

**STATE OF NORTH CAROLINA**  
**Division of Community Revitalization (DCR)**  
**Amended Best and Final Offer**

Refer **ALL** Inquiries regarding this to:  
[angela.dunaway@commerce.nc.gov](mailto:angela.dunaway@commerce.nc.gov)  
 (919) 526-8340

**Amended Best and Final Offer (BAFO)**

**RFP # Doc1539254856\_Builder**

**Amended Best and Final Offer Issue Date: July 23, 2025**

**BAFOs will be received until: July 28, 2025, at 10:00 am EST**

**Using Agency:** North Carolina Department of Commerce, Division of Community Revitalization

**NOTICE TO VENDOR**

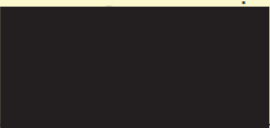
Vendor may choose to accept the State's selected house plan sets and pricing shown herein and sign the Amended Best and Final Offer (BAFO), which will finalize the contract. If a Vendor does not accept the house plan sets and pricing and sign the BAFO, Vendor will not be contracted for the services identified in Request for Proposal #Doc1539254856. The BAFO is being amended to correct the pricing for Garage per square foot in the Reconstruction Site Specific table attached. Please disregard the original BAFO and execute this Amended BAFO instead.

Submit the executed BAFO (this form) to [angela.dunaway@commerce.nc.gov](mailto:angela.dunaway@commerce.nc.gov) by the due date and time indicated above. Offers are subject to rejection unless submitted as described herein.

**EXECUTION**

In compliance with this Amended Best and Final Offer, and subject to all the terms and conditions herein, those in the original Request for Proposal (unless superseded herein) and in Vendor's offer thereto, the undersigned offers and agrees to furnish and deliver any or all goods/services which are offered, at the prices agreed upon in the BAFO and within the time specified. Pursuant to GS §143-54 and §143-59.2 and under penalty of perjury, the undersigned Vendor certifies that this offer has not been arrived at collusively or otherwise in violation of Federal or North Carolina law and this offer is made without prior understanding, agreement, or connection with any firm, corporation, or person submitting an offer for the same services, and is in all respects fair and without collusion or fraud.

**Failure to sign this Amended BAFO will render offer invalid and it SHALL BE REJECTED.**

COMPLETE/FORMAL NAME OF VENDOR:		
Regional Enterprises, LLC		
STREET ADDRESS:	P.O. BOX:	ZIP:
6451 Wirtz Rd		
CITY & STATE & ZIP:	TELEPHONE NUMBER:	TOLL FREE TEL. NO:
Flowood, MS 39232	601-724-4504	
PRINCIPAL PLACE OF BUSINESS ADDRESS IF DIFFERENT FROM ABOVE :		
PRINT NAME & TITLE OF PERSON SIGNING ON BEHALF OF VENDOR:		FAX NUMBER:
Sykes Heard, Program Manager		
VENDOR'	DATE:	EMAIL:
	7/24/2025	sheard@regionalhomes.net

## Best and Final Offer

The State has determined the house plan sets to be used and the pricing provided to be paid to all Vendors for the services defined in Request for Proposal #Doc1539254856, which are included as attachments to this Amended BAFO. Vendors may choose to accept the plan sets and pricing and sign this Best and Final Offer, which will finalize the contract. If a Vendor does not accept this BAFO, it will not be contracted for the services identified in this RFP.

### IMPORTANT NOTE:

It is the Vendor's sole responsibility to ensure its BAFO has been received at [angela.dunaway@commerce.nc.gov](mailto:angela.dunaway@commerce.nc.gov) by the specified time and date. Upon receipt of the signed BAFO from the vendor, a confirmation email will be sent. If the Vendor does not receive a confirmation email within a reasonable time after BAFO submission, within normal business hours, it is the sole responsibility of the Vendor to send a follow up email to confirm receipt PRIOR to the due time and date. Vendors are cautioned not to wait until the time immediately preceding the due time and date to submit the BAFO. The State will countersign the BAFO and at that time a contract will be created. The State will send a fully executed contract (including the offer and the BAFO) to each vendor upon full execution.

### CONFIDENTIALITY AND PROHIBITED COMMUNICATIONS DURING EVALUATION:

The RFP is still in the evaluation period. During this period and prior to award, possession of the BAFO, original RFP response and accompanying information is limited to personnel of the Division of Community Revitalization responsible for participating in the evaluation. Responding Vendor, including any subcontractors and suppliers, is prohibited from engaging in conversations intended to influence the outcome of the evaluation. Any Vendor not in compliance with this provision shall be disqualified from evaluation and award. See RFP Section 3.2.

### ACCEPTANCE OF OFFER

If the State accepts any or all parts of this offer, an authorized representative of the Department of Commerce shall affix his/her signature to the Vendor's response to this Amended BAFO. The acceptance shall include the response to this Amended BAFO, any provisions and requirements of the original RFP which have not been superseded by this BAFO and all Terms and Conditions. These documents shall then constitute the written agreement between the parties. A copy of this acceptance will be forwarded to the successful vendor(s).

#### FOR STATE USE ONLY

Of \_\_\_\_\_ Signed by: \_\_\_\_\_ varded this 30th day of July 2025, as indicated on attached certification,  
by \_\_\_\_\_ (Authorized representative of the Department of Commerce).



PRICING

Rehabilitation Cost
Combined overhead and profit rate to be provided on top of approved Xactimate cost estimates.
27.76%

MHU Price						
<b>Scope of Work:</b> The prices are inclusive of the following items: All permits/fees; taxes/sales tax; disconnection of all utilities; Demolition and disposal of the existing storm damaged MHU in an approved facility; Sitework and grading required to install the new MHU; Purchase of the new MHU; Hauling of the new MHU to the applicant address; Installation of the new MHU to be applicant address in accordance with program and code requirements; stairs; Skirting; Connection of all appliances and HVAC system; GC testing of all mechanical, electrical, and plumbing systems; All required code inspections; Placement of a minimum of 4 pallets of sod or minimum required to pass code inspections, whichever is greater; Fill dirt included as required to ensure proper drainage; Completion of all required program inspections; Title work (title to new MHU to be issued in applicant name prior to program final inspection); Certificate of Occupancy prior to key turn over; Warranty requirements as required in GC contract. All MHUs required to be HUD Compliant for the applicable thermal and wind zones and furnished with all appliances including central HVAC (mini-splits not allowed), refrigerator, stove/oven, dishwasher, water heater.						
	Price	Price	Price	Price	Price	Price
	Singlewide MHU	Singlewide MHU	Singlewide MHU	Doublewide MHU	Doublewide MHU	Doublewide MHU
	2 Bedroom / 2 Bathroom	3 Bedroom / 2 Bathroom	4 Bedroom / 2 Bathroom	2 Bedroom / 2 Bathroom	3 Bedroom / 2 Bathroom	4 Bedroom / 2 Bathroom
Price Per Square Foot	\$ 152.74	\$ 141.59	\$ 141.33	\$ 148.30	\$ 138.79	\$ 130.18
Price per Square Foot Wheelchair Friendly Unit	\$ 164.60	\$ 150.12	\$ 149.76	\$ 155.90	\$ 144.97	\$ 135.48

### Reconstruction Base Plan Costs; 2 Bedroom / 2 Bathroom

All construction must be completed with radon resistant construction techniques and the pricing includes GC provided post construction radon testing results indicating that the radon levels in the home are below federal, state, or local action levels.

	2 Bedroom / 2 Bathroom
Site Work	\$ 11,294.44
Foundation - Slab on Grade	\$ 24,575.02
Plumbing	\$ 20,251.91
Electrical	\$ 16,736.99
Framing	\$ 43,764.92
Doors & Windows	\$ 12,046.30
Insulation	\$ 7,124.78
Exterior Surface	\$ 15,345.43
Interior Surface	\$ 11,870.78
Mechanical	\$ 17,975.12
Finish Carpentry	\$ 8,158.73
Cabinets	\$ 10,644.86
Appliances	\$ 6,446.18
Flooring	\$ 9,200.19
Paint	\$ 9,453.32
Roofing	\$ 11,318.63
Finish Details	\$ 7,264.68
Miscellaneous	\$ 10,676.57
<b>Total Price</b>	<b>\$ 254,148.85</b>
<b>Design Square Footage (Conditioned Space) on Selected House Plans</b>	<b>1184</b>
<b>Price Per Square Foot (Conditioned Space)</b>	<b>\$ 214.65</b>
Price Per Square Foot Slab Foundation	\$ 214.65
Price Per Square Foot Pier and Beam Foundation	\$ 228.36
Price Per Square Foot Stem Wall Foundation	\$ 226.99
Price Per Square Foot Timber Pile Foundation up to 4' above grade	\$ 234.54
Price Per Square Foot Timber Pile Foundation from 4.1' to 8' above grade	\$ 244.87

### Reconstruction Base Plan Costs; 3 Bedroom / 2 Bathroom

All construction must be completed with radon resistant construction techniques and the pricing includes GC provided post construction radon testing results indicating that the radon levels in the home are below federal, state, or local action levels.

	3 Bedroom / 2 Bathroom
Site Work	\$ 14,302.39
Foundation - Slab on Grade	\$ 29,626.24
Plumbing	\$ 22,249.78
Electrical	\$ 19,036.13
Framing	\$ 51,466.79
Doors & Windows	\$ 14,133.71
Insulation	\$ 8,546.72
Exterior Surface	\$ 18,789.45
Interior Surface	\$ 14,268.18
Mechanical	\$ 19,724.03
Finish Carpentry	\$ 9,866.08
Cabinets	\$ 12,541.91
Appliances	\$ 6,949.16
Flooring	\$ 11,316.75
Paint	\$ 11,353.58
Roofing	\$ 13,094.69
Finish Details	\$ 8,984.19
Miscellaneous	\$ 12,846.16
<b>Total Price</b>	<b>\$ 299,095.94</b>
<b>Design Square Footage (Conditioned Space) on Selected House Plans</b>	<b>1450</b>
<b>Price Per Square Foot (Conditioned Space)</b>	<b>\$ 206.27</b>
Price Per Square Foot Slab Foundation	\$ 206.27
Price Per Square Foot Pier and Beam Foundation	\$ 218.76
Price Per Square Foot Stem Wall Foundation	\$ 217.01
Price Per Square Foot Timber Pile Foundation up to 4' above grade	\$ 222.72
Price Per Square Foot Timber Pile Foundation from 4.1' to 8' above grade	\$ 232.30

### Reconstruction Base Plan Costs; 4 Bedroom / 2 Bathroom

All construction must be completed with radon resistant construction techniques and the pricing includes GC provided post construction radon testing results indicating that the radon levels in the home are below federal, state, or local action levels.

	4 Bedroom / 2 Bathroom
Site Work	\$ 16,010.69
Foundation - Slab on Grade	\$ 32,696.92
Plumbing	\$ 23,435.96
Electrical	\$ 21,006.80
Framing	\$ 56,417.16
Doors & Windows	\$ 15,409.87
Insulation	\$ 9,622.79
Exterior Surface	\$ 20,861.24
Interior Surface	\$ 16,128.12
Mechanical	\$ 21,114.59
Finish Carpentry	\$ 11,029.63
Cabinets	\$ 13,403.06
Appliances	\$ 7,320.15
Flooring	\$ 12,671.02
Paint	\$ 12,548.74
Roofing	\$ 14,480.24
Finish Details	\$ 9,828.19
Miscellaneous	\$ 13,826.97
<b>Total Price</b>	<b>\$ 327,812.14</b>
<b>Design Square Footage (Conditioned Space) on Selected House Plans</b>	<b>1645</b>
<b>Price Per Square Foot (Conditioned Space)</b>	<b>\$ 199.28</b>
Price Per Square Foot Slab Foundation	\$ 199.28
Price Per Square Foot Pier and Beam Foundation	\$ 210.62
Price Per Square Foot Stem Wall Foundation	\$ 210.00
Price Per Square Foot Timber Pile Foundation up to 4' above grade	\$ 225.75
Price Per Square Foot Timber Pile Foundation from 4.1' to 8' above grade	\$ 223.45

### Reconstruction Site-Specific Unit Cost Pricing

All construction must be completed with radon resistant construction techniques and the pricing includes GC provided post construction radon testing results indicating that the radon levels in the home are below federal, state, or local action levels.

Demolition:	Price
Addition to MHU (100 - 500 SF)	\$ 6,833.93
Addition to MHU (> 500 SF)	\$ 7,902.74
House Demolition (up to 1000 SF under roof)	\$ 10,650.47
House Demolition (1000 - 1500 SF under roof)	\$ 14,966.79
House Demolition (1500 - 2000 SF under roof)	\$ 18,731.50
House Demolition (2000 - 2500 SF under roof)	\$ 21,618.36
House Demolition (2500 - 3000 SF under roof)	\$ 25,662.76
House Demolition (> 3000 SF under roof)	\$ 31,660.47
Shed or Carport (10-200 SF)	\$ 1,341.21
Shed or Carport (201 - 400 SF)	\$ 2,569.33
Shed or Carport (401 - 600 SF)	\$ 3,589.72
Shed or Carport (601 - 800 SF)	\$ 4,592.18
Shed or Carport (801 - 1000 SF)	\$ 5,761.41
Concrete Flatwork (10-200 SF)	\$ 1,383.95
Concrete Flatwork (201 - 400 SF)	\$ 2,522.80
Concrete Flatwork (401 - 600 SF)	\$ 3,736.59
Concrete Flatwork (601 - 800 SF)	\$ 4,720.37
Concrete Flatwork (801 - 1000 SF)	\$ 5,925.87
Concrete Flatwork (1001 - 1500 SF)	\$ 8,841.97
Concrete Flatwork (1501 - 2000 SF)	\$ 11,082.09
Concrete Flatwork (2001 - 2500 SF)	\$ 13,907.34
Wooden Deck (10-200 SF)	\$ 1,250.53
Wooden Deck (201 - 400 SF)	\$ 2,401.44
Wooden Deck (401 - 600 SF)	\$ 3,469.77
Wooden Deck (601 - 800 SF)	\$ 4,644.09
Wooden Deck (801 - 1000 SF)	\$ 5,663.49
Wooden Deck (1001 - 1500 SF)	\$ 7,687.84
Wooden Deck (1501 - 2000 SF)	\$ 10,111.84
Wooden Deck (2001 - 2500 SF)	\$ 11,559.73



<b>Accessibility Accommodations</b>	
RA-1 Tub/Shower with Blocking & Grab Bar	\$ 1,644.76
RA-2 Tub/Shower with Blocking, Grab Bars, Fold-up Seat, Shower Wand	\$ 3,101.88
RA-3 Roll In Shower with Grab Bars, Fold-up Seat, Shower Wand	\$ 3,983.21
Wooden Ramp (0-4' above grade) including no step entrance	\$ 8,685.53
Wooden Ramp (4' - 8' above grade) including no step entrance	\$ 14,773.49
Exterior Platform Lift (4' - 8' above grade) - inclusive of pad, framing, electrical*	\$ 20,494.56
Exterior Platform Lift (8' - 12' above grade) - inclusive of pad, framing, electrical*	\$ 26,134.27
Accessible Kitchen (appliances with knobs in front, roll under sink)	\$ 2,779.19
Hearing Impaired (strobe smoke detectors)	\$ 624.15
<b>Utilities</b>	
Complete Septic System Replacement	\$ 17,755.44
Septic Drain Field Replacment	\$ 9,881.37
Decommission Septic System	\$ 3,620.42
Water Well Pump Replacement	\$ 4,433.08
Water Well Replacement (up to 100 feet below ground surface)**	\$ 12,071.66
Water Well Replacement (101 - 150 feet below ground surface)**	\$ 13,170.40
Water Well Replacement (151 - 200 feet below ground surface)**	\$ 14,412.29
Water Well Replacement (201 - 250 feet below ground surface)**	\$ 15,208.93
Water Well Replacement (251 - 300 feet below ground surface)**	\$ 17,366.23
Water Well Replacement (301 - 350 feet below ground surface)**	\$ 18,665.97
Water Well Replacement (351 - 400 feet below ground surface)**	\$ 20,182.93
Water Well Replacement (401 - 450 feet below ground surface)**	\$ 22,583.54
Water Well Replacement (451 - 500 feet below ground surface)**	\$ 24,604.44
Decommission Water Well	\$ 2,381.45
<b>Flatwork</b>	
Flatwork Installed (50-100 SF)	\$ 1,352.84
Flatwork Installed (101 - 200 SF)	\$ 2,441.99
Flatwork Installed (201 - 300 SF)	\$ 3,587.18
Flatwork Installed (301 - 400 SF)	\$ 4,675.15
Flatwork Installed (401 - 500 SF)	\$ 5,822.76
Flatwork Installed (501 - 600 SF)	\$ 6,958.71
Flatwork Installed (601 - 700 SF)	\$ 8,090.77
Flatwork Installed (701 - 800 SF)	\$ 9,173.97
Flatwork Installed (801 - 900 SF)	\$ 10,552.94
Flatwork Installed (901 - 1000 SF)	\$ 11,627.28
Flatwork Installed (1001 - 1500 SF)	\$ 15,753.34
Flatwork Installed (1501 - 2000 SF)	\$ 20,634.68

Other Site-Specific Costs	
Site Survey (set backs and structure location)	\$ 2,067.05
Elevation Survey (confirm base flood elevation and final elevation)	\$ 1,424.48
Garage (per SF)	\$ 101.06
Sod (per pallet installed)	\$ 654.53
Tree Trimming (per tree)	\$ 695.65
Stump Grinding (per stump)	\$ 702.68
Stump Removal	\$ 1,220.09
New Water Tap	\$ 3,302.19
New Sewer Tap	\$ 3,743.31
Underground electric (per linear foot)	\$ 65.24
Stairs for elevated home (3.1' - 6' above grade)	\$ 2,300.38
Stairs for elevated home (6.1' - 9' above grade)	\$ 3,470.05
Stairs for elevated home (9.1' - 12' above grade)	\$ 4,792.18
Tree removal (2" - 10" diameter)	\$ 806.50
Tree removal (11" - 15" diameter)	\$ 1,360.38
Tree removal (16" - 20" diameter)	\$ 1,832.06
Tree removal (21" - 25" diameter)	\$ 2,484.60
Tree removal (26" - 30" diameter)	\$ 3,065.34
Tree removal (31" - 36" diameter)	\$ 3,866.61
Concrete Culvert (12")	\$ 1,703.15
Concrete Culvert (15")	\$ 1,900.65
Concrete Culvert (16")	\$ 2,085.62
Concrete Culvert (18")	\$ 2,239.60
Concrete Culvert (20")	\$ 2,602.33
Concrete Culvert (24")	\$ 3,037.21
Fill Dirt (5 -15 CY)	\$ 658.90
Fill Dirt (16 - 25 CY)	\$ 1,104.24
Fill Dirt (26 - 35 CY)	\$ 1,442.22
Fill Dirt (36 - 45 CY)	\$ 1,857.20
Fill Dirt (46 - 60 CY)	\$ 2,419.18
Fill Dirt (61 - 80 CY)	\$ 2,977.30
Caliche or Crushed Concrete (5 -15 CY)	\$ 1,104.75
Caliche or Crushed Concrete (16 - 25 CY)	\$ 1,703.44
Caliche or Crushed Concrete (26 - 35 CY)	\$ 2,309.56
Caliche or Crushed Concrete (36 - 45 CY)	\$ 2,902.60

\* Exterior platform lift price includes purchase of a 1 year maintenance package after installation of the lift.

\*\* Water well replacement to include min 1 HP pump and steel casing.

