resulted in the repurchase of any loans during the nine months ended December 30, 2023 or December 31, 2022.

Interest Rate Lock Commitments ("IRLCs"). As of December 30, 2023 and April 1, 2023, we had outstanding IRLCs with a notional amount of \$24.1 million and \$64.9 million, respectively. For the three and nine months ended December 30, 2023, we recognized insignificant non-cash gains and losses, respectively, on outstanding IRLCs. For the three and nine months ended December 31, 2022, we recognized insignificant non-cash gains on outstanding IRLCs.

Forward Sales Commitments. As of December 30, 2023 and April 1, 2023, we had \$0.8 million and \$1.6 million in outstanding forward sales commitments ("Commitments"), respectively. During the three and nine months ended December 30, 2023, we recognized insignificant non-cash losses. During the three and nine months ended December 31, 2022, we recognized non-cash losses of \$0.2 million and \$0.3 million, respectively, relating to our Commitments.

Legal Matters. We are party to certain 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 on the Consolidated Balance Sheets. However, future events or circumstances that may currently be unknown to management will determine whether the resolution of pending or threatened litigation or claims will ultimately have a material effect on our consolidated financial position, liquidity or results of operations in any future reporting periods.

17. Stockholders' Equity and Redeemable Noncontrolling Interest

The following table represents changes in stockholders' equity attributable to Cavco's stockholders and redeemable noncontrolling interest during the nine months ended December 30, 2023 (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 (loss)	Total	
	Shares	Amount						
Balance, April 1, 2023	9,337,125	\$ 93	\$(164,452)	\$ 271,950	\$ 869,310	\$ (615)	\$ 976,286	\$ 1,219
Net income	—	—	—	—	46,357	—	46,357	54
Other comprehensive loss, net	—	—	—	—	—	(42)	(42)	—
Issuance of common stock under stock incentive plans, net	10,095	—	—	(1,213)	—	—	(1,213)	—
Stock-based compensation	—	—	—	1,438	—	—	1,438	—
Distributions	—	—	—	—	—	—	—	(120)
Valuation adjustment	—	—	—	—	—	—	—	(33)
Balance, July 1, 2023	9,347,220	93	(164,452)	272,175	915,667	(657)	1,022,826	1,120
Net income	—	—	—	—	41,539	—	41,539	34
Other comprehensive income, net	—	—	—	—	—	54	54	—
Issuance of common stock under stock incentive plans, net	9,201	1	—	478	—	—	479	—
Stock-based compensation	—	—	—	1,551	—	—	1,551	—
Common stock repurchases	—	—	(47,194)	—	—	—	(47,194)	—
Distributions	—	—	—	—	—	—	—	(180)
Conversion to mandatorily redeemable noncontrolling interest	—	—	—	—	—	—	—	(974)
Balance, September 30, 2023	9,356,421	94	(211,646)	274,204	957,206	(603)	1,019,255	—
Net income	—	—	—	—	35,987	—	35,987	—
Other comprehensive income, net	—	—	—	—	—	241	241	—
Issuance of common stock under stock incentive plans, net	24,726	—	—	1,934	—	—	1,934	—
Stock-based compensation	—	—	—	1,709	—	—	1,709	—
Common stock repurchases	—	—	(50,426)	—	—	—	(50,426)	—
Balance, December 30, 2023	<u>9,381,147</u>	<u>\$ 94</u>	<u>\$(262,072)</u>	<u>\$ 277,847</u>	<u>\$ 993,193</u>	<u>\$ (362)</u>	<u>\$1,008,700</u>	<u>\$ —</u>

The following table represents changes in stockholders' equity attributable to Cavco's stockholders and redeemable noncontrolling interest during the nine months ended December 31, 2022 (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 (loss)	Total	
	Shares	Amount						
Balance, April 2, 2022	9,292,278	\$ 93	\$ (61,040)	\$ 263,049	\$ 628,756	\$ (403)	\$ 830,455	\$ 825
Net income	—	—	—	—	59,602	—	59,602	92
Other comprehensive loss, net	—	—	—	—	—	(112)	(112)	—
Issuance of common stock under stock incentive plans, net	5,957	—	—	(848)	—	—	(848)	—
Stock-based compensation	—	—	—	1,425	—	—	1,425	—
Common stock repurchases	—	—	(38,960)	—	—	—	(38,960)	—
Distributions	—	—	—	—	—	—	—	(240)
Balance, July 2, 2022	9,298,235	93	(100,000)	263,626	688,358	(515)	851,562	677
Net income	—	—	—	—	74,116	—	74,116	82
Other comprehensive loss, net	—	—	—	—	—	(303)	(303)	—
Issuance of common stock under stock incentive plans, net	15,917	—	—	1,457	—	—	1,457	—
Stock-based compensation	—	—	—	2,100	—	—	2,100	—
Distributions	—	—	—	—	—	—	—	(240)
Valuation adjustment	—	—	—	—	—	—	—	407
Balance, October 1, 2022	9,314,152	93	(100,000)	267,183	762,474	(818)	928,932	926
Net income	—	—	—	—	59,524	—	59,524	65
Other comprehensive income, net	—	—	—	—	—	74	74	—
Issuance of common stock under stock incentive plans, net	5,548	—	—	(90)	—	—	(90)	—
Stock-based compensation	—	—	—	1,330	—	—	1,330	—
Common stock repurchases	—	—	(34,270)	—	—	—	(34,270)	—
Distributions	—	—	—	—	—	—	—	(120)
Valuation adjustment	—	—	—	—	—	—	—	61
Balance, December 31, 2022	<u>9,319,700</u>	<u>\$ 93</u>	<u>\$ (134,270)</u>	<u>\$ 268,423</u>	<u>\$ 821,998</u>	<u>\$ (744)</u>	<u>\$ 955,500</u>	<u>\$ 932</u>

18. 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		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Net income attributable to Cavco common stockholders	\$ 35,987	\$ 59,524	\$ 123,883	\$ 193,242
Weighted average shares outstanding				
Basic	8,358,389	8,870,565	8,561,209	8,897,405
Effect of dilutive securities	74,082	65,510	79,079	71,699
Diluted	8,432,471	8,936,075	8,640,288	8,969,104
Net income per share attributable to Cavco common stockholders				
Basic	\$ 4.31	\$ 6.71	\$ 14.47	\$ 21.72
Diluted	\$ 4.27	\$ 6.66	\$ 14.34	\$ 21.55
Anti-dilutive common stock equivalents excluded	—	930	316	776

19. Fair Value Measurements

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

	December 30, 2023		April 1, 2023	
	Book Value	Estimated Fair Value	Book Value	Estimated Fair Value
Available-for-sale debt securities	\$ 19,207	\$ 19,207	\$ 18,555	\$ 18,555
Marketable equity securities	8,788	8,788	9,989	9,989
Non-marketable equity investments	4,923	4,923	5,073	5,073
Consumer loans receivable	36,134	41,661	44,148	50,686
Commercial loans receivable	92,572	78,191	101,977	97,106
Other secured financing	(1,942)	(1,894)	(2,379)	(2,332)

See Note 20, 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 recorded at fair value in Prepaid expenses and other current assets on the Consolidated Balance Sheets.

	December 30, 2023	April 1, 2023
Number of loans serviced with MSRs	3,894	4,070
Weighted average servicing fee (basis points)	34.79	34.71
Capitalized servicing multiple	187.1 %	98.99 %
Capitalized servicing rate (basis points)	65.10	34.36
Serviced portfolio with MSRs (in thousands)	\$ 491,887	\$ 520,458
MSRs (in thousands)	\$ 3,202	\$ 1,788

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 nine months ended December 30, 2023, the total amount of sales to related parties was \$11.6 million and \$42.6 million, respectively. For the three and nine months ended December 31, 2022, the total amount of sales to related parties was \$18.7 million and \$56.0 million, respectively. As of December 30, 2023, receivables from related parties included \$6.5 million of accounts receivable and \$4.9 million of commercial loans outstanding. As of April 1, 2023, receivables from related parties included \$5.7 million of accounts receivable and \$4.7 million of commercial loans outstanding.

21. Acquisitions

Solitaire Acquisition

On January 3, 2023 (the "Acquisition Date"), we completed the acquisition of Solitaire Homes, including their four manufacturing facilities and 22 retail locations, by acquiring 100% of the outstanding stock of Solitaire Homes for \$110.8 million.

Our estimates of the fair values of the assets that we acquired and the liabilities that we assumed were based on the information that was available as of the Acquisition Date. During the nine months ended December 30, 2023, we made certain adjustments to the assets and liabilities based on information that became available.

The following table presents the fair values of the assets that we acquired and the liabilities that we assumed on the Acquisition Date as of December 30, 2023 (in thousands):

	January 3, 2023	Adjustments	January 3, 2023 (as Adjusted at December 30, 2023)
Cash	\$ 5,119	\$ (79)	\$ 5,040
Investments	334	—	334
Accounts receivable	3,536	(787)	2,749
Inventories	58,045	(143)	57,902
Property, plant and equipment	36,109	(103)	36,006
Other current assets	1,519	59	1,578
Intangible assets	3,400	—	3,400
Total identifiable assets acquired	108,062	(1,053)	107,009
Accounts payable and accrued liabilities	11,251	84	11,335
Net identifiable assets acquired	96,811	(1,137)	95,674
Goodwill	13,970	1,137	15,107
Net assets acquired	<u>\$ 110,781</u>	<u>\$ —</u>	<u>\$ 110,781</u>

Pro Forma Impact of Solitaire Acquisition (Unaudited). The following table presents supplemental pro forma information as if the above acquisition had occurred on April 3, 2022 (in thousands, except per share data):

	December 31, 2022	
	Three Months Ended	Nine Months Ended
Net revenue	\$ 536,776	\$ 1,774,853
Net income attributable to Cavco common stockholders	61,567	199,371
Diluted net income per share	6.89	22.23

Kentucky Dream Homes Acquisition

On November 15, 2023, the Company acquired certain assets and assumed certain liabilities of Kentucky Dream Homes, LLC ("KDH"), a manufactured home retailer with locations in Kentucky and Florida for total consideration of \$23.8 million, which includes \$5.4 million non-cash commercial loan forgiveness. The remaining \$18.4 million was paid with cash on hand. The final purchase price is subject to customary adjustments. The business is included in the Factory-built housing reportable business segment. The fair value of the assets acquired and liabilities assumed are included in the Consolidated Balance Sheet as of December 30, 2023, including \$4.6 million allocated to goodwill. The purchase accounting is subject to final adjustment, primarily for the working capital and amounts allocated to goodwill. We have included the financial results in our unaudited Consolidated Financial Statements from the date of acquisition. Pro forma historical results of operations related to this acquisition have not been presented because they are not significant to our unaudited Consolidated Financial Statements for the periods presented.