Demolition - Only Site-Specific Unit Cost Pricing	
Demolition	Price
House Demolition (up to 1000 SF under roof)	\$ 11,098.13
House Demolition (1000 - 1500 SF under roof)	\$ 15,521.23
House Demolition (1500 - 2000 SF under roof)	\$ 19,356.99
House Demolition (2000 - 2500 SF under roof)	\$ 22,288.23
House Demolition (2500 - 3000 SF under roof)	\$ 26,494.61
House Demolition (> 3000 SF under roof)	\$ 32,402.10
Shed or Carport (10-200 SF)	\$ 1,365.76
Shed or Carport (201 - 400 SF)	\$ 2,611.36
Shed or Carport (401 - 600 SF)	\$ 3,654.24
Shed or Carport (601 - 800 SF)	\$ 4,663.11
Shed or Carport (801 - 1000 SF)	\$ 5,872.95
Concrete Flatwork (10-200 SF)	\$ 1,393.34
Concrete Flatwork (201 - 400 SF)	\$ 2,517.89
Concrete Flatwork (401 - 600 SF)	\$ 3,724.21
Concrete Flatwork (601 - 800 SF)	\$ 4,695.10
Concrete Flatwork (801 - 1000 SF)	\$ 5,877.99
Concrete Flatwork (1001 - 1500 SF)	\$ 8,820.10
Concrete Flatwork (1501 - 2000 SF)	\$ 11,066.78
Concrete Flatwork (2001 - 2500 SF)	\$ 13,920.40
Wooden Deck (10-200 SF)	\$ 1,274.59
Wooden Deck (201 - 400 SF)	\$ 2,423.20
Wooden Deck (401 - 600 SF)	\$ 3,519.21
Wooden Deck (601 - 800 SF)	\$ 4,699.65
Wooden Deck (801 - 1000 SF)	\$ 5,733.88
Wooden Deck (1001 - 1500 SF)	\$ 7,763.46
Wooden Deck (1501 - 2000 SF)	\$ 10,102.15
Wooden Deck (2001 - 2500 SF)	\$ 12,096.73
<b>Utilities</b>	
Decommission Septic System	\$ 3,561.58
Decommission Water Well	\$ 2,643.82

Other Site-Specific Costs	
Sod (per pallet installed)	\$ 654.76
Tree Trimming (per tree)	\$ 704.03
Stump Grinding (per stump)	\$ 715.21
Stump Removal	\$ 1,237.84
Tree Removal (2" - 10" diameter)	\$ 828.37
Tree Removal (11" - 15" diameter)	\$ 1,381.02
Tree Removal (16" - 20" diameter)	\$ 1,895.20
Tree Removal (21" - 25" diameter)	\$ 2,539.86
Tree Removal (26" - 30" diameter)	\$ 3,132.03
Tree Removal (31" - 36" diameter)	\$ 3,812.32
Fill Dirt (5 -15 CY)	\$ 665.44
Fill Dirt (16 - 25 CY)	\$ 1,114.62
Fill Dirt (26 - 35 CY)	\$ 1,453.76
Fill Dirt (36 - 45 CY)	\$ 1,874.04
Fill Dirt (46 - 60 CY)	\$ 2,443.31
Fill Dirt (61 - 80 CY)	\$ 2,997.93

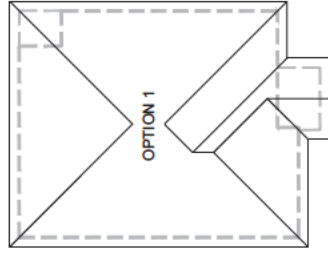
# House Plan Sets



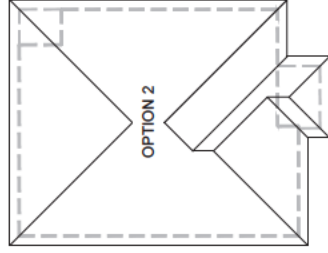
SQUARE FOOTAGE CALCULATIONS		
LOCATION	SQUARE FOOTAGE	REMARKS
FLOOR PLAN	1,184 SQFT	
FRONT PORCH	52 SQFT	
REAR PORCH	30 SQFT	

DOOR SCHEDULE			
MARK	QTY	DESCRIPTIONS	REMARKS
1	1	3'-0" X 6'-6"	EXTERIOR WITH REEPCOLE
2	1	3'-0" X 6'-6"	EXTERIOR
3	6	3'-0" X 6'-6"	INTERIOR
4	1	2'-0" X 6'-6"	INTERIOR
5	1	(2) 2'-0" X 6'-6"	DOUBLE DOORS
6	1	3'-0" X 6'-6" ATTIC ACCESS	350 POUND LADDER RATING
7	1	3'-0" X 6'-6"	SELF CLOSING WITH A FIRE RATING (VENTED)

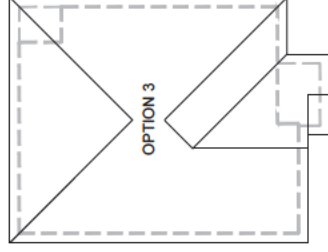
WINDOW SCHEDULE			REMARKS
MARK	QTY	DESCRIPTIONS	
A	7	3'-0" X 5'-0"	SINGLE HUNG
B	1	3'-0" X 3'-0"	SINGLE HUNG



### OPTION 1



## OPTION 2



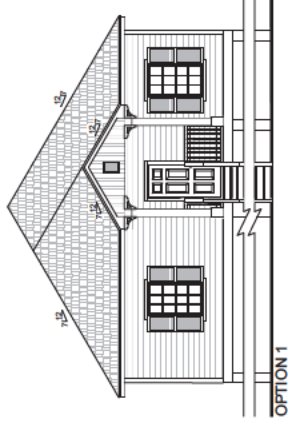
### OPTION 3

## ROOF PLAN

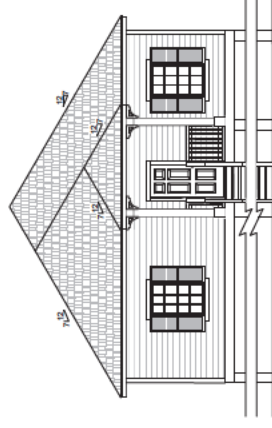


2 BED 2 BATH

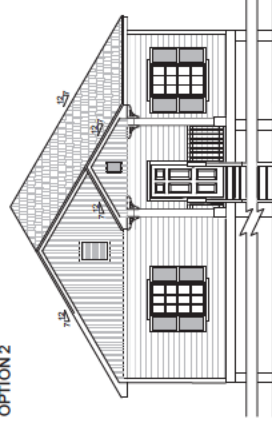
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### OPTION 1



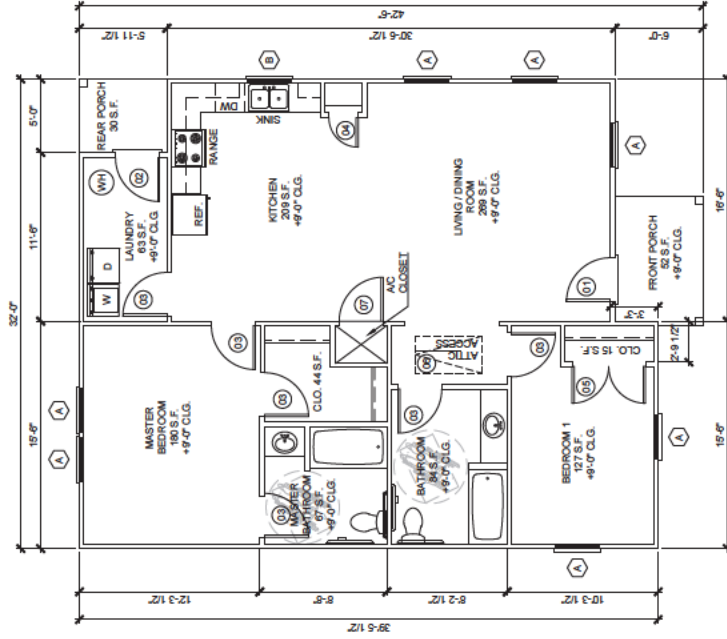
## OPTION 2



### OPTION 3

STORAGE CLOSET  
CLOSET  
N.T.S.

THIS HOUSE PLAN IS FOR THE SOLE PURPOSE AND USE FOR THE NORTH CAROLINA DIVISION OF COMMUNITY REVITALIZATION (DCR) AND THE HURRICANE HELENE HOUSING PROGRAM. AS SUCH, THIS DESIGN MAY BE REPLICATED OR RECREATED FOR USE FOR SITE SPECIFIC RECONSTRUCTION PLAN SETS. THIS SPECIFIC DRAWING SHALL NOT BE USED FOR PERMITTING.



## FLOOR PLAN

## ELECTRICAL PLAN

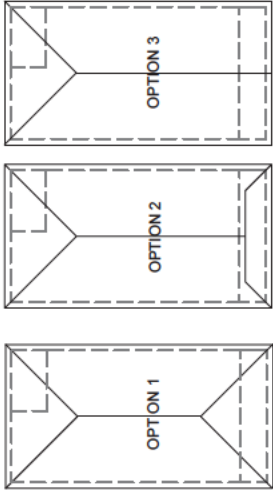
## FRONT ELEVATIONS (SIDING)

NOTE: ELEVATED HOMES TO BE CONSTRUCTED OUT OF WOOD FRAME CONSTRUCTION.

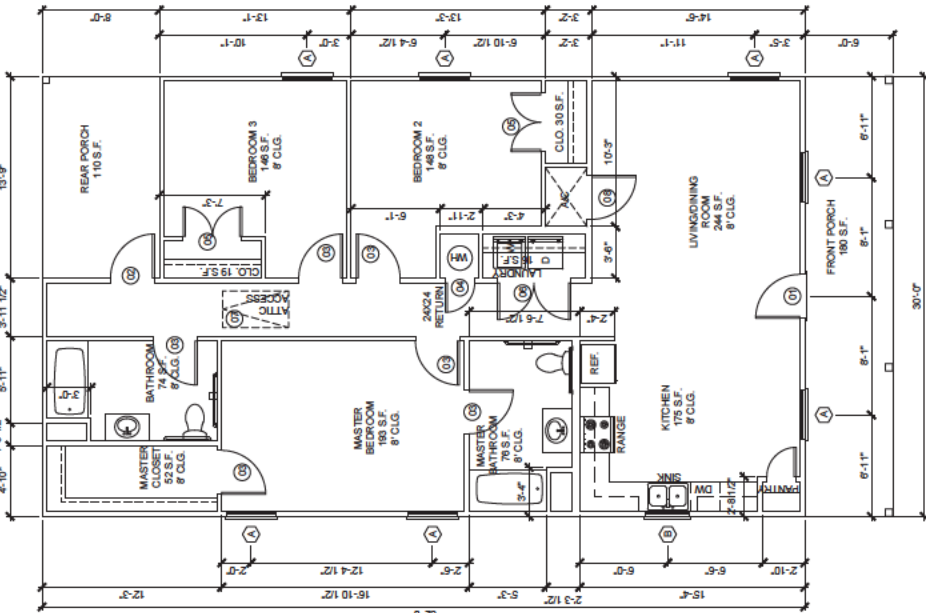
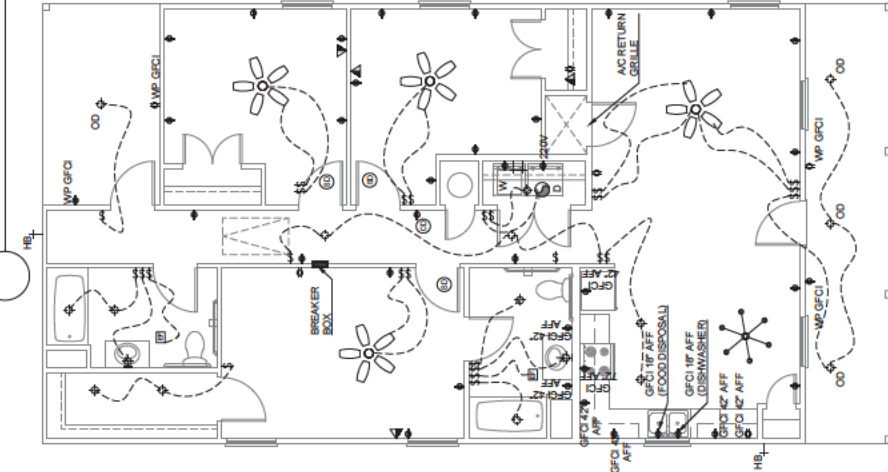
DOOR SCHEDULE			REMARKS
MARK	QTY	DESCRIPTIONS	REMARKS
01	1	3'-0" X 6'-0"	EXTERIOR WITH PEEPHOLE
02	1	3'-0" X 6'-0"	EXTERIOR
03	0	3'-0" X 6'-0"	INTERIOR
04	1	2'-0" X 6'-0"	INTERIOR VENTED WHEN GAS APPLIANCE
05	2	6'-0" X 6'-0"	DOUBLE DOORS
06	1	3'-0" X 6'-0"	DOUBLE DOORS
07	1	30" X 54" ATTIC ACCESS	350 POUND LADDER RATING
08	1	2'-4" X 6'-0"	VENTED

SQUARE FOOTAGE CALCULATIONS			REMARKS
LOCATION	SQUARE FOOTAGE		REMARKS
FLOOR PLAN	1,490 S.F.		
FRONT PORCH	180 S.F.		
REAR PORCH	110 S.F.		

WINDOW SCHEDULE			REMARKS
MARK	QTY	DESCRIPTIONS	REMARKS
A	7	3'-4" X 5'-0"	SINGLE HUNG
B	1	3'-0" X 3'-0"	SINGLE HUNG



ROOF PLAN



FLOOR PLAN

ELECTRICAL PLAN

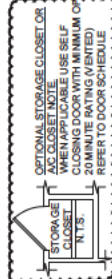
EXTERIOR ELEVATIONS (SIDING)

NOTE: ELEVATED HOMES TO BE CONSTRUCTED OUT OF WOOD FRAME CONSTRUCTION.



3 BED 2 BATH

SUMBA

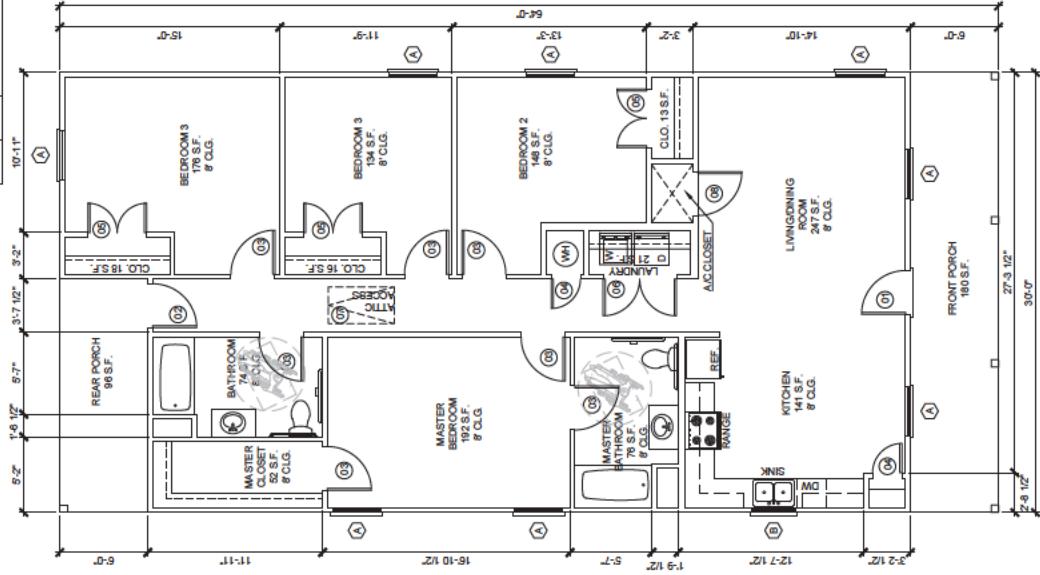


THIS HOUSE PLAN IS FOR THE SOLE PURPOSE AND USE FOR THE NORTH CAROLINA DIVISION OF COMMUNITY REHABILITATION CORP AND THE HURRICANE HELPER PROGRAM. THIS HOUSE PLAN IS NOT TO BE REPRODUCED, REPLICATED OR RECREATED FOR USE FOR SITE SPECIFIC RECONSTRUCTION PLAN SETS. THIS SPECIFIC DRAWING SHALL NOT BE USED FOR PERMITTING.

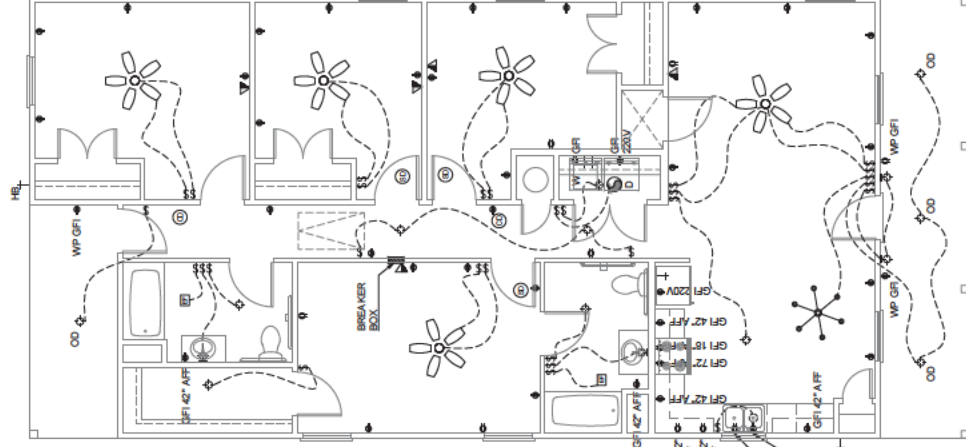
DOOR SCHEDULE			
MARK	QTY	DESCRIPTIONS	REMARKS
01	1	3'-0" X 6'-8"	EXTERIOR WITH REEPOLE
02	1	3'-0" X 6'-8"	EXTERIOR
03	7	3'-0" X 6'-8"	INTERIOR
04	2	2'-0" X 6'-8"	INTERIOR
05	3	6'-0" X 6'-8"	B-FOLD
06	1	5'-0" X 6'-8"	B-FOLD
07	1	30" X 54" ATTIC ACCESS	30" ROUND LADDER
08	1	3'-0" X 6'-8"	SELF CLOSING WITH A MINIMUM OF 30 MINUTE FIRE RATING (VENTED)

SQUARE FOOTAGE CALCULATIONS		
LOCATION	SQUARE FOOTAGE	REMARKS
FLOOR PLAN	1,846 S.F.	
FRONT PORCH	180 S.F.	
REAR PORCH	90 S.F.	

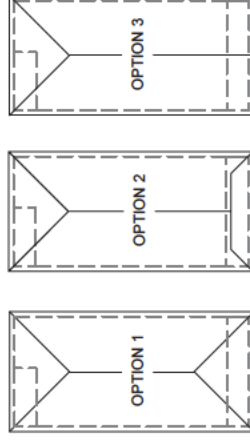
WINDOW SCHEDULE			
MARK	QTY.	DESCRIPTIONS	REMARKS
A	8	3'-4" X 5'-0"	SINGLE HUNG
B	1	3'-0" X 3'-0"	SINGLE HUNG



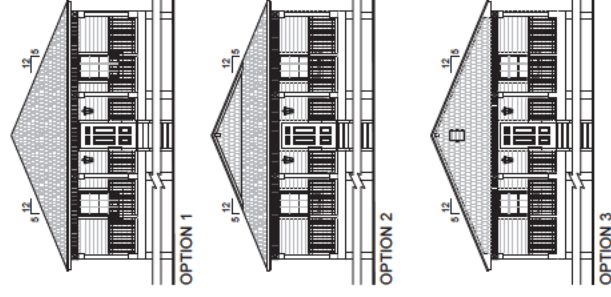
## FLOOR PLAN



## ELECTRICAL PLAN



## ROOF PLAN



## EXTERIOR ELEVATIONS (SIDING)

**NOTE: ELEVATED HOMES TO BE CONSTRUCTED OUT OF WOOD FRAME CONSTRUCTION**

**OPTIONAL STORAGE CLOSET OR  
AC CLOSET NOTE:  
WHEN APPLICABLE USE SELF  
CLOSING DOOR WITH MINIMUM 0.5  
20 MINUTE RATING (VENTED)**

THIS HOUSE PLAN IS FOR THE SOLE PURPOSE AND USE FOR THE NORTH CAROLINA DIVISION OF COMMUNITY REVITALIZATION (DCR) AND THE HURRICANE HELENE HOUSING PROGRAM. AS SUCH, THIS DESIGN MAY BE REPLICATED OR CREATED FOR USE FOR SITE SPECIFIC RECONSTRUCTION PLAN SETS. THIS SPECIFIC DRAWING SHALL NOT BE USED FOR PERMITTING.

RFP #  
**Doc1539254856**

**STATE OF NORTH CAROLINA  
DEPARTMENT OF COMMERCE  
Division of Community Revitalization**

Residential Demolition, Reconstruction, Rehabilitation, and Manufactured Housing  
Unit Replacement for Hurricane Helene impacted Counties

---

**BID SUBMITTAL**



**REGIONAL  
ENTERPRISES**

Regional Enterprises, LLC.  
6451 Wirtz Road, Flowood, MS 39232  
601.724.4504  
[REGIONALHOMES.NET](http://REGIONALHOMES.NET)





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Regional Enterprises, LLC  
6451 Wirtz Rd. Flowood, MS 39232  
601-724-4504  
May 8, 2025

Angela Dunaway, Procurement Director  
North Carolina Department of Commerce  
Division of Community Revitalization  
angela.dunaway@commerce.nc.gov

RE: Proposal Submission – RFP #Doc1539254856  
MHU Repair and Replacement Services – Hurricane Helene Recovery

Dear Ms. Dunaway,

Regional Enterprises, LLC is pleased to submit our proposal for Project Type 1: Manufactured Housing Unit (MHU) Repair and Replacement Services in response to RFP #Doc1539254856. With a long track record of delivering turnkey housing under federal and state disaster recovery programs, we are fully equipped to support North Carolina’s post-Hurricane Helene recovery efforts.

[REDACTED]

[REDACTED]

Thank you for the opportunity to support this important mission. Please feel free to contact us with any questions or for further clarification.

Respectfully,

[REDACTED]



# REQUIRED VENDOR INFORMATION

## EXECUTIVE SUMMARY

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

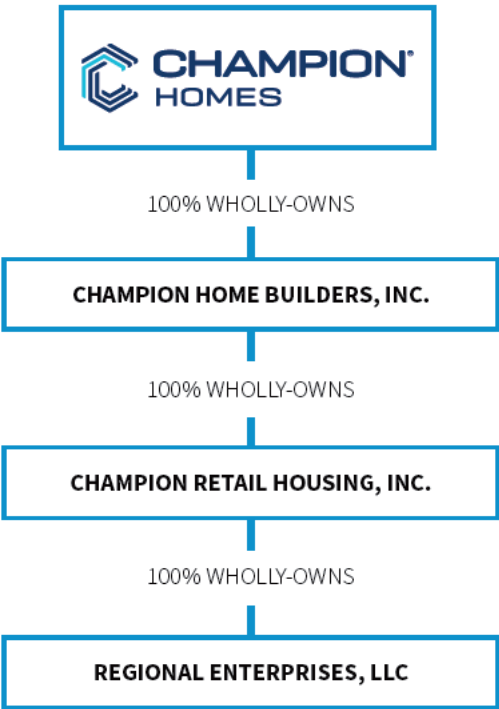
KEY HIGHLIGHTS

- ✔ **Extensive Experience:** More than 17 years dedicated to local, state, and federal housing missions, including all aspects of manufactured home lifecycle from manufacturing to deactivation.
- ✔ **CDBG-DR Contract Expertise:** [REDACTED]
- ✔ **Proven Track Record:** [REDACTED]
- ✔ **Strategic Presence:** [REDACTED]
- ✔ **Manufacturing Autonomy:** [REDACTED]
- ✔ **Recognized Vendor:** [REDACTED]
- ✔ **Innovation and Preparedness:** [REDACTED]
- ✔ **Capacity and Readiness:** [REDACTED]
- ✔ **Financial Stability:** A solid financial foundation characterized by strong cash flows and positive financial positioning, enabling sustained operations and scalability in response to emergency housing needs.

# COMPANY PROFILE

## Ownership Structure

Regional Enterprises, LLC operates as a wholly-owned subsidiary of Champion Retail Housing Inc., which is fully owned by Champion Home Builders Inc. Champion Home Builders Inc. is in turn a complete subsidiary of Champion Homes Inc. This hierarchical structure was established when Champion Homes Inc. acquired Regional Enterprises in October 2023, ensuring complete ownership and operational alignment under the Champion Homes corporate umbrella.



## Founding and/or Organization Type

Regional Enterprises is a Limited Liability Company established in Mississippi in 2006.

## Company Headquarters

Regional Enterprises corporate retail headquarters is located in Flowood, Mississippi, while Champion Homes Inc. is headquartered in Troy, Michigan.

## Company Employees and Operational Locations

[Redacted content]

[REDACTED]

[REDACTED]

#### **North Carolina Project Engagements**

[REDACTED]

#### **CDBG-Funded Residential Construction Experience and Participation Status**

[REDACTED]

[REDACTED]

#### **Description of Regional's Quality Control and Safety Program**

Regional Enterprises' Quality Control and Safety Plan is a comprehensive plan designed to ensure that all aspects of the project are completed in compliance with all applicable laws, regulations, and industry standards. The plan includes measures such as housing quality control procedures, safety training, personal protective equipment, hazard identification and mitigation, emergency



procedures, vehicle and equipment safety, and environmental compliance. Reporting requirements may include daily and weekly reports as well as regular quality control and safety reports (or on an as-needed basis for the client). The success of the project depends on the commitment of all personnel involved to prioritize safety and quality at all times.

### **Designated Point of Contact for Quality Control Program**

[REDACTED]

### **Overview of Warranty Program & Procedures**

[REDACTED]

#### **Warranty Introduction & Registration**

[REDACTED]

#### **Workmanship Warranty & Emergency Response**

[REDACTED]

#### **Warranty Hotline & Triage**

[REDACTED]

#### **Long-Term Coverage & Transition**

[REDACTED]

[REDACTED]

### Reporting & Compliance

[REDACTED]

### Historic Preservation

[REDACTED]

[REDACTED]

### Conflicts

Regional Enterprises, LLC certifies that it has no known conflicts of interest in providing the services described in this Solicitation. This includes any existing or prior business dealings, relationships, or affiliations—whether by the company, its parent organization, or individuals assigned to manage this account—that would present a conflict under applicable state or federal guidelines.

Should any potential conflict arise during the course of contract execution, Regional Enterprises will disclose the matter promptly and work in good faith with the State to resolve it in accordance with contractual and ethical standards.

QUALIFICATIONS

Organizational Readiness and Local Infrastructure

[Redacted]

[Redacted]

Extensive Past Performance

[Redacted]

[Redacted]

[Redacted]

Experience with Accessibility and Special Accommodations

[Redacted]

**Workforce, Subcontractors, and Mobilization Capability**

[Redacted]

**Financial Strength and Compliance History**

[Redacted]

**Technology and Systems Integration**

[Redacted]

[Redacted]

**Dedicated Government Services Team**

[Redacted]

[Redacted]

**Full Capability for Immediate Execution**

[Redacted]

## PROPOSED METHODOLOGY

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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KEY STAFFING PROFILE & RESUMES

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# LITIGATION HISTORY

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]



# CERTIFICATES OF INSURANCE





# CERTIFICATE OF LIABILITY INSURANCE

DATE MM/DD/YYYY  
05/07/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Aon Risk Services Central, Inc. MSC# 17385 Aon PO Box 1447 Lincolnshire IL 60069 USA	<b>CONTACT NAME:</b> <b>PHONE</b> (A/C. No. Ext): (866) 283-7122 <b>FAX</b> (A/C. No.): 800-363-0105 <b>E-MAIL ADDRESS:</b>														
<b>INSURED</b> Regional Enterprises, LLC a division of Skyline Champion 6451 Wirtz Road Flowood MS 39232 USA	<table><tr><th>INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr><tr><td>INSURER A: Everest National Insurance Co</td><td>10120</td></tr><tr><td>INSURER B: Everest Premier Insurance Company</td><td>16045</td></tr><tr><td>INSURER C: Evanston Insurance Company</td><td>35378</td></tr><tr><td>INSURER D:</td><td></td></tr><tr><td>INSURER E:</td><td></td></tr><tr><td>INSURER F:</td><td></td></tr></table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Everest National Insurance Co	10120	INSURER B: Everest Premier Insurance Company	16045	INSURER C: Evanston Insurance Company	35378	INSURER D:		INSURER E:		INSURER F:	
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INSURER C: Evanston Insurance Company	35378														
INSURER D:															
INSURER E:															
INSURER F:															

**COVERAGES**      **CERTIFICATE NUMBER:** 570112449772      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL NSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS												
C	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> \$500,000 SIR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:			MKLV3PBC003595 SIR applies per policy terms & conditions	03/19/2025	03/19/2026	<table><tr><td>EACH OCCURRENCE</td><td>\$1,500,000</td></tr><tr><td>DAMAGE TO RENTED PREMISES (Ea occurrence)</td><td>\$100,000</td></tr><tr><td>MED EXP (Any one person)</td><td>\$10,000</td></tr><tr><td>PERSONAL &amp; ADV INJURY</td><td>\$1,500,000</td></tr><tr><td>GENERAL AGGREGATE</td><td>\$2,500,000</td></tr><tr><td>PRODUCTS - COMP OP AGG</td><td>\$3,500,000</td></tr></table>	EACH OCCURRENCE	\$1,500,000	DAMAGE TO RENTED PREMISES (Ea occurrence)	\$100,000	MED EXP (Any one person)	\$10,000	PERSONAL & ADV INJURY	\$1,500,000	GENERAL AGGREGATE	\$2,500,000	PRODUCTS - COMP OP AGG	\$3,500,000
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GENERAL AGGREGATE	\$2,500,000																		
PRODUCTS - COMP OP AGG	\$3,500,000																		
A	<input checked="" type="checkbox"/> <b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY			RM8CA00020-251	03/19/2025	03/19/2026	<table><tr><td>COMBINED SINGLE LIMIT (Ea accident)</td><td>\$2,000,000</td></tr><tr><td>BODILY INJURY (Per person)</td><td></td></tr><tr><td>BODILY INJURY (Per accident)</td><td></td></tr><tr><td>PROPERTY DAMAGE (Per accident)</td><td></td></tr></table>	COMBINED SINGLE LIMIT (Ea accident)	\$2,000,000	BODILY INJURY (Per person)		BODILY INJURY (Per accident)		PROPERTY DAMAGE (Per accident)					
COMBINED SINGLE LIMIT (Ea accident)	\$2,000,000																		
BODILY INJURY (Per person)																			
BODILY INJURY (Per accident)																			
PROPERTY DAMAGE (Per accident)																			
	<input type="checkbox"/> <b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION						<table><tr><td>EACH OCCURRENCE</td><td></td></tr><tr><td>AGGREGATE</td><td></td></tr></table>	EACH OCCURRENCE		AGGREGATE									
EACH OCCURRENCE																			
AGGREGATE																			
B	<input type="checkbox"/> <b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	RM8WC00033251 ALL OTHER STATES RM8WC00034251 FL ME NJ	03/19/2025	03/19/2026	<table><tr><td>PER STATUTE</td><td>OTH-ER</td></tr><tr><td>E.L. EACH ACCIDENT</td><td>\$1,000,000</td></tr><tr><td>E.L. DISEASE-EA EMPLOYEE</td><td>\$1,000,000</td></tr><tr><td>E.L. DISEASE-POLICY LIMIT</td><td>\$1,000,000</td></tr></table>	PER STATUTE	OTH-ER	E.L. EACH ACCIDENT	\$1,000,000	E.L. DISEASE-EA EMPLOYEE	\$1,000,000	E.L. DISEASE-POLICY LIMIT	\$1,000,000				
PER STATUTE	OTH-ER																		
E.L. EACH ACCIDENT	\$1,000,000																		
E.L. DISEASE-EA EMPLOYEE	\$1,000,000																		
E.L. DISEASE-POLICY LIMIT	\$1,000,000																		

DESCRIPTION OF OPERATIONS LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

## CERTIFICATE HOLDER

North Carolina Department of Public Safety  
512 N. Salisbury St.  
Raleigh NC 27604 USA

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

[Redacted Signature]

Holder Identifier :

570112449772

Certificate No :





### ADDITIONAL REMARKS SCHEDULE

Page \_ of \_

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Regional Enterprises, LLC	
POLICY NUMBER See Certificate Number: 570112449772			
CARRIER See Certificate Number: 570112449772	NAIC CODE		
		EFFECTIVE DATE:	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

**FORM NUMBER:** ACORD 25    **FORM TITLE:** Certificate of Liability Insurance

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER	
INSURER	
INSURER	
INSURER	

## ADDITIONAL POLICIES

If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

[illegible]



# EMR



Aon Risk Solutions | Aon Risk Services Central, Inc.  
P.O. Box 1447, Lincolnshire, IL 60069

May 7, 2025

To Whom It May Concern:

**Subject:** Experience Modification Rate (EMR) for Skyline Champion Corporation

The published NCCI Experience Modification Factor for Skyline Champion Corporation is:



Should you need anything further, please advise.

Best Regards,



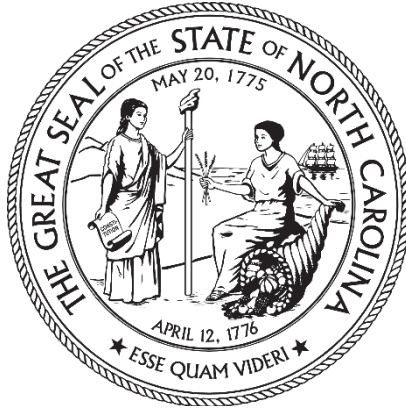
**Michael De Martin**  
Senior Account Executive  
Direct: 248-497-4263  
michael.de.martin@aon.com

*Although we endeavor to provide accurate and timely information, and use sources we consider reliable, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.*





# RFP PAGES



**STATE OF NORTH CAROLINA  
DEPARTMENT OF COMMERCE**

**Division of Community Revitalization**

**Request for Proposal #: Doc1539254856**

**Residential Demolition, Reconstruction, Rehabilitation, and  
Manufactured Housing Unit Replacement for  
Hurricane Helene impacted Counties**

**Date of Issue: April 16, 2025**

**Proposal Opening Date: May 8, 2025, by 2:00 PM ET**

**Direct all inquiries concerning this RFP to:**

Angie Dunaway  
DCR Procurement Director  
[angela.dunaway@commerce.nc.gov](mailto:angela.dunaway@commerce.nc.gov)  
919-526-8340



**STATE OF NORTH CAROLINA**  
**Division of Community Revitalization (DCR)**

Refer <u><b>ALL</b></u> Inquiries regarding this RFP to: <a href="mailto:angela.dunaway@commerce.nc.gov">angela.dunaway@commerce.nc.gov</a>	Request for Proposal # Doc1539254856
	Proposals will be publicly opened: May 8, 2025, at 2:00 pm ET
Using Agency: North Carolina Department of Commerce, Division of Community Revitalization	Commodity No. and Description: 721110 – Single Family Dwelling Construction Services

In compliance with this Request for Proposal (RFP), and subject to all the conditions herein, the undersigned Vendor offers and agrees to furnish and deliver any or all items upon which prices are offered, at the prices set opposite each item within the time specified herein.

By executing this proposal, the undersigned Vendor understands that False certification is a Class I felony and certifies that:

- this proposal is submitted competitively and without collusion (G.S. 143-54),
- none of its officers, directors, or owners of an unincorporated business entity has been convicted of any violations of Chapter 78A of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934 (G.S. 143-59.2), and
- it is not an ineligible Vendor as set forth in G.S. 143-59.1.

Furthermore, by executing this proposal, the undersigned certifies to the best of Vendor's knowledge and belief, that:

- it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal or State department or agency.

As required by G.S. 143-48.5, the undersigned Vendor certifies that it, and each of its sub-Contractors for any Contract awarded as a result of this RFP, complies with the requirements of Article 2 of Chapter 64 of the NC General Statutes, including the requirement for each employer with more than 25 employees in North Carolina to verify the work authorization of its employees through the federal E-Verify system.

G.S. 133-32 and Executive Order 24 (2009) prohibit the offer to, or acceptance by, any State Employee associated with the preparing plans, specifications, estimates for public Contract; or awarding or administering public Contracts; or inspecting or supervising delivery of the public Contract of any gift from anyone with a Contract with the State, or from any person seeking to do business with the State. By execution of this response to the RFP, the undersigned certifies, for Vendor's entire organization and its employees or agents, that Vendor are not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

By executing this proposal, Vendor certifies that it has read and agreed to the INSTRUCTIONS TO VENDORS and the NORTH CAROLINA GENERAL TERMS AND CONDITIONS. This procurement complies with the State's own procurement laws, rules and procedures per 2 CFR § 200.317.

**Failure to execute/sign proposal prior to submittal may render proposal invalid and it MAY BE REJECTED. Late proposals shall not be accepted.**

COMPLETE/FORMAL NAME OF VENDOR: Regional Enterprises, LLC			
STREET ADDRESS: 6451 Wirtz Road		P.O. BOX:	ZIP:
CITY & STATE & ZIP: Flowood, MS 39232		TELEPHONE NUMBER: 601-724-4504	TOLL FREE TEL. NO:
PRINCIPAL PLACE OF BUSINESS ADDRESS IF DIFFERENT FROM ABOVE :			
PRINT NAME & TITLE OF PERSON SIGNING ON BEHALF OF VENDOR: [REDACTED] t		FAX NUMBER:	
[REDACTED]		DATE: 5-8-2025	[REDACTED]

**VALIDITY PERIOD**

Offer valid for at least 90 days from date of proposal opening, unless otherwise stated here: \_\_\_\_\_ days, or if extended by mutual agreement of the parties. Any withdrawal of this offer shall be made in writing, effective upon receipt by the agency issuing this RFP.

**ACCEPTANCE OF PROPOSAL**

If your proposal is accepted, all provisions of this RFP, along with the written results of any negotiations, shall constitute the written agreement between the parties ("Contract"). The NORTH CAROLINA GENERAL TERMS AND CONDITIONS are incorporated herein and shall apply.

**FOR STATE USE ONLY:** Offer accepted and Contract awarded this \_\_\_\_\_ day of \_\_\_\_\_, 2025, as indicated on the attached certification, by \_\_\_\_\_ (Authorized Representative of DCR).

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## 1.0 PURPOSE AND BACKGROUND

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The Department of Commerce, Division of Community Revitalization (DCR), is seeking proposals from highly qualified North Carolina licensed general contractors to perform demolition, rehabilitation, and/or reconstruction of single-family residential structures and repair and replacement of Manufactured Housing Units (MHUs) in Western North Carolina counties impacted by Hurricane Helene. Construction shall be in compliance with local, federal and state statutory requirements for grants under the United States Department of Housing and Urban Development (HUD) Community Development Block Grant – Disaster Recovery (CDBG-DR) program.

The United States Department of Housing and Urban Development (U.S. HUD) announced that the State of North Carolina (the State) will receive \$1,428,120,000 in funding to support long-term recovery efforts following Hurricane Helene (FEMA DR-4827-NC) through the North Carolina Department of Commerce (NCDOC). Of those funds, \$807,354,000 has been allocated for the Reconstruction and Rehabilitation (R&R) Program for single family owner-occupied units and \$57,400,000 has been allocated for Small Rental Reconstruction and Rehabilitation. Community Development Block Grant—Disaster Recovery (CDBG-DR) funding is designed to address needs that remain after all other assistance has been exhausted. These funds will help meet remaining unmet housing, economic development, mitigation, and infrastructure needs destroyed by Hurricane Helene in September 2024. Hurricane Helene brought historic rainfall, strong winds, and tornadoes generated by the storm. On September 27, 2024, former Governor Roy Cooper requested a Major Disaster Declaration from the federal government for thirty-nine (39) North Carolina counties and the Eastern Band of Cherokee Indians. On September 28, 2024, twenty-five (25) counties in the State were declared a major disaster by former President Biden under provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act or P.L. 93-288), approving Individual and Public Assistance (IA and PA) for these counties as well as the Eastern Band of Cherokee Indians. On October 5, 2024, two (2) additional North Carolina counties were declared eligible for federal individual assistance, followed by twelve more counties on October 16, 2024.

### 1.1 CONTRACT TERM

The Contract shall have an initial term of three (3) years, beginning on the date of final Contract execution (the “Effective Date”).

At the end of the Contract’s initial term, the State shall have the option, in its sole discretion, to renew the Contract on the same terms and conditions for up to three (3) additional one-year terms. The State will give the Vendors written notice of its intent to exercise each option no later than thirty (30) days before the end of the Contract’s then-current term. In addition to any optional renewal terms, and with the Vendor’s concurrence, the State reserves the right to extend the Contract after the last active term.

Proposals shall be submitted in accordance with the terms and conditions of this RFP and any addenda issued hereto.

## 2.0 GENERAL INFORMATION

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### 2.1 REQUEST FOR PROPOSAL DOCUMENT AND SCOPES OF WORK

This RFP is comprised of the base RFP document, any attachments, and any addenda released before Contract award, which are incorporated herein by reference. DCR, or an Implementation Vendor on behalf of DCR, will issue Scopes of Work for specific project assignments to Vendors that are qualified and awarded pursuant to this RFP. The site-specific Scope of Work will contain requirements, terms, and conditions particular to that project, which are intended to supplement the requirements, terms, and conditions herein.

## 2.2 ePROCUREMENT FEE

This RFP does not incorporate the eProcurement fee; however, the purchase order may be issued through the eProcurement System. See Paragraph 17 of the attached Terms and Conditions as amended. General information on the eProcurement Services can be found at: <http://eprocurement.nc.gov/>.

## 2.3 NOTICE TO VENDORS REGARDING RFP TERMS AND CONDITIONS

It shall be the Vendor's responsibility to read the Instructions to Vendors, the North Carolina General Terms and Conditions, all relevant exhibits and attachments, and any other components made a part of this RFP and comply with all requirements and specifications herein. Vendors are also responsible for obtaining and complying with all Addenda and other changes that may be issued in connection with this RFP.

If Vendors have questions or issues regarding any component of this RFP, those must be submitted as questions in accordance with the instructions in the PROPOSAL QUESTIONS Section. If the State determines that any changes will be made as a result of the questions asked, then such decisions will be communicated in the form of an RFP addendum. The State may also elect to leave open the possibility for later negotiation of specific provisions of the Contract that have been addressed during the question-and-answer period, prior to contract award.

Other than through the process of negotiation under 01 NCAC 05B.0503, the State rejects and will not be required to evaluate or consider any additional or modified terms and conditions submitted with Vendor's proposal or otherwise. This applies to any language appearing in or attached to the document as part of the Vendor's proposal that purports to vary any terms and conditions or Vendors' instructions herein or to render the proposal non-binding or subject to further negotiation. Vendor's proposal shall constitute a firm offer that shall be held open for the period required herein ("Validity Period" above).

The State may exercise its discretion to consider Vendor proposed modifications. By execution and delivery of this RFP Response, the Vendor agrees that any additional or modified terms and conditions, whether submitted purposely or inadvertently, shall have no force or effect, and will be disregarded unless expressly agreed upon through negotiation and incorporated by way of a Best and Final Offer (BAFO). Noncompliance with, or any attempt to alter or delete, this paragraph shall constitute sufficient grounds to reject Vendor's proposal as nonresponsive.

## 2.4 RFP SCHEDULE

The table below shows the *intended* schedule for this RFP. The State will make every effort to adhere to this schedule.

Event	Responsibility	Date and Time
Issue RFP	State	April 16, 2025
Hold Pre-Proposal Conference	State	April 24, 2025, at 10:00 am ET via TEAMS and Call In Number
Submit Written Questions	Vendor	April 28, 2025, by 10:00 am ET <i>Please attend the Pre-Proposal Conference prior to submitting questions.</i>
Provide Response to Questions	State	May 1, 2025
Submit Proposals	Vendor	May 8, 2025, BEFORE 2:00 pm ET (by 1:59:59)
Oral Presentation (optional)	Vendor	TBD (if needed)
Contract Award	State	As soon as possible after evaluation of offers.