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		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Net revenue:				
Factory-built housing	\$ 426,939	\$ 481,193	\$ 1,318,114	\$ 1,613,392
Financial services	19,830	19,410	56,560	52,941
	<u>\$ 446,769</u>	<u>\$ 500,603</u>	<u>\$ 1,374,674</u>	<u>\$ 1,666,333</u>
Income before income taxes:				
Factory-built housing	\$ 42,070	\$ 71,813	\$ 154,121	\$ 241,959
Financial services	1,837	4,268	2,124	6,243
	<u>\$ 43,907</u>	<u>\$ 76,081</u>	<u>\$ 156,245</u>	<u>\$ 248,202</u>
December 30, 2023				
April 1, 2023				
Total assets:				
Factory-built housing			\$ 1,125,581	\$ 1,107,555
Financial services			201,015	200,420
			<u>\$ 1,326,596</u>	<u>\$ 1,307,975</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 (the "Report") 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 (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 include, for example, discussions regarding the manufactured housing and site-built housing industries; discussions regarding our efforts and the efforts of other industry participants to develop the home-only loan secondary market; our financial performance and operating results; our strategy; our liquidity and financial resources; our outlook with respect to Cavco Industries, Inc. and its subsidiaries (collectively, "we," "us," "our," the "Company" or "Cavco") and the manufactured housing business in general; the expected effect of certain risks and uncertainties on our business, financial condition and results of operations; economic conditions, including concerns of a possible recession, and consumer confidence; trends in interest rates and inflation; potential acquisitions, strategic investments and other expansions; the sufficiency of our liquidity; that we may seek alternative sources of financing in the future; operational and legal risks; how we may be affected by any pandemic or outbreak; geopolitical conditions; the cost and availability of labor and raw materials; governmental regulations and legal proceedings; the availability of favorable consumer and wholesale manufactured home financing; and the ultimate outcome of our commitments and contingencies. Forward-looking statements contained in this Report 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 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, except as required by law.

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 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 under Risk Factors in Part I, Item 1A of our 2023 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "Form 10-K").

Introduction

The following should be read in conjunction with the Company's unaudited Consolidated Financial Statements and the related Notes that appear in Part I, Item 1 of this Report. References to "Note" or "Notes" pertain to the Notes to our unaudited Consolidated Financial Statements.

Company Overview

Headquartered in Phoenix, Arizona, we design and produce factory-built homes 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, MidCountry and Solitaire. We are also a leading producer 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 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. Our insurance subsidiary, Standard Casualty Company ("Standard Casualty"), provides property and casualty insurance primarily to owners of manufactured homes.

We operate a total of 31 homebuilding production lines with domestic locations in Millersburg and Woodburn, Oregon; Riverside, California; Nampa, Idaho; Phoenix, Glendale and Goodyear, Arizona; Deming, New Mexico; Duncan, Oklahoma; Austin, Fort Worth, Seguin and Waco, Texas; Montevideo, Minnesota; Dorchester, Wisconsin; Nappanee and Goshen, Indiana; Lafayette, Tennessee; Douglas and Moultrie, Georgia; Shipperville (two lines) and Emlenton, Pennsylvania; Martinsville and Rocky Mount, Virginia; Crouse and Hamlet, North Carolina; Ocala and Plant City, Florida; and two international lines in Ojinaga, Mexico. We distribute our homes through a large network of independent distribution points in 48 states and Canada and 73 Company-owned U.S. retail stores, of which 43 are located in Texas.

Company and Industry Outlook

According to data reported by the Manufactured Housing Institute, industry home shipments for the calendar year through November 2023 were 82,784, a decrease of 22.2% compared to 106,454 shipments in the same calendar period last year. Higher interest rates and continued inflationary pressures have tempered industry demand. However, the manufactured housing industry offers solutions to the housing crisis with lower average price per square foot than a site-built home and the comparatively lower cost associated with manufactured home ownership, which remains competitive with rental housing.

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 employ a concerted effort to identify niche market opportunities where our diverse product lines and flexible building capabilities provide us with a competitive advantage. We are focused on building quality, energy efficient homes for the modern home buyer. Our green building initiatives involve the creation of an energy efficient envelope resulting in lower utility costs, as well as the higher utilization of renewable materials in our manufacturing process. We also build homes designed to use alternative energy sources, such as solar.

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 operators and residential developers (see Note 7, Commercial Loans Receivable to the unaudited Consolidated Financial Statements). Our involvement in commercial lending helps to increase the availability of manufactured home financing to distributors, community operators and residential developers and provides additional opportunities for product exposure to potential home buyers. While these initiatives support our ongoing efforts to expand product distribution, they also 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 independently and with other industry participants to develop secondary market opportunities for manufactured home-only loan and non-conforming mortgage portfolios and expand lending availability in the industry. 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 factory-built housing operations and reduce our customers' dependence on independent lenders for this source of financing.

Key housing building materials include wood, wood products, steel, gypsum wallboard, windows, doors fiberglass insulation, carpet, vinyl, fasteners, plumbing materials, aluminum, appliances and electrical items. Fluctuations in the cost of materials and labor may affect gross margins from home sales to the extent that costs cannot be efficiently matched to the home sales price. Pricing and availability of certain raw materials have been volatile due to a number of factors in the current environment. We continue to monitor and react to inflation in the cost of these materials by maintaining a focus on our product pricing in response to higher materials costs, but such product pricing increases may lag behind the escalation of such costs. From time to time and to varying degrees, we may experience shortages in the availability of materials and/or labor in the markets served. Availability of these inputs has not caused significant production halts 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. These shortages may also result in extended order backlogs, delays in the delivery of homes and reduced gross margins from home sales.

Our backlog at December 30, 2023 was \$160 million compared to \$170 million at September 30, 2023, a decrease of \$10 million and down \$267 million compared to \$427 million at December 31, 2022.

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 meeting demand. 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 are also working to more extensively use web-based 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.

Results of Operations

Net Revenue

(\$ in thousands, except revenue per home sold)	Three Months Ended		Change	
	December 30, 2023	December 31, 2022		
Factory-built housing	\$ 426,939	\$ 481,193	\$ (54,254)	(11.3)%
Financial services	19,830	19,410	420	2.2 %
	<u>\$ 446,769</u>	<u>\$ 500,603</u>	<u>\$ (53,834)</u>	<u>(10.8)%</u>
Factory-built homes sold				
by Company-owned retail sales centers	1,026	748	278	37.2 %
to independent retailers, builders, communities and developers	3,134	3,694	(560)	(15.2)%
	<u>4,160</u>	<u>4,442</u>	<u>(282)</u>	<u>(6.3)%</u>
Net factory-built housing revenue per home sold	\$ 102,630	\$ 108,328	\$ (5,698)	(5.3)%

(\$ in thousands, except revenue per home sold)	Nine Months Ended		Change	
	December 30, 2023	December 31, 2022		
Factory-built housing	\$ 1,318,114	\$ 1,613,392	\$ (295,278)	(18.3)%
Financial services	56,560	52,941	3,619	6.8 %
	<u>\$ 1,374,674</u>	<u>\$ 1,666,333</u>	<u>\$ (291,659)</u>	<u>(17.5)%</u>
Factory-built homes sold				
by Company-owned retail sales centers	2,999	2,481	518	20.9 %
to independent retailers, builders, communities and developers	9,991	12,418	(2,427)	(19.5)%
	<u>12,990</u>	<u>14,899</u>	<u>(1,909)</u>	<u>(12.8)%</u>
Net factory-built housing revenue per home sold	\$ 101,471	\$ 108,289	\$ (6,818)	(6.3)%

Factory-built housing Net revenue decreased for the three and nine months ended December 30, 2023 due to lower home sales volume and lower home selling prices, partially offset by the addition of Solitaire Homes.

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.

For the three and nine months ended December 30, 2023, Financial services Net revenue increased primarily due to more insurance policies in force, partially offset by reduced revenue from loan sales.

Gross Profit

(\$ in thousands)	Three Months Ended		Change	
	December 30, 2023	December 31, 2022		
Factory-built housing	\$ 95,756	\$ 122,923	\$ (27,167)	(22.1)%
Financial services	7,295	9,045	(1,750)	(19.3)%
	<u>\$ 103,051</u>	<u>\$ 131,968</u>	<u>\$ (28,917)</u>	<u>(21.9)%</u>

Gross profit as % of Net revenue				
Consolidated	23.1 %	26.4 %	N/A	(3.3)%
Factory-built housing	22.4 %	25.5 %	N/A	(3.1)%
Financial services	36.8 %	46.6 %	N/A	(9.8)%

(\$ in thousands)	Nine Months Ended		Change	
	December 30, 2023	December 31, 2022		
Factory-built housing	\$ 309,631	\$ 412,174	\$ (102,543)	(24.9)%
Financial services	18,256	22,117	(3,861)	(17.5)%
	<u>\$ 327,887</u>	<u>\$ 434,291</u>	<u>\$ (106,404)</u>	<u>(24.5)%</u>

Gross profit as % of Net revenue				
Consolidated	23.9 %	26.1 %	N/A	(2.2)%
Factory-built housing	23.5 %	25.5 %	N/A	(2.0)%
Financial services	32.3 %	41.8 %	N/A	(9.5)%

Factory-built housing Gross profit and Gross profit percentage decreased primarily due to lower average selling price, partially offset by lower input costs.

Financial services Gross profit and Gross profit percentage for the three months decreased primarily due to fewer loan sales. The nine months were negatively affected by lower loan sales and higher insurance claims from weather related events.

Selling, General and Administrative Expenses

(\$ in thousands)	Three Months Ended		Change	
	December 30, 2023	December 31, 2022		
Factory-built housing	\$ 57,854	\$ 54,127	\$ 3,727	6.9 %
Financial services	5,458	4,777	681	14.3 %
	<u>\$ 63,312</u>	<u>\$ 58,904</u>	<u>\$ 4,408</u>	<u>7.5 %</u>
Selling, general and administrative expenses as % of Net revenue	14.2 %	11.8 %	N/A	2.4 %

(\$ in thousands)	Nine Months Ended		Change	
	December 30, 2023	December 31, 2022		
Factory-built housing	\$ 170,330	\$ 176,690	\$ (6,360)	(3.6)%
Financial services	16,168	15,244	924	6.1 %
	<u>\$ 186,498</u>	<u>\$ 191,934</u>	<u>\$ (5,436)</u>	<u>(2.8)%</u>
Selling, general and administrative expenses as % of Net revenue	13.6 %	11.5 %	N/A	2.1 %

Selling, general and administrative expenses increased for the three months primarily as a result of higher legal expenses, including SEC inquiry related expenses for the indemnification of a former officer, and the added cost of the Solitaire operations, partially offset by lower incentive compensation on reduced sales. For the nine months, Selling, general and administrative expenses decreased primarily as a result of lower incentive compensation on reduced sales, partially offset by the addition of Solitaire.

Other Components of Net Income

(\$ in thousands)	Three Months Ended		Change	
	December 30, 2023	December 31, 2022		
Interest income	\$ 5,234	\$ 3,581	\$ 1,653	46.2 %
Interest expense	(842)	(216)	626	289.8 %
Other (expense) income, net	(224)	(348)	N/M	N/M
Income tax expense	(7,920)	(16,492)	(8,572)	(52.0)%
Effective tax rate	18.0 %	21.7 %	N/A	(3.70)%

(\$ in thousands)	Nine Months Ended		Change	
	December 30, 2023	December 31, 2022		
Interest income	\$ 15,664	\$ 6,746	\$ 8,918	132.2 %
Interest expense	(1,365)	(610)	755	123.8 %
Other (expense) income, net	557	(291)	N/M	N/M
Income tax expense	(32,274)	(54,721)	(22,447)	(41.0)%
Effective tax rate	20.7 %	22.0 %	N/A	(1.30)%

Interest income consists primarily of interest earned on cash balances held in money market accounts, and interest earned on commercial floorplan lending. Interest expense consists primarily of interest related to finance leases. Interest income increased for the three and nine months ended December 30, 2023 primarily due to higher interest rates.

Other income, net primarily consists of realized and unrealized gains and losses on corporate investments and gains and losses from the sale of property, plant and equipment.

Income tax expense decreased for the three and nine months ended December 30, 2023 due to lower income before taxes.

Liquidity and Capital Resources

We believe that cash and cash equivalents at December 30, 2023, together with cash flow from operations, will be sufficient to fund our operations, cover our obligations 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 is in excess of federally insured limits, but we have not experienced any losses with regards to such excesses. 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. We believe we have sufficient liquid resources including our \$50.0 million Revolving Credit Facility, of which no amounts were outstanding at December 30, 2023. Regardless, depending on our operating results and strategic opportunities, we may choose 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 other 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 at anticipated levels will be restricted per state regulations.

The following is a summary of the Company's cash flows for the nine months ended December 30, 2023 and December 31, 2022, respectively:

(in thousands)	Nine Months Ended		\$ Change
	December 30, 2023	December 31, 2022	
Cash, cash equivalents and restricted cash at beginning of the fiscal year	\$ 283,490	\$ 259,334	\$ 24,156
Net cash provided by operating activities	206,104	230,119	(24,015)
Net cash used in investing activities	(26,543)	(29,199)	2,656
Net cash used in financing activities	(96,443)	(73,860)	(22,583)
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 366,608</u>	<u>\$ 386,394</u>	<u>\$ (19,786)</u>

Net cash provided by operating activities decreased primarily from lower Net income, partially offset by changes in working capital, and higher principal payments received on commercial loans.

Consumer loan originations decreased \$61.3 million to \$74.3 million for the nine months ended December 30, 2023 from \$135.6 million for the nine months ended December 31, 2022, and proceeds from sales of consumer loans decreased \$64.3 million to \$81.8 million for the nine months ended December 30, 2023 from \$146.1 million for the nine months ended December 31, 2022.

Commercial loan originations increased \$12.3 million to \$83.5 million for the nine months ended December 30, 2023 from \$71.2 million for the nine months ended December 31, 2022. Proceeds from the collection on commercial loans provided \$87.6 million this year, compared to \$61.6 million in the prior year, a net increase of \$26.0 million.

Net cash for 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 in our Factory-built Housing segment. Cash used in the prior year period reflects the purchase of our plant facilities in Hamlet, North Carolina and cash used in the current year was primarily used for acquisitions.

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

Obligations and Commitments. There were no material changes to the obligations and commitments as set forth in the Form 10-K.

Critical Accounting Estimates

There have been no significant changes to our critical accounting estimates during the nine months ended December 30, 2023, as compared to those disclosed in Part II, Item 7 of the Form 10-K, under the heading "Critical Accounting Estimates," which provides a discussion of the critical accounting estimates that management believes are critical to the Company's operating results or may affect significant judgments and estimates used in the preparation of the Company's Consolidated Financial Statements.

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 Chief 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 Chief Financial Officer concluded that, as of December 30, 2023, its disclosure controls and procedures were effective.

(b) Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ended December 30, 2023 that has materially affected, or is 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 16, Commitments and Contingencies to the unaudited 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

As announced on May 26, 2022 in a current report on Form 8-K, the Company's Board of Directors approved a \$100 million stock repurchase program with the same terms and conditions as the previous plan. As announced on August 3, 2023, the Company's Board of Directors approved another \$100 million stock repurchase program. The repurchase program is funded using our available cash. 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. While there is no expiration date, 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 following table sets forth repurchases of our common stock during the third quarter of fiscal year 2024:

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 Programs (in thousands)
October 1, 2023 to November 4, 2023	190,593	\$ 262.34	190,593	\$ 38,964
November 5, 2023 to December 2, 2023	—	—	—	38,964
December 3, 2023 to December 30, 2023	—	—	—	38,964
	<u>190,593</u>		<u>190,593</u>	

In the press release dated February 1, 2024, the Company announced that the Company's Board of Directors approved another \$100 million stock repurchase program with the same terms and conditions as the previous plan. There have been no repurchases made under this new program.

The payment of dividends to Company stockholders is subject to the discretion of the Board of Directors, and various factors may prevent us from paying dividends. Such factors include Company cash requirements, covenants of our Credit Agreement and liquidity or other requirements of state, corporate and other laws.

Item 5. Other Information

Rule 10b5-1 Plan Adoptions and Modifications

No officers or directors adopted or terminated any 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined under Item 408 of Regulation S-K) during the three months ended December 30, 2023.

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

On January 30, 2024, Mickey R. Dragash, Executive Vice President, General Counsel, Corporate Secretary & Chief Compliance Officer, provided notice of his resignation effective February 12, 2024. Under the terms of his Employment Agreement, dated April 1, 2019, in connection with a termination for good reason (as defined in the Employment Agreement), Mr. Dragash will receive a cash payment equal to his base salary as currently in effect, the average of the cash incentive bonuses received by Mr. Dragash in each of the preceding three calendar years, and COBRA premium reimbursement for a period of twelve months following termination. In addition, 50% of Mr. Dragash's outstanding stock options and stock awards will vest immediately and Mr. Dragash will receive a pro rata portion of his currently existing unvested performance share awards with the amount ultimately vested determined based on the Company's actual performance at the end of the applicable performance period. Mr. Dragash's receipt of the above benefits is subject to his execution, delivery, and non-revocation of a customary release.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On January 30, 2024, the Board approved the adoption of the Fourth Amended and Restated Bylaws of the Company (the "Amended Bylaws"). The amendments that will be effected by the Amended Bylaws include, among other things, the following:

- revising certain provisions relating to the list of stockholders entitled to vote at stockholder meetings in order to conform with recent amendments to the General Corporation Law of the State of Delaware (the "General Corporation Law");
- clarifying, without making substantive changes, that stockholders may authorize another person to act for such stockholder by proxy and that such authorization of a person to act by proxy must comply with Section 116 of the General Corporation Law;
- clarifying, without making substantive changes, the voting standards and quorum requirement language in the bylaws;
- updating the procedural mechanics and disclosure requirements for stockholders to submit director nominations and business proposals for consideration at stockholder meetings, including, without limitation, to (i) limit the number of nominees a stockholder may nominate to the number of directors to be elected at the meeting, (ii) require a stockholder's notice to include additional information, disclosures and representations regarding any stockholder nominee for director (including submission of a questionnaire and certain representations by such nominee), any business the stockholder proposes to be brought before the meeting and any substantial interest the stockholder has in the business, and the stockholder making such nomination or proposal of business (iii) require the stockholder to update and supplement their notice as of the record date for the meeting and a date prior to the meeting, (iv) clarify that the requirements in Section 10 of the Amended Bylaws apply to stockholder nominations for special meetings, and (v) reflect the universal proxy rules as set forth in Rule 14a-19 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by requiring the stockholders making a nomination to represent whether it will comply with the universal proxy rules and providing that the nomination will be disregarded if the stockholder does not comply with the universal proxy rules;
- adding a new Article II, Section 11 which clarifies and confirms the ability to adjourn meetings of stockholders, in accordance with recent amendments to the General Corporation Law;
- clarifying that committees of the Board may recommend to the stockholders the election or removal of directors;

- clarifying that any Indemnitee (as defined in the Amended Bylaws) shall be obligated to reimburse the Company for all expenses advanced by the Company to the Indemnitee or a third-party engaged for the benefit of Indemnitee in the event that such Indemnitee is determined not to be entitled to indemnification under the Amended Bylaws;
- increasing the number of days the Company has to pay an Indemnitee on an indemnification claim before the Indemnitee is entitled to adjudication of his or her entitlement to indemnification from five (5) days to thirty (30) days; and
- providing that the federal district courts of the United States shall be the exclusive forum for any lawsuits arising under the Securities Act of 1933, as amended, unless a majority of the Board of Directors, acting on behalf of the Company, consents to or approves the selection of an alternative forum.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the full text of the Amended Bylaws, a copy of which is attached to this Form 10-Q as Exhibit 3.1 and is incorporated herein by reference.

Item 6. Exhibits

Exhibit

<u>No.</u>	<u>Exhibit</u>
3.1	(1) Fourth Amended and Restated Bylaws of Cavco Industries, Inc. dated January 30, 2024
10.1*	(1) Form of Indemnification Agreement
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	(2) Certification of Principal Executive Officer and Principal Financial Officer 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)

*Management Contract or Compensatory Plan, Contract or Arrangement

(1) Filed herewith.

(2) Furnished herewith.

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

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)	February 2, 2024
<u>/s/ Allison K. Aden</u> Allison K. Aden	Executive Vice President, Chief Financial Officer & Treasurer (Principal Financial Officer)	February 2, 2024

**FOURTH AMENDED AND RESTATED BYLAWS
OF
CAVCO INDUSTRIES, INC.**

**ARTICLE I.
CAPITAL STOCK**

SECTION 1. Certificates. Shares of the capital stock of Cavco Industries, Inc., a Delaware corporation (the “Company”), shall be represented by certificates; provided, however, that the Board of Directors of the Company may provide by resolution or resolutions that some or all classes or series of the Company’s stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Company. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Company by any two authorized officers of the Company (it being understood that each of the Chairman of the Board of Directors, the Chief Executive Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary and any Assistant Secretary shall be an authorized officer for such purpose), certifying the number of shares owned by such holder in the Company. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Company with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.

SECTION 2. Stockholders of Record. The Board of Directors of the Company may appoint one or more transfer agents or registrars of any class of stock or other security of the Company. The Company may be its own transfer agent if so appointed by the Board of Directors. The Company shall be entitled to treat the holder of record of any shares of the Company as the owner thereof for all purposes, and shall not be bound to recognize any equitable or other claim to, or interest in, such shares or any rights deriving from such shares, on the part of any other person, including (but without limitation) a purchaser, assignee or transferee, unless and until such other person becomes the holder of record of such shares, whether or not the Company shall have either actual or constructive notice of the interest of such other person.

SECTION 3. Transfer of Shares. The shares of the capital stock of the Company shall be transferable in the share transfer records of the Company by the holder of record thereof, or his duly authorized attorney or legal representative. All certificates representing shares surrendered for transfer, properly endorsed, shall be canceled and new certificates for a like number of shares shall be issued therefor. In the case of lost, stolen, destroyed or mutilated certificates representing shares for which the Company has been requested to issue new certificates or uncertificated shares, new certificates or uncertificated shares may be issued upon such conditions as may be required by Company and any transfer agent or registrar, including the posting of a bond or other form of indemnity for any certificate alleged to have been lost, stolen or destroyed.

SECTION 4. Stockholders of Record and Fixing of Record Date.