## 2.5 PRE-PROPOSAL CONFERENCE

### Urged and Cautioned Pre-Proposal Conference

Date: April 24, 2025  
Time: 10:00 am Eastern Time  
Virtual via TEAMS: [Join the meeting now](#) CLICK the Link to Join the Meeting  
Meeting ID: 252 799 845 437 4  
Passcode: 6Fw9Nf2W  
  
Dial in by phone: [+1 984-204-1487,,387645570#](#)  
Phone conference ID: 387 645 570#

### Join on a video conferencing device:

Tenant key: ncgov@m.webex.com  
Video ID: 111 212 995 2

**Instructions:** Vendor representatives are **URGED** and **CAUTIONED** to attend the pre-proposal conference and apprise themselves of the conditions and requirements which will affect the performance of the work called for by this RFP. A non-mandatory pre-proposal conference is scheduled for this RFP. Submission of a proposal shall constitute sufficient evidence of this compliance and no allowance will be made for unreported conditions which a prudent Vendor would recognize as affecting the performance of the work called for in this RFP.

Vendor is cautioned that any information released to attendees during the pre-proposal conference, and which conflicts with, supersedes, or adds to requirements in this RFP, must be confirmed by written addendum before it can be considered to be a part of this RFP and any resulting contract.

## 2.6 PROPOSAL QUESTIONS

Upon review of the RFP documents, Vendors may have questions to clarify or interpret the RFP in order to submit the best proposal possible. To accommodate the Proposal Questions process, Vendors shall submit any such questions by the "Submit Written Questions" date and time indicated in the RFP SCHEDULE Section above, unless modified by Addendum.

Written questions related to the content of this solicitation, shall be emailed to [angela.dunaway@commerce.nc.gov](mailto:angela.dunaway@commerce.nc.gov) by the date and time specified above. Vendors should enter "Vendor Name\_Builder RFP\_Questions" as the subject of the email. Question submittals should include a reference to the applicable RFP section and be submitted in the format shown below:

Reference	Vendor Question
RFP Section Number and Section Title	
RFP Page Number	

**PLEASE attend the pre-proposal conference prior to submitting questions.**

Questions received prior to the submission deadline date and time, the State's response, and any additional terms deemed necessary by the State will be posted in the form of an addendum to *the electronic Vendor Portal (eVP)*, <https://evp.nc.gov>, and shall become an Addendum to this RFP. No information, instruction or advice provided orally or informally by any State personnel, whether made in response to a question or otherwise in connection with this RFP, shall be considered authoritative or binding. Vendors shall rely *only* on written material contained in the RFP and an addendum to this RFP.

**Questions or issues related to using eProcurement Sourcing** must be directed to the **eProcurement Help Desk** at 888-211-7440, Option 2. Help Desk representatives are available Monday through Friday from 7:30 AM ET to 5:00 PM ET.

## 2.7 PROPOSAL SUBMITTAL

**IMPORTANT NOTE: This is an absolute requirement.** Late bids, regardless of cause, will not be opened or considered, and will be automatically disqualified from further consideration. Vendor shall bear the sole risk of late submission due to unintended or unanticipated delay. It is the Vendor's sole responsibility to ensure its proposal has been received as described in this RFP by the specified time and date of opening. The time and date of receipt will be marked on each proposal when received. Any proposal or portion thereof received after the proposal deadline will be rejected.

**Offers must be submitted through eProcurement Sourcing.** For training on how to use eProcurement Sourcing, <https://eprocurement.nc.gov/training/vendor-training>. Questions or issues related to using eProcurement Sourcing must be directed to the eProcurement Help Desk at 888-211-7440, Option 2. Help Desk representatives are available Monday through Friday from 7:30 AM ET to 5:00 PM ET.

If confidential and proprietary information is included in the proposal, also submit one (1) signed, REDACTED copy of the proposal. Such information may include trade secrets defined by N.C. Gen. Stat. § 66-152 and other information exempted from the Public Records Act pursuant to N.C. Gen. Stat. §132- 1.2. Vendor may designate information, Products, Services or appropriate portions of its response as confidential, consistent with and to the extent permitted under the statutes and rules set forth above. By so redacting any page, or portion of a page, the Vendor warrants that it has formed a good faith opinion, having received such necessary or proper review by counsel and other knowledgeable advisors, that the portions determined to be confidential and proprietary and redacted as such, meet the requirements of the Rules and Statutes set forth above. However, under no circumstances shall price information be designated as confidential.

If the Vendor does not provide a redacted version of the proposal with its proposal submission, the Department may release an unredacted version if a record request is received.

Failure to submit a proposal in strict accordance with these instructions shall constitute sufficient cause to reject a Vendor's proposal(s). Vendors are strongly encouraged to allow sufficient time to upload proposals.

Critical updated information may be included in Addenda to this RFP. It is important that all Vendors responding to this RFP periodically check the State's eVP website for any Addenda that may be issued prior to the bid opening date. All Vendors shall be deemed to have read and understood all information in this RFP and all Addenda thereto.

The public proposal opening will be held via Microsoft Teams. Below is the information regarding the public solicitation opening. Only Vendor names will be announced at the opening.

Date: May 8, 2025

Time: 2:00 pm ET

Virtual via Teams: [Join the meeting now](#) **CLICK the Link to Join the Meeting**

Meeting ID: 210 056 931 998 4

Passcode: cY2hU9H2

Dial in by phone: [+1 984-204-1487,,731631828#](tel:+19842041487731631828#)

Phone conference ID: 731 631 828#

## 2.8 PROPOSAL CONTENTS

Vendor shall populate all attachments of this RFP that require the Vendor to provide information and include an authorized signature where requested. Failure to provide all required items, or Vendor's submission of incomplete items, may result in the State rejecting Vendor's proposal, in the State's sole discretion.

All pages of the RFP should be returned. Organize the offer in the exact order in which items appear in this RFP.

Vendor response to Section 7: REQUIRED VENDOR INFORMATION should not exceed twenty (20) pages. This does not include cover page (title page), cover letter, table of contents, all pages of the RFP, certificate of insurance, compensation experience modification rate (EMR), copy of safety manual, copy of quality control manual, litigation history, and the completed attachments to this RFP.

## 2.9 DEFINITIONS, ACRONYMS, AND ABBREVIATIONS

Relevant definitions for this RFP are provided in 01 NCAC 05A .0112 and in the Instructions to Vendors found below which are incorporated herein by this reference.

The following definitions, acronyms, and abbreviations are also relevant to this RFP:

- a) **ACTION PLAN:** the State's Community Development Block Grant-Disaster Recovery (also referred to as the CDBG-DR) Funding Action Plan in Response to Hurricane Helene impacted Counties in Western North Carolina.
- b) **BAFO:** Best and Final Offer, submitted by a Vendor to alter its initial offer, made in response to a request by the issuing agency.
- c) **CDBG-DR:** Community Development Block Grant for Disaster Recovery grant.
- d) **CONTRACT LEAD:** The Procurement Contracting Officer listed in the RFP.
- e) **CONTRACT ADMINISTRATOR:** The Division of Community Revitalization program administrator.
- f) **DCR:** The North Carolina Division of Community Revitalization
- g) **ePROCUREMENT SERVICE(S):** The program, system, and associated Services through which the State conducts electronic procurement.
- h) **HUD:** U.S. Department of Housing and Urban Development
- i) **NOTICE TO PROCEED (NTP):** Written notice provided by the Program to begin construction of a Project.
- j) **OFFER:** Vendor (general contractor) entire response to this Solicitation, including all documents and information requested in this Solicitation.
- k) **OSHA:** Occupational Safety and Health Administration; [www.OSHA.gov](http://www.OSHA.gov).
- l) **PRINCIPAL PLACE OF BUSINESS:** The principal place from which the overall trade or business of the Vendor is directed or managed.
- m) **PROGRAM:** Division of Community Revitalization Hurricane Helene Recovery Program.
- n) **PROJECT:** Demolition, rehabilitation, reconstruction, MHU replacement of a specified residential structure.
- o) **QUALIFIED PROPOSAL:** A responsive proposal submitted by a responsible Vendor.

- p) **RFP:** Request for Proposal
- q) **SERVICES or SERVICE DELIVERABLES:** The tasks and duties undertaken by the Vendor to fulfill the requirements and specifications of this solicitation.
- r) **SOLICITATION:** This RFP.
- s) **SOP:** Standard Operating Procedures
- t) **SOR:** System of Record
- u) **SOW:** Scope of Work, which is the document that will be issued to assign a specific project to an awarded Vendor and will contain site-specific requirements, terms, and conditions. The Scope of Work will incorporate by reference the Contract resulting from this RFP.
- v) **STATE:** The State of North Carolina, including any of its sub-units recognized under North Carolina law.
- w) **STATE AGENCY:** Any of the more than 400 sub-units within the executive branch of the State, including its departments, boards, commissions, institutions of higher education and other institutions.
- x) **VENDOR:** Supplier, bidder, proposer, company, firm, corporation, partnership, individual or other entity submitting a response to a Request for Proposal.

### 3.0 METHOD OF AWARD AND PROPOSAL EVALUATION PROCESS

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#### 3.1 METHOD OF AWARD

This RFP first seeks to determine the qualifications of general contractors who can provide services including residential demolition, reconstruction, rehabilitation, and MHU repair and replacement. Vendors will be evaluated based on their experience, expertise, references, past performance, financial capacity, proposed methodology, and technical proposal. The State intends to select up to 25 of the most qualified Vendors. Once a pool of the most qualified Vendors is identified, the State will then engage in a Best and Final Offer (BAFO) negotiation phase. Vendors who intend to perform reconstruction projects will be asked for reconstruction plan sets as part of the BAFO process. Plans sets may include traditional Stick-Built construction or modular construction. Costs for all project types will be negotiated during that process as well. More information regarding what the State will seek during the BAFO process is included in Section 3.3. Engaging in a BAFO process with the State does not guarantee that a Vendor will be awarded a Contract pursuant to this RFP.

North Carolina G.S. 143-52 provides a general list of criteria the State shall use to award contracts, as supplemented by the additional criteria herein. All award decisions shall be in the State's best interest. All qualified proposals will be evaluated, and awards will be made to the Vendors meeting the specific RFP Specifications and achieving the highest and best final evaluation. Prospective Vendors shall not be discriminated against on the basis of any prohibited grounds as defined by Federal or State law.

While the intent of this RFP is to award a Contract to multiple Vendors, the State reserves the right to make separate awards to different Vendors for one or more project types, to not award one or more line items, or to cancel this RFP in its entirety without awarding a Contract, if it is considered to be most advantageous to the State to do so. The State makes no guarantees as to whether awarded Vendors will receive assignments, the volume of assignments, or the project types of the assignments.

The State reserves the right to waive any minor informality or technicality in proposals received.



### 3.2 CONFIDENTIALITY AND PROHIBITED COMMUNICATIONS DURING EVALUATION

While this RFP is under evaluation, the responding Vendor, including any subcontractors and suppliers, is prohibited from engaging in conversations intended to influence the outcome of the evaluation. See Paragraph 28 of the Instructions to Vendors entitled COMMUNICATIONS BY VENDORS.

Each Vendor submitting a proposal to this RFP, including its employees, agents, subcontractors, suppliers, subsidiaries and affiliates, is prohibited from having any communications with any person inside or outside the using agency; issuing agency; other government agency office or body (including the purchaser named above, any department secretary, agency head, members of the General Assembly and Governor's office); or private entity, if the communication refers to the content of Vendor's proposal or qualifications, the content of another Vendor's proposal, another Vendor's qualifications or ability to perform a resulting contract, and/or the transmittal of any other communication of information that could be reasonably considered to have the effect of directly or indirectly influencing the evaluation of proposals, the award of a contract, or both.

Any Vendor not in compliance with this provision shall be disqualified from evaluation and award. A Vendor's proposal may be disqualified if its subcontractor and/or supplier engage in any of the foregoing communications during the time that the procurement is active (*i.e.*, the issuance date of the procurement until the date of contract award or cancellation of the procurement). Only those discussions, communications or transmittals of information authorized or initiated by the issuing agency for this RFP or inquiries directed to the purchaser named in this RFP regarding requirements of the RFP (prior to proposal submission) or the status of the award (after submission) are excepted from this provision.

### 3.3 PROPOSAL EVALUATION PROCESS

Only responsive submissions will be evaluated.

#### **The State will conduct a One-Step evaluation of Proposals:**

Proposals will be received according to the method stated in the Proposal Submittal Section above.

All proposals must be received by the issuing agency not later than the date and time specified in the RFP SCHEDULE Section above, unless modified by Addendum. Vendors are cautioned that this is a request for offers, not an offer or request to contract, and the State reserves the unqualified right to reject any and all offers at any time if such rejection is deemed to be in the best interest of the State.

At the date and time provided in the RFP SCHEDULE Section above, unless modified by Addendum, the proposal from each responding Vendor will be opened publicly and all offers (except those that have been previously withdrawn, or voided bids) will be tabulated. The tabulation shall be made public at the time it is created. Only the names of offerors and the Goods and Services offered shall be tabulated at the time of opening. Negotiation is anticipated, therefore cost and price shall become available for public inspection at the time of the award.

At their option, the evaluators may request oral presentations or discussions with any or all Vendors for clarification or to amplify the materials presented in any part of the proposal. Vendors are cautioned, however, that the evaluators are not required to request presentations or other clarification—and often do not. Therefore, all proposals should be complete and reflect the most favorable terms available from the Vendor.

Upon completion of the evaluation and BAFO process, the State will make award(s) based on the evaluation and negotiation and post the award(s) to the State's eVP website under the RFP number for this solicitation. Pursuant to

01 NCAC 05B .0503, the State reserves the right to negotiate with one or more vendors, or to reject all original offers and negotiate with one or more sources of supply that may be capable of satisfying the requirement.

#### **Negotiation and Best and Final Offer (BAFO)**

**Cost:** During the BAFO process, the State will evaluate and negotiate cost by project type, including Reconstruction Base Plan, Reconstruction Site-Specific, MHU, MHU Site-Specific, and Demolition. Rehabilitation low offer determination will be based on Overhead and Profit percentage. The State will provide pricing worksheets for the most qualified vendors to complete and submit.

**Reconstruction Plans:** During the BAFO process, Vendors who intend to perform reconstruction projects may submit reconstruction plan sets for single-family homes, including options for Stick-Built and/or modular homes, for consideration by the program for use in the reconstruction phase of the program. DCR will consider the plans submitted and select one or more plan sets for program use. After DCR identifies its preferred plan set(s), DCR will request reconstruction pricing from the qualified reconstruction Vendors.

The Vendor must obtain permission from the designers for free reuse by the program by any Vendor selected by the Program. Vendors will be responsible for performing site-specific engineering requirements when using the plan set selected by DCR for program use. Plan sets will be required to have 2 bathrooms. Vendors providing plan sets should provide a minimum of a 2-bedroom, 3-bedroom, and 4-bedroom plan set. Multiple plan sets per configuration are allowed if the Vendor believes it best addresses construction challenges in western North Carolina.

<b>Bedroom / Bathroom Configuration</b>	<b>Conditioned Square Footage</b>
2 Bedroom / 2 Bathroom	1000 – 1200 SF
3 Bedroom / 2 Bathroom	1200 – 1500 SF
4 Bedroom / 2 Bathroom	1300 – 1700 SF

Submitted plan sets should provide sufficient detail for DCR to assess suitability for the program and for Vendors to provide accurate pricing. Full construction drawings are not necessary at this time, but, if selected, will be required within 14 days of contract execution.

DCR prefers plan sets that align with the types of homes constructed in western North Carolina, offer reasonable cosmetic variability, accommodate reasonable home elevation, and anticipate unique topographical and lot size/set back challenges. Accessibility will be offered to all applicants with approved disability modifications. Preferred plan sets will account for the accessibility requirements detailed in this Solicitation.

### **3.4 EVALUATION CRITERIA**

Per RFP Section 5.1 SCOPE OF SERVICES, General contractors may choose to submit an offer for MHU project types only, for rehabilitation and reconstruction projects only, or for both, to be indicated in Attachment A.

- **Project Type 1: MHU projects.** General Contractors may select to apply for MHU repair, replacement, and relocation projects only and not be considered for reconstruction, repair, or demolition project assignments.
- **Project Type 2: Rehabilitation and Reconstruction projects (non-MHU).** General Contractors who are selected for rehabilitation and reconstruction award types will be considered for reconstruction, repair, or demolition project assignments.



It is the intention of DCR to identify qualified vendors on the basis of demonstrated competence and qualification for the type of professional services required without regard to fee at this stage, and thereafter to negotiate for those services at a fair and reasonable fee with the most qualified vendors. Because DCR will solicit plan sets for the reconstruction work, for the avoidance of doubt, it will separate the evaluation of qualifications from the price negotiation pursuant to NCGS § 143-64.31.

DCR will evaluate responsive proposals based on the following criteria, which are listed in order of importance:

1. Qualifications
  - a. Conformity with the specifications and ability to meet minimum requirements
  - b. Financial stability and solvency
    - i. Ability to meet short-term obligations, debts, liabilities, payroll, and expenses
    - ii. Sufficient cash flow and/or available financing from a financial institution to perform the proposed contract until receiving payment from the state
    - iii. Ability to meet minimum bonding capacity requirements and insurance requirements
  - c. Ability and capacity to perform the work
  - d. Staffing plan
2. Experience
  - a. Years of experience in the business
  - b. Experience with providing construction services for CDBG-DR programs, including number of homes built as part of a CDBG-DR program
  - c. Past performance, including quality and timely construction and safety information
  - d. Experience with relevant policies and requirements (e.g. HUD Community Development Block Grant disaster laws, regulations, and guidelines; the Davis Bacon Act; and Section 3 of the Housing and Urban Development Act of 1968; North Carolina Building Code, Municipal Building Code, local and/or regional Housing Guidelines, if applicable)
  - e. Experience servicing home warranty claims for CDBG-DR programs
  - f. Experience restoring historic properties (for non-MHU projects)
3. References
  - a. Three references for projects of similar type and size performed within the last five years, preferably for state and/or local government entities (See Section 7.5 and Attachment H)
4. Proposed Methodology and Technical Proposal
  - a. How Vendor will ensure quality and timely construction
  - b. How Vendor proposes to manage applicant service including move out, applicant communication, and warranty management
  - c. How Vendor will scale construction services across a broad geography
  - d. How Vendor proposes to accommodate topography and challenging site conditions
  - e. How Vendor intends to attract and retain subcontractors and trades

DCR will evaluate proposals using a narrative evaluation method, where it identifies strengths and weaknesses of each proposal. Once DCR has identified the most qualified Vendors and after it has received cost proposals during the negotiation phase, it will select vendors using a Best Value evaluation methodology, which is defined in statute as the selection of vendors based on “the best trade-off between price and performance, where quality is considered an integral performance factor. The award decision is made based on multiple factors, including: total cost of ownership, meaning the cost of acquiring, operating, maintaining, and supporting a product or service over its projected lifetime; the evaluated technical merit of the vendor's proposal; the vendor's past performance; and the evaluated probability of performing the requirements stated in the solicitation on time, with high quality, and in a manner that accomplishes the stated business objectives and maintains industry standards compliance.” N.C.G.S. § 143-135.9

DCR reserves the right to take any of the following actions: cancel this RFP if funds are not available; disqualify any responses to this RFP for nonconformance to the terms described herein; negotiate with specific Vendors to achieve



the best value; establish a timeline during the negotiation phase for the submission of design plans, cost worksheets, and a best and final offer; and extend the time to respond to this RFP.

### 3.5 PERFORMANCE OUTSIDE THE UNITED STATES

Vendor shall complete ATTACHMENT D: LOCATION OF WORKERS UTILIZED BY VENDOR. In addition to any other evaluation criteria identified in this RFP, the State may also consider, for purposes of evaluating proposed or actual contract performance outside of the United States, how that performance may affect the following factors to ensure that any award will be in the best interest of the State:

- a) Total cost to the State
- b) Level of quality provided by the Vendor
- c) Process and performance capability across multiple jurisdictions
- d) Protection of the State's information and intellectual property
- e) Availability of pertinent skills
- f) Ability to understand the State's business requirements and internal operational culture
- g) Particular risk factors such as the security of the State's information technology
- h) Relations with citizens and employees
- i) Contract enforcement jurisdictional issues

### 3.6 INTERPRETATION OF TERMS AND PHRASES

This RFP serves two functions: (1) to advise potential Vendors of the parameters of the solution being sought by the State; and (2) to provide (together with other specified documents) the terms of the Contract resulting from this procurement. The use of phrases such as "shall," "must," and "requirements" are intended to create enforceable contract conditions. In determining whether proposals should be evaluated or rejected, the State will take into consideration the degree to which Vendors have proposed or failed to propose solutions that will satisfy the State's needs as described in the RFP. Except as specifically stated in the RFP, no one requirement shall automatically disqualify a Vendor from consideration. However, failure to comply with any single requirement may result in the State exercising its discretion to reject a proposal in its entirety.

## 4.0 REQUIREMENTS

This Section lists the requirements related to this RFP. By submitting a proposal, the Vendor agrees to meet all stated requirements in this Section as well as any other specifications, requirements, and terms and conditions stated in this RFP. If a Vendor is unclear about a requirement or specification, or believes a change to a requirement would allow for the State to receive a better proposal, the Vendor is urged to submit these items in the form of a question during the question and answer period in accordance with the Proposal Questions Section above.

### 4.1 MINIMUM QUALIFICATIONS

Vendor should indicate that it meets each of the following requirements by providing documentation and/or specific proof of experience and qualifications to carry out each task:

- Vendor must have been in the residential construction business for a minimum of five (5) years, or the principals/owners must have had a minimum of five (5) years of ownership/executive management experience in a previous company that provided residential construction services.
- Vendor must either: 1) hold a current North Carolina general contractor license; or 2) commit to securing such licenses prior to entering any contractual obligations, while meeting the timelines set out herein.