(A) In order that the Company may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(B) In order that the Company may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall not be more than sixty (60) days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

ARTICLE II. MEETINGS OF STOCKHOLDERS

SECTION 1. Place of Meetings. All meetings of stockholders shall be held at the principal office of the Company, in the City of Phoenix, Arizona, or at such other place, if any, within or without the State of Delaware as may be designated by the Board of Directors or officer calling the meeting.

SECTION 2. Annual Meeting. The annual meeting of the stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors. The Company may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors.

SECTION 3. Special Meetings. Unless otherwise provided by the General Corporation Law of the State of Delaware (the "DGCL"), by the Restated Certificate of Incorporation of the Company or by any provisions established pursuant thereto with respect to the rights of holders of one or more outstanding series of the Company's preferred stock, special meetings of the stockholders of the Company may be called at any time only by the Chairman of the Board, if there is one, the Chief Executive Officer of the Company, if there is one, the President, or by the Board of Directors pursuant to a resolution approved by the affirmative vote of at least a majority of the members of the Board of Directors, and no such special meeting may be called by any other person or persons, including, without limitation, the holders of shares of the Company's common stock. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. The Company may postpone, reschedule or cancel any special meeting of stockholders previously scheduled in accordance with this Section 3.

SECTION 4. Notice of Meeting. Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given that shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting) and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the Restated Certificate of Incorporation of the Company or these Bylaws, the notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at the meeting as of the record date for determining the stockholders entitled to notice of the meeting.

SECTION 5. Voting List. The Company shall prepare, no later than the tenth day before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (provided, however, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of ten (10) days ending on the day before the meeting date (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting or (ii) during ordinary business hours at the principal place of business of the Company. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 5 or to vote in person or by proxy at any meeting of stockholders.

SECTION 6. Voting; Proxies. Except as otherwise provided in the Restated Certificate of Incorporation of the Company or as otherwise provided under the DGCL, each holder of shares of capital stock of the Company entitled to vote shall be entitled to one vote for each share standing in his name on the records of the Company, either in person or by proxy executed in writing by him or by his duly authorized attorney-in-fact. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The authorization of a person to act as proxy may be documented, signed and delivered in accordance with Section 116 of the DGCL provided that such authorization shall set forth, or be delivered with, information enabling the Company to determine the identity of the stockholder granting such authorization. A proxy shall be revocable unless expressly provided therein to be irrevocable and the proxy is coupled with an interest sufficient in law to support an irrevocable power. At each election of directors, every holder of shares of the Company entitled to vote shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, and for whose election he has a right to vote, but in no event shall he be permitted to cumulate his votes for one or more directors.

SECTION 7. Quorum and Vote of Stockholders. Except as otherwise provided by law, the Restated Certificate of Incorporation of the Company or these Bylaws, the holders of a majority in voting power of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders. In the absence of a quorum, either the Chairman of the Meeting or the stockholders so present, by the affirmative vote of the holders of a majority in voting power of the shares of the Company which are present in person or represented by proxy and entitled to vote thereon, may adjourn the meeting from time to time. Directors shall be elected by the vote of the majority of the votes cast with respect to that director's election by the holders of shares of the Company entitled to vote in the election of directors at a meeting of stockholders at which a quorum is present; provided that if, as of the tenth (10th) day preceding the date the Company first mails its notice of meeting for such meeting to the stockholders of the Company, the number of nominees exceeds the number of directors to be elected (a "Contested Election"), the directors shall be elected by the vote of a plurality of the votes cast. For purposes of this Section 7, a majority of votes cast shall mean that the number of votes cast "for" a director's election exceeds the number of votes cast "against" that director's election (with "abstentions" and "broker nonvotes" not counted as a vote cast either "for" or "against" that director's election). If, in an election that is not a Contested Election, a director does not receive a majority of the votes cast, such director shall submit an irrevocable resignation to the Corporate Governance and Nominating Committee of the Board of Directors, or such other committee designated by the Board of Directors. Such committee shall make a recommendation to the Board of Directors as to whether to accept or reject the resignation of such incumbent director, or whether other action should be taken. The Board of Directors shall act on the resignation, taking into account the committee's recommendation, and publicly disclose (by a press release and filing an appropriate disclosure with the Securities and Exchange Commission) its decision regarding the resignation and, if such resignation is rejected, the rationale behind the decision within ninety (90) days following certification of the election results. The committee in making its recommendation and the Board of Directors in making its decision each may consider any factors and other information that they consider appropriate and relevant. If the Board of Directors accepts a director's resignation, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board of Directors may fill the resulting vacancy pursuant to the Restated Certificate of Incorporation and Article III, Section 3 of these Bylaws. All other elections and questions presented to the stockholders at a meeting at which a quorum is present shall, unless a different or minimum vote is required by the Restated Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Company, or any law or regulation applicable to the Company or its securities, in which case such different or minimum vote shall be the applicable vote on the matter, be decided by the affirmative vote of the holders of a majority in voting power of the shares entitled to vote on that matter and represented in person or by proxy at the meeting. With respect to the approval of independent public accountants (if submitted for a vote of the stockholders), the affirmative vote of the holders of a majority of the votes cast for or against that matter at a meeting of stockholders at which a quorum is present shall be the act of the stockholders.

SECTION 8. Chairman of the Meeting and Conduct of Meetings. The Chairman of the Board, if there is one, or in his absence, the Chief Executive Officer, if there is one, or in his absence, the President shall preside at all meetings of the stockholders or, if such officers are not present at a meeting, by such other person as the Board of Directors shall designate or if no such person is designated by the Board of Directors, the most senior officer of the Company present at the meeting. The Secretary of the Company, if present, shall act as secretary of each meeting of stockholders; if he is not present at a meeting, then such person as may be designated by the presiding officer shall act as secretary of the meeting. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting of stockholders (the "Chairman of the Meeting"). The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the Chairman of the Meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the Chairman of the Meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The Chairman of the Meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if the Chairman of the Meeting should so determine, the Chairman of the Meeting shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the Chairman of the Meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 9. Inspectors of Election. The Company may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Company, to act at the meeting or any adjournment thereof and to make a written report thereof. The Company may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Company outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Company represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Company represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Company, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

SECTION 10. Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders. (1) Nominations of persons for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the Company's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board of Directors or any committee thereof or (c) by any stockholder of the Company who was a stockholder of record of the Company at the time the notice provided for in this Section 10 is delivered to the Secretary of the Company, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 10.

(2) For any nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Section 10, the stockholder must have given timely notice thereof in writing to the Secretary of the Company and any such proposed business (other than the nominations of persons for election to the Board of Directors) must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Company not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the first anniversary of the preceding year's annual meeting (provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Company). Notwithstanding the foregoing, for a stockholder's notice to be timely for purposes of the annual meeting of stockholders of the Company to be held in 2019, such stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Company not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred eightieth (180th) day, prior to the first anniversary of the preceding year's annual meeting (provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Company). In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. The number of nominees a stockholder may nominate for election at the annual meeting (or in the case of one or more stockholders giving the notice on behalf of a beneficial owner, the number of nominees such stockholders may collectively nominate for election at the annual meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such annual meeting. Such stockholder's notice shall set forth:

(a) as to each person whom the stockholder proposes to nominate for election as a director:

(i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder,

(ii) such person's written consent to being named in the Company's proxy statement and accompanying proxy card and to serving as a director if elected,

(iii) the name, age, business address and residence address of such nominee,

(iv) the principal occupation or employment of such nominee (present and for the past five years),

(v) the class and number of shares of each class and series of capital stock of the Company which are directly or indirectly owned of record or beneficially by such nominee,

(vi) the date or dates on which such shares were acquired and the investment intent of such acquisition,

(vii) a questionnaire completed and signed by such person (in the form to be provided by the Secretary of the Company upon written request of any stockholder of record within ten (10) days of such request) with respect to the background and qualification of such proposed nominee and (ii) and a written representation and agreement (in the form to be provided by the Secretary upon written request of any stockholder of record within ten (10) days of such request) that such proposed nominee (A) is not and will not become a party to any agreement, arrangement or understanding (whether written or oral) with, and has not given any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a director of the Company, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Company or that could limit or interfere with such proposed nominee's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the Company that has not been disclosed to the Company, and (C) would be in compliance, if elected as a director of the Company, and will comply with, all applicable rules of the exchanges upon which the securities of the Company are listed and all applicable publicly disclosed corporate governance, code of conduct and ethics, conflict of interest, confidentiality, corporate opportunities, stock ownership and trading and any other policies and guidelines of the Company applicable to directors,

(viii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings (whether written or oral) during the past three years, and any other material relationships, between or among (x) the stockholder, the beneficial owner, if any, on whose behalf the nomination is being made and the respective affiliates and associates of such stockholder and such beneficial owner, on the one hand, and (y) each proposed nominee, and his or her respective affiliates and associates, on the other hand, including all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act") if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made or any affiliate or associate thereof were the "registrant" for purposes of such Item and the proposed nominee were a director or executive officer of such registrant, and

(ix) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named as a nominee and to serving as a director if elected);

(b) as to any other business that the stockholder proposes to bring before the meeting:

(i) a brief description of the business desired to be brought before the meeting,

(ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws, the language of the proposed amendment),

(iii) the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made, and

(iv) any substantial interest (within the meaning of Item 5 of Schedule 14A under the Exchange Act) in such business of such stockholder and the beneficial owner (within the meaning of Section 13(d) of the Exchange Act), if any, on whose behalf the proposal is made, including any anticipated benefit of such business to any such beneficial owner, other than solely as a result of its ownership of the Company's capital stock, that is material to any such beneficial owner individually, or to the beneficial owners in the aggregate; and

(c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

(i) the name and address of such stockholder, as they appear on the Company's books, and of such beneficial owner,

(ii) the class and/or series and number of shares of capital stock of the Company which are owned beneficially and of record by such stockholder and such beneficial owner as of the date of the notice, including any shares of any class and/or series of capital stock of the Company as to which such stockholder and such beneficial owner or any of their affiliates or associates has a right to acquire beneficial ownership at any time in the future and a representation that the stockholder will notify the Company in writing, within five business days after the record date for such meeting, of the class and number of shares of capital stock of the Company owned of record by the stockholder and such beneficial owner as of the record date for the meeting (except as otherwise provided herein),

(iii) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder and/or such beneficial owner, the nominee (in the case of a nomination) and any of their respective affiliates or associates (each of the foregoing, a “Stockholder Related Person”), including without limitation any agreements that would be required to be disclosed pursuant to Item 5 or Item 6 of Exchange Act Schedule 13D (regardless of whether the requirement to file a Schedule 13D is applicable to the stockholder or beneficial owner) or any agreements, arrangements or understandings relating to any compensation or payments to be paid to any such proposed nominee(s) pertaining to the nomination(s) or other business proposed to be brought before the meeting of stockholders (which description shall identify the name of each person who is a party to such an agreement, arrangement or understanding) and a representation that the stockholder will notify the Company in writing, within five business days after the record date for such meeting, of any such agreement, arrangement or understanding in effect as of the record date for the meeting (except as otherwise provided herein),