- For Project Type 2 (rehabilitation and reconstruction) Vendor must demonstrate that it has a minimum of three (3) years' experience in the rehabilitation and reconstruction of residential housing funded by Community Development Block Grant Disaster-Recovery funds, or the principals/owners must have had a minimum of three (3) years' experience in the rehabilitation and reconstruction of residential housing funded by the Community Development Block Grant Disaster-Recovery funds.
- For Project Type 1 (MHU replacement), Vendor must demonstrate that it has a minimum of three (3) years' experience in the in the installation of Manufactured Housing Units and that it has the ability to meet the Manufactured Home Construction and Safety Standards (HUD Code) in order for units to meet the definition of manufactured housing and qualify for federal program assistance.
- Vendor must demonstrate as applicable to its proposal for the project type:
  - the ability to carry residential reconstruction projects to completion within 150 days;
  - ability to carry MHU replacement projects to completion within 60 days;
  - ability to carry residential demolition projects to completion within 30 days; and/or
  - ability to carry residential rehabilitation projects to completion within 30 days for projects with a scope <\$50,000, 60 days for projects with a scope >\$50,000 and <\$100,00, 90 days for projects with a scope >\$100,000 and <\$150,000, 120 days for projects with a scope >\$150,000.
  - These timelines do not include pre-construction activities such as engineering.
- For Project Type 2 (rehabilitation and reconstruction) Vendor must demonstrate the ability to, and have experience with, lead based paint and asbestos removal and environmental mitigation related to the rehabilitation and reconstruction of residential properties (DCR will identify lead based paint abatement needs through its environmental review).
- Vendor and/or it's principals/owners must have experience in managing and completing projects of a similar size and nature with respect to disaster recovery.
- Vendor must have experience in achieving compliance and reporting on compliance with state and federal construction laws, regulations and procedures, and producing the payroll documentation necessary for compliance.
- Vendor must be financially solvent, adequately capitalized, and demonstrate it has the financial resources to perform and complete the work and to provide all required warranties.

#### **4.2 OTHER REQUIREMENTS**

- The work to be performed under a contract awarded pursuant to this Request for Proposal will utilize funds provided by HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible and consistent with existing state and federal law, opportunities for training and employment be given to lower-income residents in the project area and contracts for work in connection with this project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the program.
- Vendors must commit to securing and/or maintain office space somewhere within the Western North Carolina Hurricane Helene impacted area for the duration of the project. Vendors should indicate in their narrative proposal where the office(s) is/are anticipated to be located and provide the vendor's plan for staffing each office.
- Vendor must provide a two-year warranty on all materials and workmanship; Vendor will remain liable for defects as provided by North Carolina law.

#### **4.3 PAYMENT STRUCTURE**

Payment will be a fixed fee for construction services based on the scope of work for each project. DCR's implementation vendor will recommend an inspection schedule for each project type and payments will be based on the Vendor completing construction milestones for each project (e.g. foundation, framing, wallboard, final, etc.).

#### **4.4 INVOICES**

Vendors will send monthly invoices to DCR's implementation vendor for validation prior to sending to DCR for payment.

- a) Vendor must submit one monthly invoice within fifteen (15) calendar days following the end of each month in which work was performed.
- b) Invoices must be submitted in electronic format on the Vendor's official letterhead stationery and must be identified by a unique invoice number unless otherwise directed. All invoice backup reports and spreadsheets must be provided in electronic format.
- c) Invoices must bear the correct contract number and purchase order number to ensure prompt payment. Vendor's failure to include the correct purchase order number may cause delay in payment.
- d) Invoices must include an accurate description of the work for which the invoice is being submitted in DCR-approved format, the services provided, the invoice date, the period of time covered, the amount of fees due to Vendor and the signature of Vendor's project manager.

#### **4.5 HUB PARTICIPATION**

Pursuant to North Carolina General Statute G.S. 143-48, it is State policy to encourage and promote the use of small, minority, physically handicapped, and women contractors in purchasing Goods and Services. As such, this RFP will serve to identify those Vendors that are minority owned or have a strategic plan to support the State's Historically Underutilized Business program by meeting or exceeding the goal of 10% utilization of diverse firms as 1st or 2nd tier subcontractors. Vendor shall complete ATTACHMENT E: HUB SUPPLEMENTAL VENDOR INFORMATION.

#### **4.6 BACKGROUND CHECKS**

Any personnel or agent of Vendor performing Services under any Contract arising from this RFP may be required to undergo a background check at the expense of the Vendor, if so requested by the State.

#### **4.7 PERSONNEL**

Vendor warrants that qualified personnel shall provide Services under this Contract in a professional manner. "Professional manner" means that the personnel performing the Services will possess the skill and competence consistent with the prevailing business standards in the industry. Vendor will serve as the prime contractor under this Contract and shall be responsible for the performance and payment of all subcontractor(s) that may be approved by the State. Names of any third-party Vendors or subcontractors of Vendor may appear for purposes of convenience in Contract documents; and shall not limit Vendor's obligations hereunder. Vendor will retain executive representation for functional and technical expertise as needed in order to incorporate any work by third party subcontractor(s).

Should the Vendor's proposal result in an award, the Vendor shall be required to agree that it will not substitute key personnel assigned to the performance of the Contract without prior written approval by the Contract Lead. Vendor shall further agree that it will notify the Contract Lead of any desired substitution, including the name(s) and references of Vendor's recommended substitute personnel. The State will approve or disapprove the requested substitution in a timely manner. The State may, in its sole discretion, terminate the Services of any person providing Services under this Contract. Upon such termination, the State may request acceptable substitute personnel or terminate the contract Services provided by such personnel.

#### **4.8 VENDOR'S REPRESENTATIONS**

If Vendor's Proposal results in an award, Vendor agrees that it will not enter any agreement with a third party that may abridge any rights of the State under the Contract. If any Services, deliverables, functions, or responsibilities not

specifically described in this solicitation are required for Vendor's proper performance, provision and delivery of the Service and deliverables under a resulting Contract, or are an inherent part of or necessary sub-task included within such Service, they will be deemed to be implied by and included within the scope of the Contract to the same extent and in the same manner as if specifically described in the Contract. Unless otherwise expressly provided herein, Vendor will furnish all of its own necessary management, supervision, labor, facilities, furniture, computer and telecommunications equipment, software, supplies and materials necessary for the Vendor to provide and deliver the Services and/or other Deliverables.

#### **4.9 BOND AND INSURANCE REQUIREMENTS**

Insurance requirements are indicated in ATTACHEMENT C: NORTH CAROLINA GENERAL TERM AND CONDITIONS, Paragraph 15 (b)(3) Contracts valued in excess of \$1,000,000.

Vendor must maintain performance and payment bonds in an amount equal to the value of the active construction projects issued under the awarded contract. DCR's implementation vendor will award contracts in different amounts based upon the work that is required. Vendor must provide evidence of the maximum performance and payment bonding capacity with the Solicitation Response, and the form of the bond that shall be executed and produced by the selected Vendor at the time of Project assignment. For demolition, rehabilitation, and/or reconstruction of single-family residential structures, Vendor must provide evidence of a minimum bonding capacity of Five Million and No 00/100 Dollars (\$5,000,000) with the Solicitation Response. For Vendors whose intention it is to complete only MHU replacement or rehabilitation projects, Vendor is encouraged to provide evidence of a minimum bonding capacity of Five Million and No 00/100 Dollars (\$5,000,000); however, in its sole discretion, DCR may consider the selection of Vendors who can provide evidence of a maximum performance and payment bonding capacity of not less than Two Million and No 00/100 Dollars (\$2,000,000) for a smaller number of projects. In no event shall the bond requirement be for less than one hundred percent (100%) of a Vendor's amount under contract at any given time. All bonds must be issued by a bonding agent with at least an "A" rating, and the bonding companies must be listed in the Department of the Treasury's Listing of Certified Companies. Bond riders will be required to capture increased costs resulting from approved change orders such that 100% of the project cost is always covered by a valid performance and payment bond.

For the duration of any contract resulting from this Solicitation, Vendor shall acquire insurance and bonds with financially sound and reputable independent insurers, in the type and amount specified in this RFP. The required coverage is to be with companies licensed in the state of North Carolina, with an "A" rating from A.M. Best, authorized to provide the corresponding coverage and must be listed in the Department of the Treasury's Listing of Certified Companies. Work on any contract shall not begin until after Vendor has submitted acceptable evidence of bonds and insurance. Failure to maintain insurance coverage or acceptable alternative methods of insurance shall be deemed a breach of contract. Vendor shall submit acceptable evidence of insurance and bonds not later than seven days following the effective date of a Contract.

#### **4.10 LOBBYING ACTIVITY CERTIFICATION FOR FEDERAL GRANTS**

Federal law prohibits recipients of federal funds, whether through grants, contracts, or cooperative agreements, from using those funds to influence or attempt to influence (lobby) a federal official in connection with obtaining, extending, or modifying any federal contract, grant, loan, or cooperative agreement. Further, federal law requires that applicants for federal funds certify:

- That they abide by the above restriction;
- That they disclose any permissible (non-federal) paid lobbying on the Federal Awards being applied for; and

- That such certification requirements will also be included in any subawards meeting the applicable thresholds.

Vendors must complete and submit ATTACHMENT F: CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS and ATTACHMENT G: DISCLOSURE OF LOBBYING ACTIVITIES (OMB STANDARD FORM LLL) when responding to this solicitation.

## 5.0 SCOPE OF WORK

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### 5.1 SCOPE OF SERVICES

The selected Vendors will perform, or cause to be performed, MHU replacement, demolition, rehabilitation, or reconstruction of residential construction projects (the "Project"), for Hurricane Helene impacted Counties in Western North Carolina, in compliance with local, federal and state statutory requirements for grants under the United States Department of Housing and Urban Development (HUD) Community Development Block Grant – Disaster Recovery (CDBG-DR) program. DCR prefers vendors that have experience with the repair of historic properties. DCR makes no guarantee regarding the number of vendors awarded under this solicitation.

General contractors may choose to submit an offer for rehabilitation and reconstruction types, and/or only MHU project types, as described below. While general contractors may choose which project type, DCR nor DCR's implementation vendor makes no guarantee of award, volume of assignments selected contractors will receive, or the project types of assignments selected contractors will receive. General Contractors must clearly state in their response to this RFP (in Attachment A) which project type(s) the GC will perform work. Assignments will not be made outside of the project type selected by the General Contractor during this solicitation process. Demolition only projects are not an option. DCR does not intend to hire construction trades directly.

- **Project Type 1: MHU projects.** General Contractors may select to apply for MHU repair, replacement, and relocation projects only and not be considered for reconstruction, repair, or demolition project assignments.
- **Project Type 2: Rehabilitation and Reconstruction projects (non-MHU).** General Contractors who are selected for rehabilitation and reconstruction award types will be considered for reconstruction, repair, or demolition project assignments.

DCR is procuring an implementation vendor to assist with the implementation of the Reconstruction and Rehabilitation (R&R) Program and the operation of intake centers for program applicants. DCR will use contractors to manage and complete the construction process for homeowners approved for funding through the Reconstruction and Rehabilitation (R&R) Program. DCR and/or DCR's implementation vendor intends to issue multiple Indefinite Delivery/Indefinite Quantity (IDIQ) contracts to create a pool of contractors to perform the services requested under this Solicitation. Related companies or individuals conducting work as an individual/independent entity are permitted to both submit proposals under this RFP. Companies sharing common insurance policies are not considered individual/independent entities.

DCR and/or DCR's implementation vendor shall assign projects to contractors based upon capacity, capability and performance. Vendors that respond to this Solicitation must demonstrate the ability to mobilize within 45 days of award and complete assigned construction projects within the contracted time (not to exceed 150 days for reconstruction projects, 30 days for demolition only, 60 days for MHU replacement projects, and 45 days for rehabilitation projects with a scope <\$50,000, 60 days for rehabilitation projects with a scope >\$50,000 and <\$100,000, 90 days for rehabilitation projects with a scope >\$100,000 and <\$150,000, 120 days for rehabilitation projects with a scope >\$150,000) to reduce potential hazards to public welfare and safety. These timelines do not include pre-construction activities.

To ensure effective Low and Moderate Income (LMI) benefit in the R&R program, the State will prioritize very low and low income households, with the highest prioritization for households with incomes less than 60% of AMI (Area Median Income) as well as households that have one or more of the following characteristics: households with members 62 or older, households with children under the age of 18, and households with special needs or special accommodation requirements (disabled). Further details on these recovery programs, including the State's Action Plan and Program Manuals, can be found on the State's website: [commerce.nc.gov/recovery](https://commerce.nc.gov/recovery). DCR may receive additional State and Federal funds and may require construction services of those funds as well. The Contract Award shall include the similar service for all funds, anticipated and unanticipated, received or managed by DCR during the contract term, at DCR's discretion.

General contractors will be awarded Projects at the sole discretion of DCR and/or DCR's awarded implementation vendor. Vendors must demonstrate the ability to provide services in the thirty-nine (39) counties affected by Hurricane Helene within the timeframe specified in this RFP.

## **5.2 TASKS/DELIVERABLES**

In addition to the services and requirements described in this RFP, Contractors must perform any other ancillary construction-related services that may be required for a given property. Thus, it is imperative that vendors(s) enumerate any other services they can provide. These ancillary services may go beyond what would be required for the repair/construction and/or demolition of a property.

Vendor must be familiar with North Carolina Building Code, Municipal Building Code, local and/or regional Housing Guidelines, if applicable. Each municipality will be nuanced depending on local construction requirements, community recovery needs, program goals and other applicable locally approved program requirements.

### **5.2.1 DEMOLITION**

#### **Demolition Scope of Work**

In certain cases, a property owner may only be eligible for the demolition of his/her home and site restoration of the parcel to open space. The Scope of Work for each demolition will vary but may include, although not be limited to, the following:

- Coordination with the property owner and his/her family from assignment to obtaining a certificate of completion (or permit signoff equivalent) for closing;
- Utility disconnection and deactivation;
- Demolition of existing structure;
- Debris removal in accordance with all federal, state, and local requirements, including the disposal of potential asbestos containing materials;
- Conduct site specific analysis for surveying, zoning, and plot plans;
- Final site restoration to open space.

### **5.2.2 REPAIR**

Eligible applicants may qualify for repair scopes depending on the extent of damage and the policies established by DCR. Eligible applicants with manufactured housing unit (MHU) properties qualify for a repair award type when the estimated cost to repair is less than \$25,000 and the MHU is fewer than five (5) years old, and the property is not otherwise deemed not suitable for rehabilitation.



**Not Suitable for Rehabilitation**

“Not suitable for rehabilitation” is defined as:

- The amount needed to bring the unit to housing habitability standards will exceed the program cap.
- Condemned or tagged for demolition by local jurisdiction.
- Property owners have received a substantial damage letter for the local jurisdiction.
- The housing unit has been demolished.
- Structural assessment by licensed engineer deems the home not safe for rehabilitation.
- The housing unit is a construction on a slab on grade and requires elevation.
- Mobile home units requiring more than \$25,000 in repairs.

Eligible applicants with homes deemed not suitable for rehabilitation may be offered reconstruction assistance, if the applicant owns the land on which the structure sits and reconstruction is feasible. Such eligibility determination will be made by the Division of Community Revitalization and/or DCR's implementation vendor.

**Repair Scope of Work**

Program repairs are intended to repair remaining storm damage and to make the home decent, safe and sanitary. The Division of Community Revitalization Program (“Program”) does not provide “like for like” repairs. Program repairs will be completed using standard economy/builders’ grade materials, not with materials that were there before. For example, if a repair award calls for replacement of cabinets, the program will replace existing cabinets with standard grade cabinets regardless of the grade of the pre-existing cabinets.

Repair Scopes of Work will be limited to those items identified by the program as in need of repair to bring the home back up to safe conditions. Repairs, upgrades or modifications requested by the homeowner will not be considered. For example, if some windows are in need of repair or replacement, the program will replace those windows in need of repair only; other operable windows will not be replaced or repaired.

Standard essential appliances that are not functioning or non-existent at the time of damage assessment will be replaced. Essential appliances include stove/range, oven, water heater and refrigerator only. Dishwashers may be replaced only if a dishwasher previously existed in the home. Repair awards will not include a dishwasher if a dishwasher was not present at time of damage assessment. Washing machines and dryers, microwaves, stand-alone freezers and other non-essential appliances are not eligible for replacement. Any obsolete products replaced as part of the repairs must be replaced with ENERGY STAR®, Water Sense, or other Federal Energy Management Program (FEMP)-designated products or appliances.

Luxury items, including but not limited to, high-end countertops, high-end appliances, stone flooring, security systems, swimming pools, spas, fireplaces, sheds, outbuildings, fences and television satellite dishes are not eligible under this program.

Because repair scopes of work only address items in need of repair for the home to be decent, safe, and sanitary, the Program does not guarantee that work completed as part of a repair award will match other items in the home. Some examples of this include, but are not limited to:



- Flooring replaced in portions of a home may not match flooring in other rooms. The Program will replace flooring by room, to the nearest cased opening;
- Light fixtures replaced may not match pre-existing light fixtures or fixtures in other parts of the home;
- If only a portion of the windows require replacement, all the windows in the home may not match;
- If a portion of the home requires paint, paint in the repaired portion of the home may not match paint in other rooms (interior) or on other elevations (if exterior). The Program will paint whole interior rooms, to the door casing, or whole exterior sections to the next architectural break. Additional rooms or elevations will not be painted for aesthetic reasons alone.

### **Reasonable Accommodations – Repair Award Type**

Applicants who qualify for a repair award type may qualify for reasonable accommodations in rooms/areas where program Scope of Work exists. In general, reasonable accommodations will only be made in repair projects if the program scope of work impacts the item and room where a reasonable accommodation is requested. For example, if the program scope of work does not include removal/replacement of a tub/shower, the program will not modify the existing tub/shower for the sole purpose of installing or modifying the existing facilities to include accessibility features.

If the Program Scope of Work impacts the kitchen, bathroom or entryway in a repair project, the applicant may request reasonable accommodations in those areas. Reasonable accommodations for bathrooms are offered in three (3) tiers, so that the applicant may request the level of accommodation that best suits his/her need.

Applicants who request accommodations in a bathroom may select one (1) of three (3) standard available options. Accessibility modifications will only be made in one (1) bathroom. If the repair project scope includes more than one (1) bathroom, the reasonable accommodation will be installed in the bathroom that is in the program scope of work where modifications are the most feasible within the existing dimensions and scope of work in the room.

The program will not move walls to expand the size of an existing bathroom or move plumbing lines to install an accessibility accommodation. Because repair projects are largely constrained by the size of existing rooms, there is no standard width/length size requirements for tub/shower compartments. The program will attempt to replace tub/showers with fixtures similar in size to the existing fixtures.

### **Bathroom Reasonable Accommodation 1 (RA-1)**

Applicants who opt for Reasonable Accommodation 1 (RA-1) will be provided one (1) bathroom with the following accessibility modifications:

- Tub/Shower combination with blocking and a grab bar
- Chair height toilet with grab bars

### **Bathroom Reasonable Accommodation 2 (RA-2)**

Applicants who request Reasonable Accommodation 2 (RA-2) will be provided one (1) bathroom with the following accessibility modifications:

- Tub/Shower combination with blocking, grab bars, seat and shower wand
- Chair height toilet with grab bars

**Bathroom Reasonable Accommodation 3 (RA-3)**

Applicants who request Reasonable Accommodation 3 (RA-3) will be provided one (1) bathroom with the following accessibility modifications:

- Roll-in shower compartment to fit existing tub/shower space, equipped with grab bars, seat and shower wand
- Chair height toilet with grab bars
- Roll under vanity, only upon request

**Kitchen Reasonable Accommodations**

Applicants may indicate reasonable accommodations to make a kitchen more accessible. Reasonable accommodations in kitchens for repair award types must be accommodations to items included in the Program Scope of Work, and may include:

- Wheelchair accessible cook top (knobs on front of the appliance)
- Roll under kitchen sink

Items not included in the Program Scope of Work will not be modified for the sole purpose of providing an accessibility modification. Accessibility modifications will only be made to the primary kitchen at the property, in the event the property has more than one kitchen.

**Repair Scope of Work**

It is anticipated that homes eligible for rehabilitation will require an array of repairs ranging from minor to major. The Scope of Work for each repaired structure will vary, but may include, although not be limited to, the following:

- Coordination with the property owner and his/her family and case management from assignment to obtaining a certificate of occupancy (or permit signoff equivalent) for closing;
- Coordinating applicant move out, and providing temporary housing, if eligible;
- Development of a thorough scope of necessary repairs using a program-prescribed form;
- Obtaining all necessary state and local permits and approvals prior to the commencement of the work for each structure;
- Providing architectural and house plan renderings (no particular software program has been determined for those renderings and Vendors are encouraged to select a design software that is capable of satisfying local permitting and plan review requirements, including, but not limited to digital seal/signature requirements for professional services);
- Demolition of damaged interior and exterior materials;
- Foundation leveling, repair and/or elevation, including the Vendor providing all structural drawings for the scope when required;
- Structural damage repair;
- Building envelope repair, including:
  - Roof repair or replacement and attendant damage
  - Door and window replacement
  - Siding/veneer repair or replacement
  - Mechanical (HVAC), electrical, and plumbing systems repair or replacement
  - Drywall repair or replacement
- Rough and trim carpentry;
- Surface preparation and painting;
- Flooring repair or replacement;
- Cabinet, countertop and appliance replacement;

- Appliances to be replaced must meet federal register requirements for energy efficiency;
- Lead-based paint mitigation;
- Specialty construction elements associated with historic properties, including coordination with State Historic Preservation Office (SHPO), and other local historic districts and stakeholders in other jurisdictions;
- Addressing special needs accessibility requirements; and Conducting close-outs for each project, which may include obtaining certificate(s) of occupancy from applicable state and local authorities, elevation certificates, flood insurance policies and/or as-built surveys.