(iv) a description of any agreement, arrangement or understanding (whether oral or in writing) with respect to the nomination or other business (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder’s notice by, or on behalf of, such stockholder and such beneficial owners, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock of the Company, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to securities of the Company, and a representation that the stockholder will notify the Company in writing within five business days after the record date for such meeting of any such agreement, arrangement or understanding in effect as of the record date for the meeting (except as otherwise provided herein),

(v) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting, will continue to be a stockholder of record of the Company entitled to vote at such meeting through the date of such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination,

(vi) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company’s outstanding capital stock required to approve or adopt the proposal or elect the nominee, (b) otherwise to solicit proxies or votes from stockholders in support of such proposal or nomination, or (c) to solicit proxies in support of any proposed nominee in accordance with and as required by Rule 14a-19 promulgated under the Exchange Act,

(vii) to the extent known by any stockholder or beneficial owner, the name and address of any other stockholder financially supporting the proposal on the date of such stockholder’s notice, and to the extent known, the class and number of all shares of the Company’s capital stock owned beneficially and/or of record by such other stockholder(s) and beneficial owner(s),

(viii) a description of all derivative transactions (as defined below) by each stockholder or beneficial owner during the previous 12-month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such derivative transactions,

(ix) any proxy (other than a revocable proxy given in response to a public proxy solicitation made pursuant to, and in accordance with, the Exchange Act), agreement, arrangement or understanding pursuant to which such stockholder or beneficial owner has or shares a right, directly or indirectly, to vote any shares of any class or series of capital stock of the Company,

(x) any agreement, arrangement or understanding with respect to rights to dividends or other distributions on the shares of any class or series of capital stock of the Company, directly or indirectly, owned beneficially by such stockholder or beneficial owner that are separated or separable pursuant to such agreement, arrangement or understanding from the underlying shares of the Company,

(xi) any performance-related fees (other than an asset-based fee) that such stockholder or beneficial owner, directly or indirectly, is entitled to based on any increase or decrease in the value of shares of any class or series of capital stock of the Company or any interests described in clause (c)(ii), and

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

The foregoing notice requirements of this paragraph (A) of this Section 10 shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the Company of his, her or its intention to present a proposal at an annual meeting in compliance with applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Company to solicit proxies for such annual meeting. The Company may require any proposed nominee to furnish such other information as the Company may reasonably require to determine whether such proposed nominee is qualified under the Restated Certificate of Incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the Company, or any law or regulation applicable to the Company to serve as a director and/or independent director of the Company.

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

(4) A stockholder providing the written notice required by Section 10 shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (A) the record date for the determination of stockholders entitled to notice of the meeting and (B) the date that is five business days prior to the meeting and, in the event of any adjournment or postponement thereof, five business days prior to such adjourned or postponed meeting; provided, that no such update or supplement shall cure or affect the accuracy (or inaccuracy) of any representations made by any stockholder, Stockholder Related Person or nominee or the validity (or invalidity) of any nomination or proposal that failed to comply with this Section 10 or is rendered invalid as a result of any inaccuracy therein. In the case of an update and supplement pursuant to clause (A) of this Section 10(A)(4), such update and supplement shall be received by the Secretary at the principal executive offices of the Company not later than five business days after the later of the record date for the determination of stockholders entitled to notice of the meeting or the public announcement of such record date. In the case of an update and supplement pursuant to clause (B) of this Section 10(A)(4), such update and supplement shall be received by the Secretary at the principal executive offices of the Company not later than two business days prior to the date for the meeting, and, in the event of any adjournment or postponement thereof, two business days prior to such adjourned or postponed meeting.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Company's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Company's notice of meeting (1) by or at the direction of the Board of Directors or any committee thereof or (2) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Company who is a stockholder of record at the time the notice provided for in this Section 10 is delivered to the Secretary of the Company, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 10. In the event the Company calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Company's notice of meeting, if the stockholder's notice required by paragraph (A)(2) of this Section 10 shall be delivered to the Secretary at the principal executive offices of the Company not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which the Company first makes a public announcement of the date of the special meeting at which directors are to be elected. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. The stockholder shall also update and supplement such information as required under Section 10(A)(4). The number of nominees a stockholder may nominate for election at the special meeting (or in the case of one or more stockholders giving the notice on behalf of a beneficial owner, the number of nominees such stockholders may collectively nominate for election at the special meeting on behalf of such beneficial owner in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the special meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such special meeting.

(C) General. (1) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in this Section 10 shall be eligible to be elected at an annual or special meeting of stockholders of the Company to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 10. Notwithstanding anything to the contrary in these Bylaws, unless otherwise required by applicable law, if any stockholder or Stockholder Related Person (i) provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act with respect to any proposed nominee and (ii) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) or Rule 14a-19(a)(3) promulgated under the Exchange Act (or fails to timely provide reasonable evidence sufficient to satisfy the Company that such stockholder has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act in accordance with the following sentence), then the nomination of each such proposed nominee shall be disregarded, notwithstanding that proxies or votes in respect of the election of such proposed nominees may have been received by the Company (which proxies and votes shall be disregarded), notwithstanding that proxies or votes in respect of that election of such proposed nominees may have been received by the Company (which proxies and votes shall be disregarded). Upon request by the Company, if any stockholder provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such stockholder shall deliver to the Company, no later than five business days prior to the applicable meeting, reasonable evidence that it or such Stockholder Related Person has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act. Except as otherwise provided by law, the Chairman of the Meeting shall have the power and duty (a) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 10 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made, solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies or votes in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (A)(2)(c)(vi) of this Section 10) and (b) if any proposed nomination or business was not made or proposed in compliance with this Section 10, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 10, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not provide the information required under Section 10(A)(4) to the Company within the time frames specified therein, or does not appear at the annual or special meeting of stockholders of the Company to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have

been received by the Company. For purposes of this Section 10, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders. Notwithstanding anything to the contrary set forth herein, and for the avoidance of doubt, the nomination of any person whose name is included as a nominee in the Company's proxy statement, notice of meeting or other proxy materials for any annual meeting (or any supplement thereto) as a result of any notice provided by any Stockholder Related Person pursuant to Rule 14a-19(b) promulgated under the Exchange Act with respect to such proposed nominee and whose nomination is not made by or at the direction of the Board of Directors or any committee thereof shall not be deemed (for purposes of clause (1)(a) paragraph (A) of this Section 10 or otherwise) to have been made pursuant to the Company's notice of meeting (or any supplement thereto) and any such nominee may only be nominated by a stockholder of the Company pursuant to clause (1)(c) of paragraph (A) of this Section 10 (and, in the case of a special meeting of stockholders pursuant to and to the extent permitted under paragraph (B) of this Section 10).

(2) For purposes of this Section 10:

(i) "affiliates" and "associates" shall have the meanings set forth in Rule 405 under the Securities Act;

(ii) "public announcement" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or other national news service or in a document publicly filed by the Company with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder or by such other means reasonably designed to inform the public or stockholders in general of such information including, without limitation, posting on the Company's investor relations website;

(iii) shares shall be treated as "beneficially owned" by a person if the person beneficially owns such shares, directly or indirectly, for purposes of Section 13(d) of the Exchange Act and Regulations 13D and 13G thereunder or has or shares pursuant to any agreement, arrangement or understanding (whether or not in writing) providing: (1) the right to acquire such shares (whether such right is exercisable immediately or only after the passage of time or the fulfillment of a condition or both), (2) the right to vote such shares, alone or in concert with others and/or (3) investment power with respect to such shares, including the power to dispose of, or to direct the disposition of, such shares;

(iv) a "derivative transaction" shall mean any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any stockholder or beneficial owner or any of its affiliates or associates, whether record or beneficial:

(a) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the Company,

(b) that otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the Company,

(c) the effect or intent of which is to mitigate loss, manage risk or benefit from changes in value or price with respect to any securities of the Company, or

(d) that provides the right to vote or increase or decrease the voting power of, such stockholder or beneficial owner, or any of its affiliates or associates, directly or indirectly, with respect to any securities of the Company, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation or similar right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such stockholder or beneficial owner in the securities of the Company held by any general or limited partnership, or any limited liability company, of which such stockholder or beneficial owner is, directly or indirectly, a general partner or managing member.

(3) Notwithstanding the foregoing provisions of this Section 10, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 10; provided however, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 10, and compliance with paragraphs (A) and (B) of this Section 10 shall be the exclusive means for a stockholder to make nominations or submit other business (other than, as provided in the penultimate sentence of (A)(2) of this Section 10, business other than nominations brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in this Section 10 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals or nominations in the Company's proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act or (b) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Restated Certificate of Incorporation.

SECTION 11. Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken or are provided in any other manner permitted by the DGCL. At the adjourned meeting the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at the adjourned meeting as of the record date so fixed for notice of such adjourned meeting.

ARTICLE III. DIRECTORS

SECTION 1. General. The business and affairs of the Company shall be managed by or under the direction of the Board of Directors. In addition to the authority and powers conferred on the Board of Directors by the DGCL or by the Restated Certificate of Incorporation of the Company, the Board of Directors is authorized and empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Company, subject to the provisions of the DGCL, the Restated Certificate of Incorporation of the Company and these Bylaws.

SECTION 2. Classification of Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed in the manner provided in the Restated Certificate of Incorporation of the Company. The terms of office and classification of the directors shall be as provided in the Restated Certificate of Incorporation.

SECTION 3. Newly Created Directorships and Vacancies. Newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, removal, disqualification or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until that director's successor shall have been elected and qualified or until his earlier death, resignation or removal.

SECTION 4. Place of Meetings and Meetings by Telephone. Meetings of the Board of Directors may be held either within or without the State of Delaware, at whatever place is specified by the person calling the meeting. Meetings of the Board of Directors may also be held by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting by means of conference telephone or other communications equipment shall constitute presence in person at such meeting.

SECTION 5. Regular Meetings. Regular meetings of the Board of Directors may be held at such places and at such times as the Board of Directors may from time to time determine.

SECTION 6. Special Meetings. Special meetings of the Board of Directors may be held at any time upon the call of the Chairman of the Board, if there is one, the Chief Executive Officer, if there is one, the President or the Secretary of the Company or a majority of the directors then in office. Notice may be in writing and delivered personally or mailed to such director at such director's address appearing on the books of the Company, or may be given by telephone or by any means of electronic transmission (including, without limitation, electronic mail) directed to an address for receipt by such director of electronic transmissions appearing on the books of the Company, at least twenty four hours before the meeting, or oral notice may be substituted for such notice if received not later than the day preceding the date of such meeting. Notice of any such meeting may be waived in writing or by electronic transmission before or after such meeting, and shall be equivalent to the giving of notice. Attendance of a director at such meeting shall also constitute a waiver of notice thereof, except where he attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Except as otherwise provided by these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 7. Quorum and Voting. Except as otherwise provided by law, a majority of the number of directors fixed in the manner provided in the Restated Certificate of Incorporation of the Company shall constitute a quorum for the transaction of business. Except as otherwise provided by law, the Restated Certificate of Incorporation of the Company or these Bylaws, the affirmative vote of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. Any regular or special meeting of the Board of Directors may be adjourned from time to time by those present, whether a quorum is present or not.

SECTION 8. Compensation. Directors shall receive such compensation for their services as shall be determined by the Board of Directors.

SECTION 9. Removal. Directors may be removed in the manner provided in the Restated Certificate of Incorporation and applicable law.

SECTION 10. Executive and Other Committees. The Board of Directors, by resolution or resolutions adopted by a majority of the full Board of Directors, may designate one or more members of the Board of Directors to constitute an Executive Committee, and one or more other committees, which shall in each case consist of such number of directors as the Board of Directors may determine from time to time. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Subject to such restrictions as may be contained in the Company's Restated Certificate of Incorporation or that may be imposed by the DGCL, any such committee shall have and may exercise such powers and authority of the Board of Directors in the management of the business and affairs of the Company as the Board of Directors may determine by resolution and specify in the respective resolutions appointing them, and may authorize the seal of the Company to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders of the Company, any action or matter expressly required by the DGCL to be submitted to the stockholders for approval (other than the election or removal of directors) or (b) adopting, amending or repealing any Bylaw of the Company.

The Board of Directors shall have the power at any time to change the membership of any such committee and to fill vacancies in it. A majority of the members of any such committee shall constitute a quorum. Each such committee may appoint such subcommittees and assistants as it may deem necessary. Except as otherwise provided by the Board of Directors, meetings of any committee shall be conducted in accordance with the provisions of Sections 4 and 6 of this Article III, as the same shall from time to time be amended.

ARTICLE IV. OFFICERS

SECTION 1. Officers. The officers of the Company shall consist of a President and a Secretary and such other officers as the Board of Directors may from time to time elect or appoint. The Board of Directors may delegate to the Chairman of the Board, if there is one, or the Chief Executive Officer, if there is one, the authority to appoint additional officers and agents of the Company. Each officer shall hold office until his successor shall have been duly elected or appointed and shall qualify or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Any two or more offices may be held by the same person. Except for the Chairman of the Board, if any, no officer need be a director.

SECTION 2. Vacancies; Removal. Any vacancy in any office resulting from the removal by the Board of Directors of such officer or by the establishment of a new office shall be filled solely by the Board of Directors. Any vacancy in any office resulting from the death or resignation of any officer may be filled by the Board of Directors or any other officer to whom the power to appoint such officer has been delegated. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create contract rights.

SECTION 3. Powers and Duties of Officers. The officers of the Company shall have such powers and duties as generally pertain to their offices as well as such powers and duties as from time to time shall be conferred by the Board of Directors. The Secretary shall have the duty to record the proceedings of the meetings of the stockholders and directors in a book to be kept for that purpose.

ARTICLE V. INDEMNIFICATION

SECTION 1. General. The Company shall, to the fullest extent permitted by applicable law in effect on the date of effectiveness of these Bylaws, and to such greater extent as applicable law may thereafter permit, indemnify and hold Indemnitee (as this and all other capitalized words used in this Article V not previously defined in these Bylaws are defined in Article V, Section 16 (Definitions)) harmless from and against any and all losses, liabilities, claims, damages and, subject to Article V, Section 2 (Expenses), all Expenses whatsoever arising out of any event or occurrence related to the fact that Indemnitee is or was a director or officer of the Company or is or was serving in another Corporate Status.

SECTION 2. Expenses. If Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith to the fullest extent permitted by law. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to any Matter in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf relating to such Matter to the fullest extent permitted by law. The termination of any Matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such Matter. To the extent that the Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

SECTION 3. Advances. In the event of any threatened or pending action, suit or proceeding in which Indemnitee is a party or is involved and that may give rise to a right of indemnification under this Article V, following written request to the Company by Indemnitee, the Company shall promptly pay to Indemnitee amounts to cover all Expenses reasonably incurred by Indemnitee in such proceeding in advance of its final disposition upon the receipt by the Company of a written undertaking executed by or on behalf of Indemnitee providing that Indemnitee will repay the advance if it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company as provided in these Bylaws.

SECTION 4. Repayment of Advances or Other Expenses. Indemnitee shall be obligated to reimburse the Company for all expenses advanced by the Company to Indemnitee, or to a third party engaged for the benefit of Indemnitee, in defending any civil, criminal, administrative or investigative action, suit or proceeding against Indemnitee in the event and only to the extent that it shall be determined pursuant to the provisions of this Article V or by final judgment or other final adjudication under the provisions of any applicable law that Indemnitee is not entitled to be indemnified by the Company for such expenses.

SECTION 5. Request for Indemnification or Advances. To obtain indemnification or an advancement of expenses, Indemnitee shall submit to the Secretary of the Company a written claim or request. Such written claim or request shall contain sufficient information to reasonably inform the Company about the nature and extent of the indemnification or advance sought by Indemnitee. The Secretary of the Company shall promptly advise the Board of Directors of such claim or request.

SECTION 6. Determination of Entitlement; No Change of Control. If there has been no Change of Control at the time the request for indemnification is submitted, Indemnitee's entitlement to indemnification shall be determined in accordance with Section 145(d) of the DGCL. If entitlement to indemnification is to be determined by Independent Counsel, the Company shall furnish notice to Indemnitee within ten days after receipt of the request for indemnification, specifying the identity and address of Independent Counsel. The Indemnitee may, within fourteen days after receipt of such written notice of selection, deliver to the Company a written objection to such selection. Such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of Independent Counsel and the objection shall set forth with particularity the factual basis for such assertion. If there is an objection to the selection of Independent Counsel, either the Company or Indemnitee may petition the Court for a determination that the objection is without a reasonable basis and/or for the appointment of Independent Counsel selected by the Court.

SECTION 7. Determination of Entitlement; Change of Control. If there has been a Change of Control at the time the request for indemnification is submitted, Indemnitee's entitlement to indemnification shall be determined in a written opinion by Independent Counsel selected by Indemnitee. Indemnitee shall give the Company written notice advising of the identity and address of the Independent Counsel so selected. The Company may, within seven days after receipt of such written notice of selection, deliver to the Indemnitee a written objection to such selection. Indemnitee may, within five days after the receipt of such objection from the Company, submit the name of another Independent Counsel and the Company may, within seven days after receipt of such written notice of selection, deliver to the Indemnitee a written objection to such selection. Any objections referred to in this Section 7 may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of Independent Counsel and such objection shall set forth with particularity the factual basis for such assertion. Indemnitee may petition the Court for a determination that the Company's objection to the first and/or second selection of independent Counsel is without a reasonable basis and/or for the appointment as Independent Counsel of a person selected by the Court.

SECTION 8. Procedures of Independent Counsel. If a Change of Control shall have occurred before the request for indemnification is sent by Indemnitee, Indemnitee shall be presumed (except as otherwise expressly provided in this Article V) to be entitled to indemnification upon submission of a request for indemnification in accordance with Article V, Section 5 (Request for Indemnification), and thereafter the Company shall have the burden of proof to overcome the presumption in reaching a contrary determination. The presumption shall be used by Independent Counsel as a basis for a determination of entitlement to indemnification unless the Company provides information sufficient to overcome such presumption by clear and convincing evidence or the investigation, review and analysis of Independent Counsel convinces him by clear and convincing evidence that the presumption should not apply.

Except in the event that the determination of entitlement to indemnification is to be made by Independent Counsel, if the person or persons empowered under Article V, Section 6 (Determination of Entitlement; No Change of Control) or Section 7 (Determination of Entitlement; Change of Control) to determine entitlement to indemnification shall not have made and furnished to Indemnitee in writing a determination within 60 days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification unless Indemnitee knowingly misrepresented a material fact in connection with the request for indemnification or such indemnification is prohibited by applicable law. The termination of any Proceeding or of any Matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Article V) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Company, or with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful. A person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan of the Company shall be deemed to have acted in a manner not opposed to the best interests of the Company.

For purposes of any determination hereunder, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or Proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of the Company or another enterprise or on information supplied to him by the officers of the Company or another enterprise in the course of their duties or on the advice of legal counsel for the Company or another enterprise or on information or records given or reports made to the Company or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or another enterprise. The term “another enterprise” as used in this Section shall mean any other company or any partnership, limited liability company, association, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Company as a director, officer, employee or agent. The provisions of this paragraph shall not be deemed to be exclusive or to limit in any way the circumstances in which an Indemnitee may be deemed to have met the applicable standards of conduct for determining entitlement to rights under this Article V.

SECTION 9. Independent Counsel Expenses. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred acting pursuant to this Article V and in any proceeding to which it is a party or witness in respect of its investigation and written report and shall pay all reasonable fees and expenses incident to the procedures in which such Independent Counsel was selected or appointed. No Independent Counsel may serve if a timely objection has been made (and not withdrawn) to his selection until a Court has determined that such objection is without a reasonable basis.

SECTION 10. Adjudication. In the event that (i) a determination is made pursuant to Article V, Section 6 (Determination of Entitlement; No Change of Control) or Section 7 (Determination of Entitlement; Change of Control) that Indemnitee is not entitled to indemnification under this Article V; (ii) advancement of Expenses is not timely made pursuant to Article V, Section 3 (Advances); (iii) Independent Counsel has not made and delivered a written opinion determining the request for indemnification (a) within ninety days after being appointed by the Court, (b) within ninety days after objections to his selection have been overruled by the Court or (c) within ninety days after the time for the Company or Indemnitee to object to his selection; or (iv) payment of indemnification is not made within thirty days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Article V, Section 6 (Determination of Entitlement; No Change of Control), Section 7 (Determination of Entitlement; Change of Control) or Section 8 (Procedures of Independent Counsel), Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of his entitlement to such indemnification or advancement of Expenses. In the event that a determination shall have been made that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 10 shall be conducted in all respects as a de novo trial on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section 10, the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be. If a determination shall have been made or deemed to have been made that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 10, or otherwise, unless Indemnitee knowingly misrepresented a material fact in connection with the request for indemnification, or such indemnification is prohibited by law.

The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 10 that the procedures and presumptions of this Article V are not valid, binding and enforceable and shall stipulate in any such proceeding that the Company is bound by all provisions of this Article V. In the event that Indemnitee, pursuant to this Section 10, seeks a judicial adjudication to enforce his rights under, or to recover damages for breach of, this Article V, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses actually and reasonably incurred by him in such judicial adjudication, but only if he prevails therein. If it shall be determined in such judicial adjudication that Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

SECTION 11. Participation by the Company. With respect to any such claim, action, suit, proceeding or investigation as to which Indemnatee notifies the Company of the commencement thereof: (a) the Company will be entitled to participate therein at its own expense; (b) except as otherwise provided below, to the extent that it may wish, the Company (jointly with any other indemnifying party similarly notified) will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnatee. After receipt of notice from the Company to Indemnatee of the Company's election so to assume the defense thereof, the Company will not be liable to Indemnatee under this Article V for any legal or other expenses subsequently incurred by Indemnatee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnatee shall have the right to employ his own counsel in such action, suit, proceeding or investigation but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnatee unless (i) the employment of counsel by Indemnatee has been authorized by the Company, (ii) Indemnatee shall have reasonably concluded that there is a conflict of interest between the Company and Indemnatee in the conduct of the defense of such action or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel employed by Indemnatee shall be subject to indemnification pursuant to the terms of this Article V. The Company shall not be entitled to assume the defense of any action, suit, proceeding or investigation brought in the name of or on behalf of the Company or as to which Indemnatee shall have made the conclusion provided for in (ii) above; and (c) the Company shall not be liable to indemnify Indemnatee under this Article V for any amounts paid in settlement of any action or claim effected without its written consent, which consent shall not be unreasonably withheld. The Company shall not settle any action or claim in any manner that would impose any limitation or unindemnified penalty on Indemnatee without Indemnatee's written consent, which consent shall not be unreasonably withheld.