### 5.2.3 RECONSTRUCTION

Eligible applicants may qualify for a reconstruction award type when the estimated cost to repair exceeds DCR policy. Eligible applicants with properties otherwise deemed not suitable for rehabilitation may also qualify for a reconstruction award if the applicant owns the land and it is feasible to reconstruct the structure on the property.

Eligible applicants with Manufactured Housing Units (MHUs) may qualify for reconstruction if it is infeasible to replace an MHU on the applicant's property and the applicant owns the land on which the MHU is situated. The Program considers it infeasible to replace an MHU if it must be elevated above the standard 3-foot installation height, if zoning or municipal regulations prohibit installation of a MHU on the property, or if other engineering, environmental or site constraints make installation of an MHU onsite infeasible. Applicants with MHU property types shall not be awarded a reconstruction award on the basis of applicant preference only.

Homes that meet the threshold for a reconstruction award will be demolished and reconstructed in substantially the same footprint, when feasible. Reconstructed homes will meet local building codes and will incorporate HUD building requirements and resilience measures to the extent possible.

#### Size and New Unit Configuration

The Program will provide applicants who qualify for reconstruction awards with standard program floorplan homes. The program offers 2-, 3-, and 4-bedroom homes; all standard floorplans include 2 bathrooms. Which standard floorplan the applicant receives is based on DCR policy. Exceptions to reconstructed home bedroom/bathroom configuration will only be considered if overcrowding exists within the home or if an applicant elects to reduce the number of bedrooms and/or bathrooms to reduce a DOB gap.

To reduce the required time from award to completion as related to reconstruction, the Program will provide plans and specifications for "model homes" available to applicants. The Vendor will be given floor plans only. Architectural and Structural plans will be the responsibility of Vendor. The Vendor is responsible for necessary site surveys and elevation surveys to confirm structure location and base flood elevation. The Vendor is responsible for ensuring completion of all plans required for permit issuance and ultimately, Certificate of Occupancy issuance. The Program has available 2-, 3-, and 4-bedroom "model homes." Standard floorplans are offered in the following square footage ranges only.

Bedroom / Bathroom Configuration	Conditioned Square Footage
2 Bedroom / 2 Bathroom	1000 – 1200 SF
3 Bedroom / 2 Bathroom	1200 – 1500 SF
4 Bedroom / 2 Bathroom	1300 – 1700 SF



Reconstructed homes do not include reconstruction of garages (attached or detached), sheds, pool houses or other outbuildings. Such outbuildings may be demolished during reconstruction to allow enough space for the new home to be built or because such structures pose a health or safety issue. Attached garages are allowable when required by code or HOA requirements.

The following is a non-exhaustive list of items that are not included or considered when determining the floorplan, bedroom/bathroom configuration, or size of the reconstructed home. The Program does not reconstruct like for like:

- Interior or exterior finishes;
- Square footage;
- Number of bathrooms (if more than 2);
- Extra/Bonus rooms such as dens, playrooms, offices, studies, libraries, etc.

### **Reasonable Accommodations – Reconstruction Award Type**

All reconstruction projects are designed with the following accommodations. All reconstructions will receive the following universal accommodations, regardless of whether a Reasonable Accommodation has been requested by the applicant:

- 36" hallways, wide enough to accommodate a standard wheelchair;
- Adequate turning radius for a wheelchair in the kitchen;
- Adequate turning radius for a wheelchair in both bathrooms<sup>1</sup>;
- All doors installed with levers instead of knobs;
- Exterior doors, all bedroom doors and all bathroom doors are 36" wide.

In addition, the applicant may request reasonable accommodations in the bathroom, kitchen, entrance, and/or strobe smoke detectors throughout.

### **Reasonable Accommodations – Bathroom**

Applicants who request accommodations in a bathroom may select one (1) of three (3) standard available options. Accessibility modifications will only be made in one (1) bathroom. By default, the modified bathroom will be the master bathroom, unless otherwise specified on a completed Reasonable Accommodation Request Form.

#### **Bathroom Reasonable Accommodation 1 (RA-1)**

Applicants who opt for Reasonable Accommodation 1 (RA-1) will be provided one (1) bathroom with the following accessibility modifications:

- Tub length of 60" and tub width of 36" in master bath. Hallway bathtub is 60" x 30", with no seat<sup>2</sup>; grab bars installed in tub/shower enclosure;
- Chair height toilet with grab bars.

#### **Bathroom Reasonable Accommodation 2 (RA-2)**

Applicants who request Reasonable Accommodation 2 (RA-2) will be provided one (1) bathroom with the following accessibility modifications:

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<sup>1</sup> If the applicant requests a reasonable accommodation for the bathroom, the reasonable accommodation will be installed in the bathroom with adequate turning radius for a wheelchair, unless otherwise specified on the Verification of Disability Form.

<sup>2</sup> If a bathroom is removed for scope reduction this may vary.

- Tub/Shower combination with blocking, grab bars, seat and shower wand;
- Chair height toilet with grab bars.

### **Bathroom Reasonable Accommodation 3 (RA-3)**

Applicants who request Reasonable Accommodation 3 (RA-3) will be provided one (1) bathroom with the following accessibility modifications:

- 30" x 60" roll-in shower compartment, equipped with grab bars, seat and shower wand;
- Chair height toilet with grab bars;
- Roll under vanity.

### **Reasonable Accommodation – Kitchen**

Applicants may request reasonable accommodations to make a kitchen more accessible. Standard reasonable accommodations for kitchens in reconstruction project types include:

- Wheelchair accessible cook top (knobs on front of appliance);
- Roll under kitchen sink.

### **Reconstruction Scope of Work**

In certain cases, a property owner may only be eligible for the complete reconstruction of his/her home, either substantially within the same footprint as the prior home (reconstruction) or a different footprint. The Scope of Work for each reconstructed or newly constructed structure will vary but may include, although not be limited to, the following:

- Coordination with the property owner and his/her family from assignment to obtaining a certificate of occupancy for closing;
- Coordinating applicant move out, and providing temporary housing, if eligible;
- Utility disconnection and deactivation;
- Demolition of existing structure;
- Debris removal in accordance with all federal, state, and local requirements, including the disposal of potential asbestos containing materials;
- Providing architectural and house plan renderings that meet the following requirements, at a minimum:
  - Comply with local code requirements;
  - Fiber cement siding or Stucco (for Concrete Block/CMU Homes);
  - Roof shall be constructed with radiant barrier sheathing, ice & water shield with architectural shingles;
  - Strapping and impact resistant window requirements per local code;
  - Vinyl windows;
  - Flooring shall be either carpet or vinyl plank flooring (no sheet goods);
  - Plans must be adaptable for all 3 different accessibility accommodation scenarios outlined herein (RA-1, RA-2, and RA-3);
  - Bedrooms shall be a minimum of 100 SF with a minimum of 25 SF closet space for the master bedroom; and
  - Comply with HUD building requirements.
- Conduct site specific analysis for surveying, zoning, plot plans, elevation and site specific engineering;
- Site preparation;
- Construction of new residential structures including 2-, 3-, and 4-bedroom floor plans in accordance with all applicable local and state codes and standards; and

- Addressing special needs accessibility accommodations in accordance with program guidelines.

#### 5.2.4 MANUFACTURED HOUSING UNITS

Eligible applicants with manufactured housing unit (MHU) properties qualify for a replacement award type when the estimated cost to repair is greater than \$25,000 and/or the MHU is five (5) years old or older. Eligible applicants with MHUs on leased land must have landowner consent to replace an MHU on the land prior to award, or must have identified a suitable alternate location. Homes that meet the threshold for a replacement award will be demolished and a new MHU will be installed in substantially the same footprint, when feasible. MHU projects that require elevation may be awarded reconstruction and will follow the Reconstruction requirements outline in Section 5.2.3.

##### Size and New Unit Configuration

The Program will provide applicants who qualify for replacement awards with 2-, 3-, and 4-bedroom singlewide or doublewide MHUs; all bedroom configurations include 2 bathrooms. Which unit configuration an applicant receives is based on DCR policy. After-market additions are not considered when determining the width or number of bedrooms in the storm damaged MHU (i.e., if a 3rd bedroom was added on to a singlewide 2-bedroom MHU, the home will be considered a 2-bedroom, singlewide MHU). Exceptions to replacement MHU bedroom configuration will only be considered by the County if overcrowding exists within the home or if the applicant elects to reduce the number of bedrooms via scope reduction to reduce or eliminate a DOB gap.

The storm-damaged MHU width configuration will also be based on the width of the storm-damaged MHU. The Program only provides singlewide and doublewide units. Triple-wide or larger units are not provided.

- If the storm damaged MHU was a singlewide, the applicant will receive a singlewide.
- If the storm damaged MHU was a doublewide, triple wide or larger width configuration, the applicant will receive a doublewide.

To reduce the required time from award to completion as related to replacement awards, the Program will task the assigned General Contractor to source an MHU in the awarded singlewide or doublewide bedroom/bathroom configuration. The Program does not offer standard floorplans for MHUs. The Program offers standard bedroom/bathroom configurations in singlewide or doublewide units in the following standard square footage ranges. All MHUs sourced by the program must be HUD approved units. The table below outlines square footage ranges for singlewide and doublewide units.

Bedroom / Bathroom Configuration	Conditioned Square Footage
Singlewide 2 Bedroom / 2 Bathroom	750 – 900 SF
Singlewide 3 Bedroom / 2 Bathroom	1000 – 1200 SF
Singlewide 4 Bedroom / 2 Bathroom	1000 – 1200 SF
Doublewide 2 Bedroom / 2 Bathroom	1000 – 1250 SF
Doublewide 3 Bedroom / 2 Bathroom	1250 – 1500 SF
Doublewide 4 Bedroom / 2 Bathroom	1400 – 1800 SF

Program replacement MHUs do not include replacement or reconstruction of garages (attached or detached), sheds, pool houses, carports or other outbuildings. Such outbuildings may be demolished during construction to allow ample space for the new MHU to be delivered/installed, or in the event such structures pose a health or safety issue. However, the Vendor will be required to satisfy all



community association requirements, covenants, and AHJ requirements such as a mobile home park that requires a car port or shed.

The following is a non-exhaustive list of items that are not included or considered when determining the bedroom/bathroom configuration or size of the replacement MHU. The Program does not provide like for like:

- Interior or exterior finishes;
- Square footage;
- Manufacturer of the storm damaged unit;
- Number of bathrooms (if more than 2);
- Extra/Bonus rooms such as dens, playrooms, offices, etc.;
- After market additions such as additional rooms or covered porches.

### **Manufactured Housing Unit (MHU) Relocation**

The Program allows for replacement of a manufactured housing unit (MHU) in an alternate location only when replacing the MHU in the same location as the storm damaged MHU is not feasible or is prohibited. MHU relocations may be considered under the following circumstances:

- If an otherwise eligible applicant does not own the land on which the storm damaged MHU is situated, and the landowner does not consent to a new unit being replaced on the land;
- If MHU must be elevated above the standard 3-foot installation height;
- If zoning or municipal regulations prohibit installation of a MHU on the property; or
- If other engineering, environmental or site constraints make installation of an MHU onsite infeasible or unreasonable.

The Program does not provide replacement property for applicants. To be allowed to replace an MHU on an alternate property, the applicant must source and obtain ownership or permission to install a MHU at the alternate location. Alternate locations must be zoned to allow for installation of a MHU, have ready access to sewer, water, and electric connections, and must not be located in a 100-year floodplain. Alternate MHU sites must pass an environmental review before the applicant makes a binding commitment to lease or purchase land (environmental reviews will be provided to the GC from the program). If an applicant enters into a binding agreement to lease or purchase alternate land before the program has environmentally cleared the alternate parcel, the applicant may be ineligible for assistance, as this constitutes a choice-limiting action.<sup>3</sup>

### **Reasonable Accommodations – Manufactured Housing Unit Replacement Award Type**

Applicants who qualify for a replacement award type may request reasonable accommodations. Reasonable accommodations in MHU projects are limited by manufacturer specifications and unit availability. Applicants who request reasonable accommodation will be provided with a “wheelchair friendly” MHU.

Wheelchair friendly Mobile Home Units should include at minimum:

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<sup>3</sup> 24 CFR 58.22(a) Neither a recipient nor any participant in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance under a program listed in § 58.1(b) on an activity or project until HUD or the state has approved the recipient's RROF and the related certification from the responsible entity. In addition, until the RROF and the related certification have been approved, neither a recipient nor any participant in the development process may commit non-HUD funds on or undertake an activity or project under a program listed in § 58.1(b) if the activity or project would have an adverse environmental impact or **limit the choice of reasonable alternatives**.



- One bathroom with:
  - Step-in, low-threshold shower, with threshold no higher than nine (9) inches from the floor covering,
  - Shower wand on an adjustable rail and a seat in the shower, and
  - Comfort height toilet, with seat 17" – 19" above the floor
- Minimum 32" width for exterior doors
- Minimum 36" hallway width, and
- Minimum 32" bathroom and bedroom doors

Additional accommodations, such as hearing-impaired smoke detectors or roll-in/no threshold shower compartments will be considered separately and, on a case-by-case basis, based on the applicant's needs.

### **Manufactured Housing Unit (MHU) Replacement Scope of Work**

Property owners of MHUs may qualify for a MHU replacement award, which consists of the demolition and disposal of the existing MHU and installation of a new MHU, either substantially within the same footprint as the prior home (reconstruction) or a different footprint. The Scope of Work for each MHU replacement will vary but may include, although not be limited to, the following:

- Coordination with the property owner and his/her family for all activities, from assignment to obtaining a certificate of occupancy for closing;
- Coordinating applicant move out, and providing temporary housing, if eligible;
- Utility disconnection / reconnection;
- Demolition of existing structure;
- Debris removal in accordance with all federal, state and local requirements, including the disposal of potential asbestos containing materials;
- Obtaining applicant approval of replacement MHU floorplan;
- Conduct site specific analysis for surveying, zoning, plot plans or any activity required to obtain permits/certificate of occupancy;
- Site preparation;
- Order, delivery and installation of new, HUD-certified MHU and all supporting activities to complete per industry standard;
- Incorporation of accessibility needs prior to key turnover; and
- Provide MHU manufacturer's warranty registered in applicant's name.

### **5.3 REASONABLE ACCOMMODATION REQUESTS**

Physically disabled homeowners, or homeowners with a disabled household member, may be entitled to additional construction considerations such as low threshold showers, bathroom grab bars, outward swinging doors, exterior ramps, comfort height toilet with grab bars or other accessibility features that will assist with an individual's functional needs. DCR and/or DCR's implementation vendor will assess eligibility for these features on a case-by-case basis per assistance benefit type. Awards may include expenses for additional costs related to accessibility modifications for the disabled.

Reasonable accommodations are available for repair, reconstruction, and MHU replacement projects. Standard reasonable accommodations to the bathroom for each repair or reconstruction award type are offered in three 'tiers' to allow each applicant to select the level of modification most appropriate for his/her household. Applicants for any award type may also request reasonable accommodations including a "no step" entrance or strobe smoke detectors.

Standard reasonable accommodations for home entrance and strobe smoke detectors are standard for all award types. A no step entrance is a home entrance that has no steps and a minimal threshold. Only one (1) no step entrance will be installed upon request, per property. If a home is above grade, a no step entrance may require installation of a ramp or lift. Homes on grade may not require installation of anything to accommodate a no step entrance. Ramps will be the preferred method to achieve a no step entry. Lifts will be considered on a case-by-case basis, based on cost reasonableness compared to the cost of a site-built ramp, site conditions, and local zoning/set back requirements.

#### **5.4 ADDITIONAL REQUIREMENTS**

These requirements apply to both project types included in this solicitation:

- Provide professional labor, equipment, and materials adequate to perform the work in accordance with the Scope of Work issued for each eligible applicant's residential structure while ensuring that all applicable housing standards and codes are met;
- Comply with all applicable local, state and federal laws, regulations, and guidelines, which may include: HUD Community Development Block Grant disaster laws, regulations, and guidelines; the Davis Bacon Act, as applicable; and Section 3 of the Housing and Urban Development Act of 1968;
- Mobilize in the Western North Carolina Hurricane Helene impacted counties within 45 days from the execution of a Contract;
- Provide documentation and tracking of construction progress in the program system of record and upon request by any DCR or DCR implementation vendor staff;
- All communications, updates, interactions, site visits, etc. with any applicant or in direct support of progressing an applicant must be recorded in the system of record supporting the program implementation. It is expected that General Contractors will input notes in the system of record no less than twice weekly for all assigned, active projects. System of record access will be provided to awarded vendors by DCR's implementation vendor;
- Meet with the program and individual property owners to review the Scope of Work to be performed, including establishing a work schedule acceptable to property owners and reviewing work upon final inspection. The initial meeting between the general contractor, applicant and Program will be done through a preconstruction meeting at one of the Program offices located within the Western North Carolina Hurricane Helene impacted counties area;
- Start construction activities within 90 days of the Pre-Construction phase from project assignment to Notice to Proceed. The 90-day Pre-Construction phase starts at the time of Cost estimate approval and execution of the project work order;
- Meet Program 150-day Construction Phase completion requirement from the Notice to Proceed to passed Final Inspection for reconstruction projects, 30-day Construction Phase completion requirement from the Notice to Proceed to passed Final Inspection for demolition only, 60-day Construction Phase completion requirement from the Notice to Proceed to passed Final Inspection for MHU replacement projects, and 30-day Construction Phase completion requirement from the Notice to Proceed to passed Final Inspection for rehabilitation projects with a scope <\$50,000, 60-day Construction Phase completion requirement from the Notice to Proceed to passed Final Inspection for rehabilitation projects with a scope >\$50,000 and <\$100,00, 90-day Construction Phase completion requirement from the Notice to Proceed to passed Final Inspection for rehabilitation projects with a scope >\$100,000 and <\$150,000, 120-day Construction Phase completion requirement from the Notice to Proceed to passed Final Inspection for rehabilitation projects with a scope >\$150,000;
- Meet all federal, state and local requirements for the transport and disposal of municipal solid, industrial, hazardous and other wastes from demolished structures;
- Provide a two-year warranty for all work performed; and
- Assist homeowners in vacating their damaged home, if necessary.

## **5.5 NOTICE TO PROCEED**

A notice to proceed (NTP) will be issued by the DCR implementation vendor. No onsite construction activities are to proceed without an NTP.

## **5.6 PROJECT ASSIGNMENT METHODOLOGY**

DCR's implementation vendor will assign projects to general contractor's based on the general contractor's performance history and the general contractor's capacity to take on additional jobs at the time the project is ready to be assigned.

All project Scopes of Work shall be in writing, and shall include a scope of services, a list of tasks to be performed by the general contractor, a time schedule, a list of deliverables, if any, and such other information or special conditions as may be necessary for the work requested.

Initial assignment of projects will be based on the implementation vendor's construction management methodology. DCR's implementation vendor will determine which GC is best suited to receive an assignment by considering factors including, but not limited to, the location and award type of projects, GC capacity at the time the project is ready for assignment, and GC score at time of assignment. As such, the highest scoring GC at the time projects are ready for assignment is not guaranteed to receive the projects.

GCs who are assigned projects can accept or reject the project. If projects are rejected, the GC must provide an explanation for why they were rejected. Rejection of projects may impact the likelihood of the GC receiving additional projects.

If a project must change award type after being assigned, DCR's implementation vendor reserves the right to assign the project with new award type to the same GC who accepted the project originally, or to a different contractor who is more suitable to complete the project at the time the project is again ready for assignment. Although rare, projects may change award type for a variety of reasons including but not limited to zoning regulations, changed property conditions, change order, or municipal regulations.

Projects may be taken away from assigned GCs if performance, capacity or customer service fail to meet DCR's expectations.

## **5.7 LIQUIDATED DAMAGES**

The Program has set liquidated damages for not completing the work within 150 calendar days for reconstruction projects, 60 calendar days for MHU replacement projects, 30 calendar days for demolition projects, and 30 calendar days for rehabilitation projects with a scope <\$50,000, 60 calendar days for rehabilitation projects with a scope >\$50,000 and <\$100,00, 90 calendar days for rehabilitation projects with a scope >\$100,000 and <\$150,000, 120 calendar days for rehabilitation projects with a scope >\$150,000 commencing on the date specified in written Notice to Proceed, including all officially approved extensions thereto, to be One Hundred Dollars and No/100 (\$100.00) PER DAY, per individually assigned Project. The Contractor may be liable for liquidated damages in the amount of One Hundred Dollars and No/100 (\$100.00) PER DAY, per affected Projects, if Contractor fails to complete the work within the contracted period. Additionally, DCR will not compensate the general contractor for storage fees or temporary housing expenses beyond the approved construction timelines.

## **5.8 TRANSITION ASSISTANCE**

If the contract, or any part thereof, is not renewed or is terminated for any reason, or as part of the closeout process, the Vendor shall provide, at DCR's sole discretion, immediate and ongoing transition assistance to the new Vendor until the project is complete.

## **6.0 CONTRACT ADMINISTRATION**

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### **6.1 PROJECT MANAGER AND CUSTOMER SERVICE**

The Vendor shall designate and make available to the State a Project Manager. The project manager shall be the State's point of contact for contract related issues and issues concerning performance, progress review, scheduling, and service. The services of the Project Manager will not be invoiced. The Project Manager will be a representative of the Vendor authorized to make decisions on its behalf.