SECTION 12. Nonexclusivity of Rights. The rights of indemnification and advancement of Expenses as provided by this Article V shall not be deemed exclusive of any other rights to which Indemnatee may at any time be entitled to under applicable law, the Restated Certificate of Incorporation of the Company, these Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Article V or any provision hereof shall be effective as to any Indemnatee for acts, events and circumstances that occurred, in whole or in part, before such amendment, alteration or repeal. The provisions of this Article V shall continue as to an Indemnatee whose Corporate Status has ceased for any reason and shall inure to the benefit of his heirs, executors and administrators. Neither the provisions of this Article V nor those of any agreement to which the Company is a party shall be deemed to preclude the indemnification of any person who is not specified in this Article V as having the right to receive indemnification or is not a party to any such agreement, but whom the Company has the power or obligation to indemnify under the provisions of the DGCL.

SECTION 13. Insurance and Subrogation. The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under applicable law.

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

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

SECTION 14. Severability. If any provision or provisions of this Article V shall be held to be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby; and, to the fullest extent possible, the provisions of this Article V shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

SECTION 15. Certain Actions for Which Indemnification Is Not Provided. Notwithstanding any other provision of this Article V but subject to Section 10, no person shall be entitled to indemnification or advancement of Expenses under this Article V with respect to any Proceeding, or any Matter therein, brought or made by such person against the Company.

SECTION 16. Definitions. For purposes of this Article V:

“Change of Control” means the occurrence of any of the following: (i) there shall have occurred an event required to be reported with respect to the Company in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement; (ii) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) shall have become the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding voting securities without prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person attaining such percentage interest; (iii) the Company is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iv) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (including, for this purpose, any new director whose election or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

“Corporate Status” describes the status of Indemnitee as a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, limited liability company, association, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the request of the Company.

“Court” means the Court of Chancery of the State of Delaware or any other court of competent jurisdiction.

“Designated Professional Capacity” shall include, but not be limited to, a physician, nurse, psychologist or therapist, registered surveyor, registered engineer, registered architect, attorney, certified public accountant or other person who renders such professional services within the course and scope of his employment, who is licensed by appropriate regulatory authorities to practice such profession and who, while acting in the course of such employment, committed or is alleged to have committed any negligent acts, errors or omissions in rendering such professional services at the request of the Company or pursuant to his employment (including, without limitation, rendering written or oral opinions to third parties).

“Expenses” shall include all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding.

“Indemnitee” includes any officer or director of the Company who is, or is threatened to be made, a witness in or a party to any Proceeding as described in Article V, Section 1 (General) or Section 2 (Expenses) by reason of his Corporate Status.

“Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the five years previous to his selection or appointment has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder.

“Matter” is a claim, a material issue or a substantial request for relief.

“Proceeding” includes any action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative, except one initiated by an Indemnitee pursuant to Article V, Section 10 (Adjudication) to enforce his rights under this Article V.

SECTION 17. Notices. Promptly after receipt by Indemnitee of notice of the commencement of any action, suit or proceeding, Indemnitee shall, if he anticipates or contemplates making a claim for expenses or an advance pursuant to the terms of this Article V, notify the Company of the commencement of such action, suit or proceeding; provided, however, that any delay in so notifying the Company shall not constitute a waiver or release by Indemnitee of rights hereunder and that any omission by Indemnitee to so notify the Company shall not relieve the Company from any liability that it may have to Indemnitee otherwise than under this Article V. Any communication required or permitted to the Company shall be addressed to the Secretary of the Company and any such communication to Indemnitee shall be addressed to Indemnitee's address as shown on the Company's records unless he specifies otherwise and shall be personally delivered or delivered by overnight mail delivery. Any such notice shall be effective upon receipt.

SECTION 18. Contractual Rights. The right to be indemnified or to the advancement or reimbursement of Expenses (i) is a contract right based upon good and valuable consideration, pursuant to which Indemnitee may sue as if these provisions were set forth in a separate written contract between Indemnitee and the Company, (ii) is and is intended to be retroactive and shall be available as to events occurring prior to the adoption of these provisions and (iii) shall continue after any rescission or restrictive modification of such provisions as to events occurring prior thereto.

SECTION 19. Indemnification of Employees, Agents and Fiduciaries. The Company, by adoption of a resolution of the Board of Directors, may indemnify and advance expenses to a person who is an employee (including an employee acting in his Designated Professional Capacity), agent or fiduciary of the Company including any such person who is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of any other corporation, partnership, joint venture, limited liability company, trust, employee benefit plan or other enterprise to the same extent and subject to the same conditions (or to such lesser extent and/or with such other conditions as the Board of Directors may determine) under which it may indemnify and advance expenses to an Indemnitee under this Article V.

ARTICLE VI. MISCELLANEOUS PROVISIONS

SECTION 1. Offices. The address of the registered office of the Company in the State of Delaware and the name of the registered agent of the Company at such address is as set forth in the Restated Certificate of Incorporation. The principal office of the Company shall be located in Phoenix, Arizona, unless and until changed by resolution of the Board of Directors. The Company may also have offices at such other places as the Board of Directors may designate from time to time, or as the business of the Company may require. The principal office and registered office may be, but need not be, the same.

SECTION 2. Resignations. Any director or officer may resign at any time. Such resignations shall be made in writing or by electronic transmission and shall take effect at the time or upon the occurrence of an event specified therein, or, if no such time or event is specified, at the time of its receipt by the Chairman of the Board, if there is one, the Chief Executive Officer, if there is one, the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

SECTION 3. Seal. The Corporate Seal shall be circular in form, shall have inscribed thereon the name of the Company and may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

SECTION 4. Separability. If one or more of the provisions of these Bylaws shall be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision hereof and these Bylaws shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

SECTION 5. Forum Selection. Unless a majority of the Board of Directors, acting on behalf of the Company, consents to or approves of the selection of an alternative forum, (A) the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the Company, (2) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of the Company to the Company or the Company's stockholders, (3) any action asserting a claim arising pursuant to any provision of the DGCL, the Restated Certificate of Incorporation or these Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (4) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware and (B) the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to the provisions of this Section 5.

SECTION 6. Manner of Notice.

(A) Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Company under any provision of the DGCL, the Restated Certificate of Incorporation or these Bylaws may be given in writing directed to the stockholder's mailing address (or by electronic transmission directed to the stockholder's electronic mail address, as applicable) as it appears on the records of the Company. Notice shall be given (i) if mailed, when deposited in the United States mail, postage prepaid, (ii) if delivered by courier service, the earlier of when the notice is received or left at the stockholder's address, or (iii) if given by electronic mail, when directed to such stockholder's electronic mail address (unless the stockholder has notified the Company in writing or by electronic transmission of an objection to receiving notice by electronic mail or such notice is prohibited by the DGCL to be given by electronic transmission). A notice by electronic mail must include a prominent legend that the communication is an important notice regarding the Company. A notice by electronic mail will include any files attached thereto and any information hyperlinked to a website if such electronic mail includes the contact information of an officer or agent of the Company who is available to assist with accessing such files or information. Any notice to stockholders given by the Company under any provision of the DGCL, the Restated Certificate of Incorporation or these Bylaws provided by means of electronic transmission (other than any such notice given by electronic mail) may only be given in a form consented to by such stockholder, and any such notice by such means of electronic transmission shall be deemed to be given as provided by the DGCL.

(B) Except as otherwise provided herein or permitted by applicable law, notices to any director may be in writing and delivered personally or mailed to such director at such director's address appearing on the books of the Company, or may be given by telephone or by any means of electronic transmission (including, without limitation, electronic mail) directed to an address for receipt by such director of electronic transmissions appearing on the books of the Company.

(C) Without limiting the manner by which notice otherwise may be given effectively to stockholders, and except as prohibited by applicable law, any notice to stockholders given by the Company under any provision of applicable law, the Restated Certificate of Incorporation, or these Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any stockholder who fails to object in writing to the Company, within sixty (60) days of having been given written notice by the Company of its intention to send the single notice permitted under this paragraph (C) of this Section 6, shall be deemed to have consented to receiving such single written notice.

SECTION 7. Electronic Signatures, etc. Any document, including, without limitation, any consent, agreement, certificate or instrument, required by the DGCL, the Restated Certificate of Incorporation or these Bylaws to be executed by any officer, director, stockholder, employee or agent of the Company may be executed using a facsimile or other form of electronic signature to the fullest extent permitted by applicable law. All other contracts, agreements, certificates or instruments to be executed on behalf of the Company may be executed using a facsimile or other form of electronic signature to the fullest extent permitted by applicable law. The terms "electronic mail," "electronic mail address," "electronic signature" and "electronic transmission" as used herein shall have the meanings ascribed thereto in the DGCL.

ARTICLE VII.
AMENDMENT OF BYLAWS

SECTION 1. Vote Requirements. The Board of Directors is expressly empowered to adopt, amend or repeal these Bylaws. Any adoption, amendment or repeal of these Bylaws by the Board of Directors shall require the affirmative vote of at least 80% of all directors then in office at any regular or special meeting of the Board of Directors called for that purpose.

INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT (the "Agreement") is made and entered into as of the ____ day of _____, 20__ by and between Cavco Industries, Inc., a Delaware corporation (the "Company"), and _____ (the "Officer").

RECITALS

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

B. The Officer may not regard the protection available under the Company's certificate of incorporation (as amended, the "Charter") and bylaws (as amended, the "Bylaws") and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as an officer without adequate protection, and the Company desires Officer to serve or continue to serve in such capacity. Officer is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Officer be so indemnified.

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

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

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

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

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

AGREEMENT

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

1. Definitions. As used in this Agreement:

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

- b. “Change of Control” means the occurrence after the date of this Agreement any of the following events: (i) an event required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item or any similar schedule or form) promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement; (ii) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) shall become the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the then outstanding voting securities of the Company without prior approval of at least two-thirds of the members of the Board in office immediately prior to such person’s attaining such percentage interest; (iii) the effective date of a merger or consolidation other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Surviving Entity) more than 50% of the combined voting power of the voting securities of the Surviving Entity outstanding immediately after such transaction and with the power to elect at least a majority of the board of directors or other governing body of such Surviving Entity; (iv) the approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets; or (v) during any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constituted the Board (including, for this purpose, any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 1(b)(ii), 1(b)(iii) or 1(b)(iv)) whose election or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board.
- c. “Corporate Status” describes the status of a person who is or was or has agreed to serve as a director, trustee, partner, managing member, officer, employee, fiduciary or agent of the Company or of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise in which such person is or was serving in such capacity at the request of the Company.
- d. “Expenses” includes all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees and other costs of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, ERISA excise taxes and penalties, and all other disbursements, obligations or expenses of the types customarily incurred in connection with, or as a result of, prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a deponent or witness in, or otherwise participating in, a Proceeding. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, (ii) expenses incurred in connection with recovery under any directors’ and officers’ liability insurance policies maintained by the Company, regardless of whether the Officer is ultimately determined to be entitled to such indemnification, advancement or Expenses or insurance recovery, as the case may be, and (iii) for purposes of Section 7 only, Expenses incurred by the Officer in connection with the interpretation, enforcement or defense of the Officer’s rights under this Agreement, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which the Officer has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of the Officer’s counsel as being reasonable in the good faith judgment of such counsel shall be presumed conclusively to be reasonable. Expenses,

however, shall not include amounts paid in settlement by the Officer or the amount of judgments or fines against the Officer.