### **6.2 PERFORMANCE**

The Contract Administrator for the State will conduct quarterly performance reviews of performance under the contract. The format and content of the quarterly review will be shared with the Vendor Project Manager. The quarterly performance reviews will assess the onsite staff and Vendor's compliance with the Scope of Work and the individual performance of the onsite contract staff as needed. The performance reviews may include requirements of the Vendor to take corrective action related to onsite staff performance.

### **6.3 DISPUTE RESOLUTION**

The parties agree that it is in their mutual interest to resolve disputes informally. A claim by the Vendor shall be submitted in writing to the State's Contract Administrator for resolution. A claim by the State shall be submitted in writing to the Vendor's Project Manager for resolution. The Parties shall negotiate in good faith and use all reasonable efforts to resolve such dispute(s). During the time the Parties are attempting to resolve any dispute, each shall proceed diligently to perform their respective duties and responsibilities under this Contract. If a dispute cannot be resolved between the Parties within thirty (30) days after delivery of notice, either Party may elect to exercise any other remedies available under this Contract, or at law. This term shall not constitute an agreement by either party to mediate or arbitrate any dispute.

### **6.4 CONTRACT CHANGES**

Contract changes, if any, over the life of the contract shall be implemented by contract amendments agreed to in writing by the State and Vendor.

## **7.0 REQUIRED VENDOR INFORMATION**

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Vendor response should not exceed twenty (20) pages.

### **7.1 Vendor Information**

Vendor must provide satisfactory evidence of its ability to manage and coordinate the types of activities described in this Solicitation and to provide the services within the timeframe (period of performance) described in this RFP.

### **7.2 Company Narrative**

A detailed narrative explaining why Vendor is qualified to provide the services in this RFP, focusing on its company's key strengths and competitive advantages. Vendor must provide a summary of capacity based on past experience including, at minimum, number of projects completed annually on a single program, number of projects assigned at a single time on a single program.

### 7.3 Company Profile

A company profile to include:

- a) The company ownership structure (corporation, partnership, LLC, or sole proprietorship), including any wholly-owned subsidiaries, affiliated companies, or joint ventures. *(Please provide this information in a narrative and as a graphical representation)*. If Vendor is an Affiliate of, or has a joint venture or strategic alliance with, another company, please identify the percentage of ownership and the percentage of the parent's ownership. Finally, please provide a proposed operating structure for the services requested under this Solicitation and which entities (i.e. parent company, Affiliate, Joint Venture, subcontractor) will be performing them;
- b) The year the company was founded and/or legally organized. If organized as a business entity other than a sole proprietorship (e.g., corporation, LLC, LLP, etc.), please indicate the type of entity, the state under whose laws the company is organized and the date of organization;
- c) The location of company headquarters and any field office(s) that may provide services for any resulting contract under this Solicitation, including subcontractors. Identify the location(s) served by your company;
- d) The number of employees in the company, both locally and nationally, and the location(s) from which employees may be assigned;
- e) The name, title, mailing address, e-mail address, telephone number, and fax number of Vendor's point of contact for any resulting contract under this Solicitation;
- f) Whether the company has ever been engaged under a contract with the state of North Carolina. If "Yes," specify when, for what duties, and for which project; and
- g) Whether the company has ever been engaged under a contract for CDBG funded residential construction and whether you were involuntarily terminated from participation in the program or voluntarily ceased participation in the program without completing all construction projects.

NOTE: A Company that is not organized under the laws of the state of North Carolina must register with the State before it may transact business in North Carolina.

### 7.4 Key Staffing Profile

Vendor must provide a key staffing profile and résumés for staff that will be responsible for the day-to-day performance of the services required under this Solicitation. Vendor shall designate a dedicated construction lead who will be located in the Western North Carolina Hurricane Helene recovery area.

Staff members listed in the Key Staffing Profile who are independent contractors and not employees of the Vendor may also qualify as subcontractors. Vendor shall use only licensed subcontractors as required by the State of North Carolina.

Vendor's staffing profile must not reflect a greater than 8:1 jobsites to superintendent ratio.

Vendor must identify which employees, including if applicable the Project Manager, will be physically located in the responding area as regular face-to-face meetings with the program and applicants will be required (i.e., mandatory preconstruction meetings with applicants for each application).

Key staff must include the following (DCR prefers for the three referenced positions to be held by three separate individuals qualified to perform each role):

- **Project Manager** – The project manager is the individual who is ultimately responsible for all Program CDBG-DR related operations. The project manager is accountable for planning and allocating resources, preparing

budgets, monitoring progress, and keeping applicants and DCR's implementation vendor informed throughout the project lifecycle;

- **Superintendent(s)** – Superintendents are responsible for managing a group of individual project sites. Superintendent(s) should manage a maximum of eight (8) active project sites at any given time.
- **Warranty Coordinator** – The warranty coordinator is responsible for ensuring timely completion of all warranty claims assignable to the General Contractor. The warranty coordinator is responsible for recording warranty claims in the program system of record, communicating with the applicant to schedule warranty repairs and keep the applicant apprised of progress to completion of the repairs. The warranty coordinator is also responsible for providing evidence of completed warranty repairs to the program.

## 7.5 References

Vendor shall provide a minimum of three references for projects of similar type and size performed within the last five years, preferably for state and/or local government entities. DCR reserves the right to check references prior to making any award hereunder. Any negative responses received may be grounds for disqualification of the proposal. DCR reserves the right to contact programs other than those listed by the Vendor in which DCR knows the Vendor participated.

Vendor must verify current contacts. Information provided shall include:

- a) Client name;
- b) Project description;
- c) Total dollar amount of project;
- d) Key staff assigned to the referenced project that will be designated for work under this Solicitation; and
- e) Client project manager name, telephone number, and e-mail address. Vendors who do not provide accurate contact information (e-mail addresses and phone numbers) waive the right to have those references considered in the evaluation of their Solicitation Response.

## 7.6 Litigation History

Vendor must include in its Solicitation Response a complete disclosure of any actual or alleged breaches of contract, which have been asserted or claimed against it. In addition, Vendor must disclose any civil or criminal litigation or investigation pending at any point during the last three years to which Vendor is/was a party or in which Vendor has been judged guilty or liable. For each instance of litigation or investigation, Vendor shall list: basic case information (e.g., cause number/case number, venue information, names of parties, name of investigating entity); a description of claims alleged by or against Vendor or its parent, subsidiary, or other affiliate; for each resolved case, a description of the disposition of Vendor's involvement (e.g., settled, dismissed, judgment entered, etc.).

Failure to comply with the terms of this provision may disqualify any Vendor. Solicitation Responses may be rejected based upon Vendor's prior history with any other party that demonstrates, without limitation, unsatisfactory performance, adversarial or contentious demeanor or significant failure(s) to meet contractual obligations.

If Vendor has no litigation history, as described above, it must so indicate in the appropriate section of the Solicitation Response.

## 7.7 Conflicts

Vendor must disclose any potential conflict of interest it may have in providing the services described in this Solicitation, including all existing or prior business dealings resulting in such conflicts. Vendor must also disclose any



such activities of affiliated or parent organizations and individuals who may be assigned to manage this account. If there are no conflicts, as described herein, Vendor must indicate same in the appropriate section of the Solicitation Response.

## **7.8 Annual Report**

If Vendor is an entity that is required to prepare audited financial statements, Vendor shall submit an annual report that includes:

- a) Last two years of audited accrual-basis financial statements, including an income statement, cash flow statement and balance sheet;
- b) If applicable, last two years of consolidated statements for any holding companies or affiliates;
- c) An audited or un-audited accrual-basis financial statement of the most recent quarter of operation; and
- d) A full disclosure of any events, liabilities, or contingent liabilities that could affect Vendor's financial ability to perform this contract.

If Vendor is a privately-owned entity or sole proprietorship for which audited financial statements are not required, Vendor shall submit an annual report that includes:

- a) Last two years of un-audited accrual-basis financial statements, including an income statement, cash flow statement and balance sheet;
- b) An audited or un-audited accrual-basis financial statement of the most recent quarter of operation; and
- c) A full disclosure of any events, liabilities, or contingent liabilities that could affect Vendor's financial ability to perform this contract;

**OR**

- d) Other financial information sufficient for the Program, in its sole judgement, to determine if Vendor is financially solvent and adequately capitalized.

## **7.9 Safety Information**

Vendor must provide its workers' compensation experience modification rate (EMR) for the last five years. Vendor shall submit this information on its insurance carrier's letterhead, signed by the carrier. Vendor must also provide the name and job title of the person in its organization that manages its safety program, and a description of that program. A copy of Vendor's safety manual may also be required. The safety manual will become part of the Contract if your Solicitation Response is selected.

## **7.10 Quality Control Program**

Vendor must provide the name and job title of the person responsible for the Vendor's quality control program, as well as a description of the quality control program. A copy of Vendor's quality control manual may be required. The quality control manual will become part of the Contract if Vendor's Solicitation Response is selected.

## **7.11 Cost Control Program**

Vendor is encouraged to suggest any possible cost reduction items to be taken into consideration prior to awarding a contract under this Solicitation. Vendor should include possible cost reduction items in their Narrative Proposal and provide a full description of the alternative work and the estimated cost savings. In addition, Vendor should detail the necessity of any additional drawings, specifications, or revisions to the construction sequencing and schedule that may be needed as a result of the implementation of the cost saving measures.

### **7.12 Warranty Program**

Vendor must provide a description of their warranty program, including key personnel, and timeframes within which warranty complaints will be resolved. Warranty claims, communications, and resolutions will be required to be maintained in the DCR and/or DCR's implementation vendor system of record.

### **7.13 Reconstruction Plan Sets (for Vendors seeking to perform reconstruction projects)**

Provide examples of single-family construction projects where you have provided the plan sets and specifications; DCR is specifically interested in examples of any CDBG-DR work where you have provided the plan sets and specifications. During the BAFO process, Vendors who intend to perform reconstruction projects may submit reconstruction plan sets of single-family homes, including options for Stick-Built or Modular homes, for consideration by the program for use in the reconstruction phase of the program. The Contractor must obtain permission from the designers for free reuse by the program by any contractor selected by the Program.

## ATTACHMENT A: PROJECT TYPE

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Per RFP Section 5.1 SCOPE OF SERVICES, General contractors may choose to submit an offer for MHU project types only, for rehabilitation and reconstruction projects only, or for both. Indicate below which project type(s) Vendor would like to perform work.

☒ YES ☐ NO **Project Type 1: MHU projects only.** General Contractors may select to apply for MHU repair, replacement, and relocation projects only and not be considered for reconstruction, repair, or demolition project assignments.

☐ YES ☒ NO **Project Type 2: Rehabilitation and Reconstruction projects only (non-MHU).** General Contractors who are selected for rehabilitation and reconstruction award types will be considered for reconstruction, repair, or demolition project assignments.

☐ YES ☒ NO **BOTH Project Type 1: MHU Projects and Project Type 2: Rehabilitation and Reconstruction Projects.**

## ATTACHMENT B: NORTH CAROLINA INSTRUCTIONS TO VENDORS

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### I. READ, REVIEW AND COMPLY

It shall be the Vendor's responsibility to read this entire document; review all enclosures, attachments, and any Addenda; and comply with all requirements specified, whether appearing in these Instructions to Vendors or elsewhere in the Solicitation document.

Any gender-specific pronouns used herein, whether masculine or feminine, shall be read and construed as gender neutral, and the singular of any word or phrase shall be read to include the plural and vice versa.

### II. REQUEST FOR OFFERS

Vendors are cautioned that this is a request for Offers, not an offer or request to contract, and the State reserves the unqualified right to reject any and all bids at any time if such rejection is deemed to be in the best interest of the State.

By submitting Your Bid or Proposal, You are offering to enter into a contract with the State.

The Contract is a separate document that represents the Vendor's and the State's entire agreement. If Your bid is accepted and results in a Contract, You will be expected to accept the North Carolina General Terms And Conditions included in the Solicitation document as part of the Contract. Depending upon the good or service being offered, other terms and conditions may apply.

### III. DUTY TO INQUIRE

Offeror, by submitting an Offer, represents that it has read and understands the Solicitation and that its Offer is made in compliance with the Solicitation. Offerors are expected to examine the Solicitation thoroughly and should request an explanation for any ambiguities, discrepancies, errors, omissions, or conflicting statements in the Solicitation. Failure to do so will be at the Offeror's risk. All ambiguities, discrepancies, errors, omissions, or conflicting statements in the Solicitation shall be interpreted to require the better quality or greater quantity of work and/or materials, unless otherwise directed by Addendum. Offeror assumes responsibility for any patent ambiguity in the Solicitation that Offeror does not bring to the State's attention.

### IV. DEFINITIONS, ACRONYMS AND ABBREVIATIONS

The following definitions, acronyms, and abbreviations may be used within the Solicitation document.

1. **AGENCY SPECIFIC TERM CONTRACT:** A contract generally intended to cover all normal requirements for a commodity for a specified period of time based on estimated quantities for a single entity.
2. **ADDENDUM:** a document issued to supplement or modify the original Solicitation document. Addenda may be issued following a pre-bid/pre-proposal conference or as a result of a specification or work scope changes to the Solicitation.
3. **BAFO:** Best and Final Offer, submitted by a Vendor to alter its initial bid, made in response to a request by the issuing agency.
4. **BUYER:** The employee of the State or Other Eligible Entity that places an order with the Vendor.
5. **COMMUNITY COLLEGE:** Any of the fifty-eight (58) public North Carolina Community Colleges.
6. **CONTRACT:** A contract resulting from or arising out of Vendor responses to this Solicitation.

7. **CONTRACT ADMINISTRATOR:** A representative of the Agency who is responsible for the functions that are performed after all parties have signed a contract, including any modifications to the contract.
8. **CONTRACT MANAGER:** A representative of the agency or awarded vendor who ensures compliance with the contract terms and conditions while giving attention to the achievement of the stated output and outcome of the contract.
9. **ELECTRONIC VENDOR PORTAL (eVP):** System for vendors to do business with the State of North Carolina, including registering to do business, responding to bid opportunities, and certifying as a HUB and/or NCSBE.
10. **E-PROCUREMENT SERVICES:** The program, system, and associated services through which the State conducts electronic procurement.
11. **FOB-DESTINATION:** Title changes hand from Vendor to purchaser at the destination point of the shipment; Vendor owns the commodity in transit and files any claims. Vendor pays all freight and any related transportation charges. A Solicitation may request that a Vendor separately identify freight charges in its bid, but no amount or charge not included as part of the total bid price will be paid.
12. **HUB:** Historically Underutilized Business <https://ncadmin.nc.gov/businesses/hub>
13. **IFB:** Invitation for Bids (a type of Solicitation document)
14. **LOT:** A grouping of similar products within this Solicitation document.
15. **OFFER:** the bid or proposal submitted in response this Solicitation. The terms Bid and Proposal are used interchangeably with the term Offer.
16. **OFFEROR:** the single legal entity submitting the Offer. The term Bidder is used interchangeably with the term Offeror. See bidding provisions entitled Signing Your Offer and Bid/Proposal As Offer To Contract.
17. **ON-TIME DELIVERY:** The delivery of all items within a single order to the receiving point designated by the ordering entity within the delivery time required.
18. **PROCUREMENT LEAD:** Representative of the agency identified on the first page of the Solicitation document who will correspond with potential Vendors concerning Solicitation issues, will contract with the Vendor providing the best offer to the State, and is the individual who will administer the Contract for the State.
19. **QUALIFIED BID/PROPOSAL:** A responsive bid submitted by a responsible Vendor.
20. **RESPONSIBLE:** Refers to a Vendor who demonstrates in its Offer that it has the capability to perform the requirements of the Solicitation.
21. **RESPONSIVE:** Refers to an Offer that conforms to the Requirements of the Solicitation in all respects to be considered by the State for award.
22. **RFI:** Request for Information (an information gathering tool that does not result in a contract)
23. **RFP:** Request for Proposals (a type of Solicitation document)
24. **RFPQ:** Request for Pre-Qualifications (a type of Solicitation document)



25. **RFQ:** Request for Quotes (a type of Solicitation document)
26. **STATE:** The State of North Carolina, including any of its sub-units recognized under North Carolina law.
27. **STATE AGENCY:** Any of the more than 400 sub-units within the executive branch of the State, including its departments, institutions, boards, commissions, universities, and units of the State.
28. **STATE DEPARTMENTS:** Department of Administration, Department of Agriculture and Consumer Services, Department of Commerce, Department of Natural and Cultural Resources, Department of Environmental Quality, Department of Health and Human Services, Department of Information Technology, Department of Insurance, Department of Justice, Department of Labor, Department of Military and Veteran Affairs, Department of Public Instruction, Department of Public Safety, Department of Revenue, Department of State Treasurer, Office of the Secretary of the State, Department of Transportation, Wildlife Resources Commission, Office of Budget and Management, Office of the Governor, Office of the Lieutenant Governor, Office of The State Auditor, Office of the State Controller.
29. **VENDOR:** The supplier, bidder, proposer, company, firm, corporation, partnership, individual or other entity submitting a response to a Solicitation document. Following award of a contract, the term refers to an entity receiving such an award.
30. **WORK:** All labor, materials, equipment, services, or property of any type, provided or to be provided by the Contractor to fulfill the Contractor's obligations under the Contract.
31. **YOU and YOUR:** Offeror.

## V. INTERPRETATION OF TERMS AND PHRASES

The Solicitation document serves to advise potential Vendors of the parameters of the solution being sought by the State. The use of phrases such as “shall,” “must,” and “requirements” are intended to create enforceable contract conditions. In determining whether bids should be evaluated or rejected, the State will take into consideration the degree to which Vendors have proposed or failed to propose solutions that will satisfy the State’s needs as described in the Solicitation. Except as specifically stated in the Solicitation, no one requirement shall automatically disqualify a Vendor from consideration. However, failure to comply with any single requirement, if determined to be essential under the circumstances then existing, may result in the State exercising its discretion to reject a bid in its entirety.

## VI. BID SUBMISSION

1. **VENDOR’S REPRESENTATIVE:** Each Vendor shall submit with its bid the name, address, and telephone number of the person(s) with authority to bind the Vendor and answer questions or provide clarification concerning the Vendor’s bid.
2. **SIGNING YOUR OFFER:** Every Offer must be signed by an individual with actual authority to bind the Offeror.
  - a) If the Offeror is an individual, the Offer must be signed by that individual. If the Offeror is an individual doing business as a firm, the Offer must be submitted in the firm name, signed by the individual, and state that the individual is doing business as a firm.
  - b) If the Offeror is a partnership, the Offer must be submitted in the partnership name, followed by the words by its Partner, and signed by a general partner.

c) If the Offeror is a corporation, the Offer must be submitted in the corporate name, followed by the signature and title of the person authorized to sign.

d) An Offer may be submitted by a joint venture involving any combination of individuals, partnerships, or corporations. If the Offeror is a joint venture, the Offer must be submitted in the name of the Joint Venture and signed by every participant in the joint venture in the manner prescribed in paragraphs (a) through (c) above for each type of participant.

e) If an Offer is signed by an agent, other than as stated in subparagraphs(a)through (d) above, the Offer must state that is has been signed by an Agent. Upon request, Offeror must provide proof of the agent's authorization to bind the principal.

3. **EXECUTION:** Failure to sign the Execution Page (numbered page 1 of the Solicitation document) in the indicated space may render an Offer nonresponsive, and it may be rejected.

4. **STATE OFFICE CLOSINGS:** If an emergency or unanticipated event interrupts normal government processes so that Offers cannot be received at the State office designated for receipt of bids by the exact time specified in the Solicitation, the time specified for receipt of Offers will be deemed to be extended to the same time of day specified in the Solicitation on the first work day on which normal government processes resume. In lieu of an automatic extension, an Addendum may be issued to reschedule the bid opening. If State offices are closed at the time a pre-bid or pre-proposal conference is scheduled, an Addendum will be issued to reschedule the conference.

5. **BID IN ENGLISH and DOLLARS:** Offers submitted in response to this Solicitation shall be in the English language and in US dollars, unless otherwise permitted by the Solicitation.

6. **LATE BIDS:** Late bids, regardless of cause, will not be opened or considered, and will automatically be disqualified from further consideration. It shall be the Vendor's sole responsibility to ensure delivery at the designated office by the designated time.

a) Vendor shall bear the risk for late submission due to unintended or unanticipated delay— whether submitted electronically, delivered by hand, U.S. Postal Service, courier or other delivery service. It is the Vendor's sole responsibility to ensure that its bid has been received by this Office by the specified time and date of opening. The date and time of submission will be marked on each bid when received, and any bid received after the bid submission deadline will be rejected.

b) For proposals submitted via U.S. mail, please note that the U.S. Postal Service generally does not deliver mail to a specified street address but to the State's Mail Service Center. Vendors are cautioned that proposals sent via U.S. Mail, including Express Mail, may not be delivered by the Mail Service Center to the agency's purchasing office on the due date in time to meet the proposal deadline. All Vendors are urged to take the possibility of delay into account when submitting a proposal by U.S. Postal Service, courier, or other delivery service.

7. **DETERMINATION OF RESPONSIVENESS:** Any Offer which fails to conform to the material requirements of the Solicitation maybe rejected as nonresponsive. Offers which impose conditions that modify material requirements of the Solicitation may be rejected. If a fixed price is required, an Offer will be rejected if the total possible cost to the State cannot be determined. Offerors will not be given an opportunity to correct any material nonconformity. Any deficiency resulting from a minor informality may be cured or waived at the sole discretion of the Procurement Officer.