- e. “Delaware Court” means the Court of Chancery of the State of Delaware.
- f. “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of Delaware corporate law, and neither presently is, nor in the five years prior to his or her selection or appointment has been, retained to represent: (i) the Company or the Officer in any matter material to either such party (other than with respect to matters concerning the Officer under this Agreement, or of other indemnitees under similar indemnification agreements), (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Officer in an action to determine the Officer’s rights under this Agreement.
- (g) “Proceeding” includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, regulatory or investigative (formal or informal) nature, including any appeal therefrom, in which the Officer was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the Officer’s Corporate Status, by reason of any action taken by the Officer (or a failure to take action by the Officer) or of any action (or failure to act) on the Officer’s part while acting pursuant to the Officer’s Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. If the Officer believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, this shall be considered a Proceeding under this paragraph.
- (h) “Surviving Entity” shall mean the surviving entity in a merger or consolidation or any entity that controls, directly or indirectly, such surviving entity.

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

3. Basic Indemnification Arrangement.

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

Certificate of Incorporation, the Bylaws, vote of the Company's stockholders or disinterested directors or applicable law.

- (b) Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify the Officer in accordance with the provisions of this Section 3(b) if the Officer is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3(b), the Officer shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by the Officer or on the Officer's behalf in connection with such Proceeding or any claim, issue or matter therein, if the Officer acted in good faith and in a manner the Officer reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3(b) in respect of any claim, issue or matter as to which the Officer shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Officer is fairly and reasonably entitled to indemnification.
- (c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that the Officer is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify the Officer against all Expenses actually and reasonably incurred by or on behalf of the Officer in connection therewith. If the Officer is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify the Officer against all Expenses actually and reasonably incurred by the Officer or on the Officer's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.
- (d) Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that the Officer is, by reason of the Officer's Corporate Status, a witness, is or was made (or asked) to respond to discovery requests in any Proceeding, or otherwise asked to participate in any Proceeding to which the Officer is not a party, the Officer shall be indemnified against all Expenses actually and reasonably incurred by the Officer or on the Officer's behalf in connection therewith.
- (e) Partial Indemnification. If the Officer is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify the Officer for the portion thereof to which the Officer is entitled.
- (f) Additional Indemnification.
 - (i) Notwithstanding any limitation in Sections 3(a), 3(b), or 3(c), the Company shall indemnify the Officer to the fullest extent permitted by applicable law if the Officer is, or is threatened to be made, a party to or a participant in any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) by reason of the Officer's Corporate Status.
 - (ii) For purposes of Section 3(f)(i), the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to:

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

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

- (g) Advancement of Expenses. To the fullest extent permitted by § 145(e) of the DGCL, the Officer shall be entitled to payment of, and the Company shall pay, Expenses in advance of the final disposition of any Proceeding not initiated by the Officer or any Proceeding initiated by the Officer with the prior approval of the Board as provided in Section 3(h)(iii) (an “Expense Advance”) within thirty days after receipt by the Company of a written notice requesting the advancement of such Expenses, whether prior to or after final disposition of any Proceeding. Expense Advances shall be unsecured and interest free. Expense Advances shall be made without regard to the Officer’s ability to repay the Expenses and without regard to the Officer’s ultimate entitlement to indemnification under the other provisions of this Agreement. Expense Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Officer shall qualify for Expense Advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that the Officer undertakes to repay the amounts advanced (without interest) by the Company pursuant to this Section 3(g), if and only to the extent that it is ultimately determined that the Officer is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement. This Section 3(g) shall not apply to any claim made by the Officer for which indemnity is excluded pursuant to Section 3(h).
- (h) Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification payment or Expense Advance in connection with any claim involving the Officer:
- (i) for which payment has actually been made to or on behalf of the Officer under any insurance policy or other indemnity or advancement of expenses provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity or advancement of expenses provision; or
 - (ii) for (A) an accounting of profits made from the purchase and sale (or sale and purchase) by the Officer of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended from time to time (the “Exchange Act”), or similar provisions of state statutory law or common law, (B) any reimbursement of the Company by the Officer of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Officer from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), or the payment to the Company of profits arising from the purchase and sale by the Officer of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (C) any reimbursement of the Company by the Officer of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

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

4. Procedures for Determination of Entitlement to Indemnification.

- (a) Written Request for Indemnification. The Officer shall notify the Company in writing of any matter with respect to which the Officer intends to seek indemnification or Expense Advances hereunder as soon as reasonably practicable following the receipt by the Officer of written notice thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification under this Agreement, the Officer shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to the Officer and is reasonably necessary to determine whether and to what extent the Officer is entitled to indemnification following the final disposition of such Proceeding. The omission by the Officer to notify the Company hereunder will not relieve the Company from any liability which it may have to the Officer hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by the Officer of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of the Company in writing that the Officer has requested indemnification. The Officer shall cooperate with the party reviewing the Officer's entitlement to indemnification, including providing to said party upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to the Officer and reasonably necessary to such determination. The Company shall pay any costs or expenses (including attorneys' fees and disbursements) incurred by the Officer in so cooperating (irrespective of the determination as to the Officer's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold the Officer harmless therefrom.
- (b) Determining Entitlement to Indemnification Prior to a Change of Control. If a Change of Control has not occurred prior to or at the time a request for indemnification hereunder is submitted to the Company, an Officer's entitlement to indemnification shall be determined in accordance with § 145(d) of the DGCL. If entitlement to indemnification is to be determined by Independent Counsel, the Company shall furnish notice to the Officer within 10 days after receipt of the request for indemnification, specifying the identity and address of Independent Counsel. The Officer may, within 14 days after receipt of such written notice of selection, deliver to the Company a written objection to such selection. Such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of Independent Counsel and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If there is an objection to the selection of Independent Counsel, either the Company or the Officer may petition the Delaware Court for a determination of the merits of such objection or for the appointment of Independent Counsel selected by the court.

- (c) Determining Entitlement to Indemnification After a Change of Control. If a Change of Control has occurred prior to or at the time a request for indemnification hereunder is submitted to the Company, an Officer's entitlement to indemnification shall be determined in a written opinion of Independent Counsel selected by the Officer. The Officer shall give the Company written notice advising of the identity and address of the Independent Counsel so selected. The Company may, within 7 days after receipt of such written notice of selection, deliver to the Officer a written objection to such selection. The Officer may, within 5 days after the receipt of such objection from the Company, submit the name of another Independent Counsel and the Company may, within seven days after receipt of such written notice of selection, deliver to the Officer a written objection to such selection. Any objections referred to in this Section 4(c) may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of Independent Counsel and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If there is an objection to the selection of Independent Counsel, the Officer may petition the Delaware Court for a determination of the merits of such objection or for the appointment of Independent Counsel selected by the court.
- (d) Expenses of Independent Counsel. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel incurred while acting in its capacity as such pursuant to this Agreement and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. Without limiting the foregoing, the Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred in any proceeding to which it is a party or witness in respect of its investigation and written report and shall pay all reasonable fees and expenses incident to the procedures in which such Independent Counsel was selected or appointed. No Independent Counsel may serve if a timely objection has been made to his or her selection unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without a reasonable basis.
- (e) Trial De Novo. In the event that (i) a determination is made pursuant to Section 4(b) or 4(c) that an Officer is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 3(b), (iii) Independent Counsel has not made and delivered a written opinion determining a request for indemnification (A) within 90 days after being appointed by the Delaware Court, (B) within 90 days after objections to his or her selection have been overruled by the Delaware Court or (C) within 90 days after the time for the Company or the Officer to object to his or her selection or (iv) payment of indemnification is not made within five days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 4(b) or 4(c) or Section 6, the Officer shall be entitled to an adjudication in the Delaware Court of his or her entitlement to such indemnification or advancement of Expenses. In the event that a determination shall have been made that the Officer is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 4(e) shall be conducted in all respects as a de novo trial on the merits, and the Officer shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section 4(e), the Company shall have the burden of proving that the Officer is not entitled to indemnification or advancement of Expenses, as the case may be. If a determination shall have been made or deemed to have been made that the Officer is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 4(e), or otherwise, unless the Officer knowingly misrepresented a material fact in connection with the request for indemnification or such indemnification is prohibited by law.

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

5. Notification and Defense of Proceeding.

- (a) Notification. After receipt by the Officer of notice of the commencement of any Proceeding, the Officer will, if a claim for indemnification in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission to notify the Company will not relieve it from any liability which it may have to the Officer otherwise than under this Agreement.
- (b) Defense. With respect to any Proceeding as to which the Officer notifies the Company of the commencement thereof, the Company will be entitled to participate therein at its own expense. Except as otherwise provided below, to the extent that it may wish, the Company (jointly with any other indemnifying party similarly notified) will be entitled to assume the defense thereof, with counsel reasonably satisfactory to the Officer. After receipt of notice from the Company to the Officer of the Company's election to assume the defense thereof, the Company will not be liable to the Officer under this Agreement for any legal or other expenses subsequently incurred by the Officer in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The Officer shall have the right to employ its own counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of the Officer unless (i) the employment of counsel by the Officer has been authorized by the Company, (ii) the Officer shall have reasonably concluded that there may be a conflict of interest between the Company and the Officer in the conduct of the defense of such Proceeding or (iii) the Company shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which cases the fees and expenses of counsel shall be subject to indemnification pursuant to the terms of this Agreement. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Officer shall have reasonably made the conclusion provided for in (ii) above.
- (c) Settlements. The Company shall not be liable to indemnify the Officer under this Agreement for any amounts paid in settlement of any Proceeding made without its written consent, which consent shall not be unreasonably withheld, conditioned or delayed. The Company shall not settle any Proceeding in any manner that would impose any unindemnified penalty or limitation on the Officer without the Officer's written consent. Neither the Company nor the Officer will unreasonably withhold, condition or delay its consent to any proposed settlement.

6. Presumptions; Reliance and Effect of Certain Proceedings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CAVCO INDUSTRIES, INC.

By: _____

Name:

Title:

OFFICER

Name:

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: February 2, 2024

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: February 2, 2024

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 December 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, William C. Boor, President and Chief Executive Officer, and Allison K. Aden, Executive Vice President, Chief Financial Officer & Treasurer, of the Registrant, each 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.

February 2, 2024

/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)