**8. CONTENTS OF OFFER:**

- a) Offers should be complete and carefully worded and should convey all of the information requested.
- b) Offers should be prepared simply and economically, providing a straightforward, concise description of the Offeror's capabilities to satisfy the requirements of the Solicitation. Emphasis should be on completeness and clarity of content.
- c) If Your Offer includes any comment over and above the specific information requested in the Solicitation, you are to include this information as a separate appendix to Your Offer. Offers which include either modifications to any of the Solicitation's contractual requirements or an Offeror's standard terms and conditions may be deemed non-responsive and not considered for award at the State's discretion.

9. **MULTIPLE OFFERS.** If specifically stated in the Solicitation document, Offerors may submit more than one Offer, provided that each Offer has significant differences other than price. Each separate Offer must satisfy all Solicitation requirements.

10. **CLARIFICATION:** The State may elect to communicate with You after bid opening for the purpose of clarifying either Your Offer or the requirements of the Solicitation. Such communications may be conducted only with Offerors who have submitted an Offer which obviously conforms in all material aspects to the Solicitation. Clarification of an Offer must be documented in writing and included with the Offer. Clarifications may not be used to revise an Offer or the Solicitation.

11. **ACCEPTANCE AND REJECTION:** The State reserves the right to reject any and all bids, to waive any informality in bids and, unless otherwise specified by the Vendor, to accept any item in the bid.

12. **BASIS FOR REJECTION:** Pursuant to 01 NCAC 05B .0501, the State reserves the right to reject any and all Offers, in whole or in part, by deeming the Offer unsatisfactory as to quality or quantity, delivery, price or service offered, non-compliance with the requirements or intent of this Solicitation, lack of competitiveness, error(s) in specifications or indications that revision would be advantageous to the State, cancellation or other changes in the intended project or any other determination that the proposed requirement is no longer needed, limitation or lack of available funds, circumstances that prevent determination of the best offer, or any other determination that rejection would be in the best interest of the State.

13. **INFORMATION AND DESCRIPTIVE LITERATURE:** Vendor shall furnish all information requested in the Solicitation document. Further, if required elsewhere in this bid, each Vendor shall submit with its bid any sketches, descriptive literature, and/or complete specifications covering the goods and services offered. Reference to literature submitted with a previous bid or available elsewhere will not satisfy this provision. Do not submit bid samples or descriptive literature unless expressly requested. Unsolicited bid samples or descriptive literature will not be examined or tested, will not be used to determine responsiveness, and will not be deemed to vary any of the provisions of the Solicitation. Failure comply with these requirements shall constitute sufficient cause to reject a bid without further consideration.

14. **WITHDRAWAL OF BID OR PROPOSAL:** Proposals submitted electronically may be withdrawn at any time prior to the date for bid opening identified on the cover page of this Solicitation document (or such later date included in an Addendum). Proposals that have been delivered by hand, U.S. Postal Service, courier, or other delivery service may be withdrawn only in writing and if receipt is acknowledged by the office issuing the Solicitation document prior to the time for opening identified on the cover page of the Solicitation document (or such later date included in an Addendum). Written withdrawal requests shall be submitted on the Vendor's letterhead and signed by an official of

the Vendor authorized to make such request. Any withdrawal request made after bid opening shall be allowed only for good cause shown and in the sole discretion of the Division of Purchase and Contract.

15. **COST FOR BID OR PROPOSAL PREPARATION:** Any costs incurred by Vendor in preparing or submitting Offers are the Vendor's sole responsibility.

16. **INSPECTION AT VENDOR'S SITE:** The State reserves the right to inspect, at a reasonable time, the equipment, item, plant, or other facilities of a prospective Vendor prior to Contract award, and during the Contract term as necessary for the State's determination that such equipment, item, plant, or other facilities conform with the specifications/requirements and are adequate and suitable for the proper and effective performance of the Contract.

17. **RECYCLING AND SOURCE REDUCTION:** It is the policy of the State to encourage and promote the purchase of products with recycled content to the extent economically practicable, and to purchase items which are reusable, refillable, repairable, more durable, and less toxic to the extent that the purchase or use is practicable and cost-effective. We also encourage and promote using minimal packaging and the use of recycled/recyclable products in the packaging of commodities purchased. However, no sacrifice in quality of packaging will be acceptable. The company remains responsible for providing packaging that will adequately protect the commodity and contain it for its intended use. Companies are strongly urged to bring to the attention of purchasers those products or packaging they offer which have recycled content and that are recyclable.

18. **CERTIFICATE TO TRANSACT BUSINESS IN NORTH CAROLINA:** As a condition of Contract award, each out-of-State Vendor that is a corporation, limited-liability company, or limited-liability partnership shall have received, and shall maintain throughout the term of The Contract, a Certificate of Authority to Transact Business in North Carolina from the North Carolina Secretary of State, as required by North Carolina law. A State contract requiring only an isolated transaction completed within a period of six months, and not in the course of a number of repeated transactions of like nature, shall not be considered transacting business in North Carolina and shall not require a Certificate of Authority to Transact Business.

19. **SUSTAINABILITY:** To support the sustainability efforts of the State of North Carolina we solicit Your cooperation in this effort. Pursuant to Executive Order 156 (1999), it is desirable that all responses meet the following:

- a) If paper copies are requested, all copies of the bid are printed double sided. All submittals and copies are printed on recycled paper with a minimum post-consumer content of 30%.
- b) Unless absolutely necessary, all bids and copies should minimize or eliminate use of non- recyclable or non-reusable materials such as plastic report covers, plastic dividers, vinyl sleeves, and GBC binding. Three-ringed binders, glued materials, paper clips, and staples are acceptable.
- c) Materials should be submitted in a format which allows for easy removal, filing and/or recycling of paper and binder materials. Use of oversized paper is strongly discouraged unless necessary for clarity or legibility.

20. **HISTORICALLY UNDERUTILIZED BUSINESSES (HUB):** The State is committed to retaining Vendors from diverse backgrounds, and it invites and encourages participation in the procurement process by businesses owned by minorities, women, disabled, disabled business enterprises and non-profit work centers for the blind and severely disabled. In particular, the State encourages participation by Vendors certified by the State Office of Historically Underutilized Businesses, as well as the use of HUB-certified vendors as subcontractors on State contracts.

21. **RECIPROCAL PREFERENCE:** G.S. 143-59 establishes a reciprocal preference requirement to discourage other states from favoring their own resident Vendors by applying a percentage increase to the price of any bid from a North Carolina resident Vendor. To the extent another state does so, North Carolina applies the same percentage increase to the bid of a Vendor resident in that state. Residency is determined by a Vendor's "Principal Place of Business," defined as that principal place from which the overall trade or business of the Vendor is directed or managed.

22. **INELIGIBLE VENDORS:** As provided in G.S. 147-86.59 and G.S. 147-86.82, the following companies are ineligible to contract with the State of North Carolina or any political subdivision of the State:

a) any company identified as engaging in investment activities in Iran, as determined by appearing on the Final Divestment List created by the State Treasurer pursuant to G.S. 147-86.58, and

b) any company identified as engaged in a boycott of Israel as determined by appearing on the List of restricted companies created by the State Treasurer pursuant to G.S. 147-86.81. A contract with the State or any of its political subdivisions by any company identified in a) or b) above shall be void *ab initio*.

23. **VALID TAXPAYER INFORMATION:** All persons or entities desiring to do business with the State must provide correct taxpayer information on North Carolina specified forms. The Substitute W-9 and Instructions are here: [https://files.nc.gov/ncosc/documents/NCAS\\_forms/State\\_of\\_North\\_Carolina\\_Sub\\_W-9\\_01292019.pdf](https://files.nc.gov/ncosc/documents/NCAS_forms/State_of_North_Carolina_Sub_W-9_01292019.pdf)

24. **VENDOR REGISTRATION AND SOLICITATION NOTIFICATION SYSTEM:** The North Carolina electronic Vendor Portal (eVP) allows Vendors to electronically register free with the State to receive electronic notification of current procurement opportunities available as well as notifications of status changes to those Solicitations. Online registration and other purchasing information is available at the following website: <https://evp.nc.gov>.

25. The status of a Vendor's E-Procurement Services account(s) shall be considered a relevant factor in determining whether to approve the award of a Contract resulting from this Solicitation document. Any Vendor with an E-Procurement Services account that is in arrears by 91 days or more at the time of bid opening may be suspended or deactivated, at the State's discretion, and may be disqualified from further evaluation or consideration.

26. **TABULATIONS:** Bid tabulations can be electronically retrieved at the Electronic Vendor Portal (eVP), <https://evp.nc.gov>. Tabulations will normally be available at this web site not later than one working day after the bid opening. If negotiation is anticipated under 01 NCAC 05B.0503, pricing may not be public until award. Lengthy or complex tabulations may be summarized, with other details not made available on eVP. Requests for additional details or information concerning such tabulations cannot be honored.

27. **CONFIDENTIAL INFORMATION:** To the extent permitted by applicable statutes and rules, the State will maintain as confidential trade secrets in bids that the Vendor does not wish disclosed. As a condition to confidential treatment, each page containing trade secret information shall be identified in boldface at the top and bottom as "CONFIDENTIAL" by the Vendor, with specific trade secret information enclosed in boxes, marked in a distinctive color or by similar indication. Cost information shall not be deemed confidential under any circumstances. Regardless of what a Vendor may label as a trade secret, the determination whether it is or is not entitled to protection will be determined in accordance with G.S. 132-1.2. Any material labeled confidential constitutes a representation by the Vendor that it has made a reasonable effort in good faith to determine that such material is, in fact, a trade secret under G.S. 132-1.2. Vendors are urged to limit the marking of information as a trade secret or as confidential so far as is possible. If a legal action is brought to require the disclosure of any material so marked confidential, the State will notify Vendor of such action and allow Vendor to defend the confidential status of its information.



28. **COMMUNICATIONS BY VENDORS:** In submitting its bid, the Vendor agrees not to discuss or otherwise reveal the contents of its bid to any source, government or private, outside of the using or issuing agency until after the award of the Contract or cancellation of this Solicitation. All Vendors are forbidden from having any communications with the using or issuing agency, or any other representative of the State concerning the Solicitation, during the evaluation of the bids (i.e., after the public opening of the bids and before the award of the Contract), unless the State directly contacts the Vendor(s) for purposes of seeking clarification or another reason permitted by the Solicitation. A Vendor shall not: (a) transmit to the issuing and/or using agency any information commenting on the ability or qualifications of any other Vendor to provide the advertised good, equipment, commodity; (b) identify defects, errors and/or omissions in any other Vendor's bid and/or prices at any time during the procurement process; and/or (c) engage in or attempt any other communication or conduct that could influence the evaluation or award of a Contract related to this Solicitation. Failure to comply with this requirement shall constitute sufficient justification to disqualify a Vendor from a Contract award. Only those communications with the using agency or issuing agency authorized by this Solicitation are permitted.

29. **INFORMAL COMMENTS:** The State shall not be bound by informal explanations, instructions or information given at any time by anyone on behalf of the State during the competitive process or after award. The State is bound only by information provided in writing in this Solicitation document and in formal Addenda.

30. **PROTEST PROCEDURES:** When a Vendor wishes to protest a contract awarded by the Division of Purchase and Contract or awarded by an agency when the award amount exceeds the agency's general delegation and the contract is not subject to a special delegation or exemption, a Vendor shall submit a written request addressed to the State Purchasing Officer at: Division of Purchase and Contract, 1305 Mail Service Center, Raleigh, NC 27699-1305.

When a Vendor wishes to protest a contract awarded by an agency when the award amount is less than an agency's general delegation or when the contract is subject to a special delegation or exemption the Vendor shall submit a written request to protest to the purchasing officer of the agency that issued the award.

The protest request must be received in the proper office within thirty (30) consecutive calendar days from the date of the Contract award. Protest letters shall contain specific grounds and reasons for the protest, how the protesting party was harmed by the award made and any documentation providing support for the protesting party's claims.

**Note:** Contract award notices are sent only to the Vendor actually awarded the contract, and not to every person or firm responding to a Solicitation. Award notices are posted on eVP at <https://evp.nc.gov>. All protests will be handled pursuant to the North Carolina Administrative Code, 01 NCAC 05B .1519.

31. **ORDER OF PRECEDENCE:** In cases of conflict between specific provisions in this Solicitation or those in any resulting Contract documents, the order of precedence shall be (high to low) (1) any special terms and conditions specific to this Solicitation document, including any negotiated terms, (2) requirements and specifications and administration, (3) North Carolina General Terms and Conditions in North Carolina General Terms And Conditions, (4) Instructions To Vendors, (5) Pricing, and (6) Vendor's Bid.

32. **ADDENDA:** Critical updated information may be included in Addenda to the Solicitation. It is important that all Vendors bidding on the Solicitation periodically check for any Addenda that may be issued prior to the bid opening date. All Vendors shall be deemed to have read and understood all information in the Solicitation document and all Addenda thereto. Vendors are also responsible for obtaining and complying with all Addenda and other changes that may be issued concerning the Solicitation.

33. **ORAL EXPLANATIONS NON-BINDING:** Oral explanations or instructions will not be binding. Any information given a prospective Offeror concerning a Solicitation will be furnished promptly to all other prospective Offerors as an Addendum to the Solicitation, if that information is necessary for submitting offers or if the lack of it would be prejudicial to other prospective Offerors. See clause herein entitled "Duty to Inquire." The State will not identify You in its answer to Your question.

34. **MAXIMUM COMPETITION:** The State seeks to permit the maximum practicable competition. Offerors are urged to advise the State, as soon as possible, regarding any aspect of this procurement, including any aspect of the Solicitation that unnecessarily or inappropriately limits full and open competition. If the State determines that any changes will be made resulting from the questions asked, then such decisions will be communicated in the form of an Addendum.

35. **FIRM OFFER:** Vendor's bid shall constitute a firm offer. By execution and delivery of a bid in response to a Solicitation, the Vendor agrees that any additional or modified terms and conditions, whether submitted purposefully or inadvertently, shall have no force or effect, and will be disregarded. Any bid that contains language that indicates the bid is non-binding or subject to further negotiation before a contractual document may be signed shall be rejected.

**ATTACHMENT C: NORTH CAROLINA GENERAL CONTRACT TERMS & CONDITIONS**

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**1. PERFORMANCE:**

- a) It is anticipated that the tasks and duties undertaken by the Vendor under the contract which results from the State solicitation in this matter (Contract) shall include Services, and/or the manufacturing, furnishing, or development of goods and other tangible features or components, as deliverables.
- b) Vendor agrees to perform under the Contract in at least the same or similar manner provided to comparable users and customers. The State shall notify the Vendor of any defects or deficiencies in performance or failure of deliverables to conform to the standards and specifications provided in this Contract. Vendor agrees to timely remedy defective performance or any nonconforming deliverables on its own or upon such notice provided by the State.
- c) Vendor has a limited, non-exclusive license to access and use State Data provided to Vendor, but solely for performing its obligations under and during this Agreement and in confidence as further provided for herein or by law.
- d) Vendor or its suppliers, as specified and agreed in the Contract, shall provide support assistance to the State related to all Services performed or other deliverables procured hereunder during the State's normal business hours. Vendor warrants that its support, customer service, and assistance will be performed at a minimum in accordance with generally accepted and applicable industry standards.
- e) The State may document and take into account in awarding or renewing future procurement contracts the general reputation, performance, and performance capabilities of the Vendor under this Contract as provided by G.S. 143-52 and 143-135.9 (a) and (b) (Best Value).

**2. DEFAULT AND TERMINATION.**

- a) In the event of default by the Vendor, the State may, as provided by NC law, procure goods and services necessary to complete performance hereunder from other sources and hold the Vendor responsible for any excess cost occasioned thereby. See, G.S. 25-2-712. In addition, and in the event of default by the Vendor under the Contract, or upon the Vendor filing a petition for bankruptcy or the entering of a judgment of bankruptcy by or against the Vendor, the State may immediately cease doing business with the Vendor, terminate the Contract for cause, and take action to recover relevant damages, and if permitted by applicable law, debar the Vendor from doing future business with the State. 01 NCAC 05B.1520.
- b) Liquidated damages for not completing the work within 150 calendar days for reconstruction projects, 60 calendar days for MHU replacement projects, 30 calendar days for demolition projects, and 30 calendar days for rehabilitation projects with a scope <\$50,000, 60 calendar days for rehabilitation projects with a scope >\$50,000 and <\$100,00, 90 calendar days for rehabilitation projects with a scope >\$100,000 and <\$150,000, 120 calendar days for rehabilitation projects with a scope >\$150,000 commencing on the date specified in written Notice to Proceed, including all officially approved extensions thereto, are to be One Hundred Dollars and No/100 (\$100.00) PER DAY, per individually assigned Project. The Contractor may be liable for liquidated damages in the amount of One Hundred Dollars and No/100 (\$100.00) PER DAY, per affected Project, if Contractor fails to complete the work within the contracted period. If, through any cause, Vendor shall fail to fulfill in a timely and proper manner the obligations under the Contract, including, without limitation, in these North Carolina General Terms and Conditions, the State shall have the right to impose liquidated damages per affected Project as described herein, issue a Stop Work Order requiring Vendor to immediately Stop Work on any or all of Vendor's Projects, demand return of expended funds, and/or terminate the Contract by giving at least five days written notice to the Vendor and specifying the effective date thereof. In the event of a Stop Work Order or a Contract termination, any or all finished or unfinished deliverables that are prepared by the Vendor under the Contract shall, at the option of the

State, become the property of the State until such time as the State can identify another Vendor to complete the work (and shall include any applicable Vendor license and permits to the extent necessary for the State to use such property), and the Vendor may be entitled to receive just and equitable compensation for any acceptable deliverable completed (or partially completed at the State's sole discretion) as to which such option is exercised. Notwithstanding, Vendor shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract, and the State may withhold any payment due the Vendor for the purpose of setoff until such time as the exact amount of damages due the State from such breach can be determined. The State, if failing to receive proper performance or provision of goods deliverables, or if documented Vendor Services performance issues exist, under this Contract, may make a claim upon the Vendor's surety. G.S. 143-52(a); 01 NCAC 05B.1521; G.S. 25-2-609. If this Contract contemplates deliveries or performance over a period of time, the State may terminate this Contract for convenience at any time by providing 30 days' notice in writing from the State to the Vendor. In that event, any or all finished or unfinished deliverables prepared by the Vendor under this Contract shall, at the option of the State, become its property, and under any applicable Vendor license and permits to the extent necessary for the State to use such property. If the Contract is terminated by the State for convenience, the State shall pay for those items or Services for which such option is exercised, less any payment or compensation previously made.

- c) The State may terminate this Contract, and any Scope of Work assigned under this Contract, immediately upon discovery of the Vendor's commission of fraud.
- d) This Contract may be terminated at any time by mutual agreement of the State and the Vendor, to be effective upon a date agreed to by the State and the Vendor.
- e) If funds for the project become unavailable for any reason, including without limitation, a change in state or federal laws, the State shall have the right to terminate this Contract, and any Scope of Work assigned thereto, after giving Vendor written notice of termination at least 5 calendar days in advance of the termination date. The notice of termination shall contain the effective termination date of this Contract. Upon notice, the Vendor shall not expend any funds without the State's express written authorization.
- f) The Vendor acknowledges and agrees that the rights and remedies of the State as set forth herein and elsewhere in this Contract are not exclusive and are in addition to any other rights and remedies provided by law.

### **3. INTERPRETATION, CONFLICT OF TERMS.**

- a) The definitions in the Instructions to Vendors in the relevant solicitation for this Contract, and in 01 NCAC 05A.0112 are specifically incorporated herein.
- b) If federal funds are involved in the transactions under this Contract, the Vendor shall comply with all applicable state and federal requirements and laws, except where State requirements are more restrictive. See the additional federal requirements included in the "Federal Funds Provisions" section below.
- c) "Purchasing Agency" herein is as defined in 01 NCAC 05A.0112, except that if this Contract has been entered into by the NC Department of Administration, Division of Purchase and Contract (P&C) as indicated in the Contract (e.g., a State Term Contract), then P&C will then be a Purchasing Agency for the purposes herein and in the Federal Funds Provisions, below.
- d) Contracts made in contravention of General Statutes, Chapter 143, Article 3 and the Rules in 05 NCAC Chapter 5, are void. G.S. 143-58.
- e) In cases of conflict between specific provisions in this Contract and any other referenced documents, the Order of Precedence shall be (high to low) (1) any special terms and conditions specific to this Contract, including any negotiated terms; (2) requirements, specifications and administrative terms; (3) these NORTH CAROLINA GENERAL TERMS AND CONDITIONS, including the Federal Funds Provisions; (4)

Definitions and other provisions in INSTRUCTIONS TO VENDORS in this solicitation, which is specifically incorporated in this Contract; (5) PRICING, and (6) Vendor's Bid, to the extent specifically and mutually incorporated into this Contract.

- f) In the event of conflict of terms between applicable provisions of the Federal Funds Provisions and the other provisions of these North Carolina General Contract Terms and Conditions, the more restrictive provision will govern.

4. **GOVERNMENTAL RESTRICTIONS:** In the event any Governmental restrictions are imposed which necessitate alteration of the goods, material, quality, workmanship, or performance of the Services offered, prior to acceptance, it shall be the responsibility of the Vendor to notify the State Contract Lead or Administrator indicated in the Contract at once, in writing, indicating the specific regulation which requires such alterations. The State reserves the right to accept any such alterations, including any price adjustments occasioned thereby, or to cancel the Contract.

5. **AVAILABILITY OF FUNDS:** Any and all payments to the Vendor shall be dependent upon and subject to the availability of funds appropriated or allocated to the agency for the purpose set forth in the Contract.

6. **TAXES:** Any applicable taxes shall be invoiced as a separate item.

- a) G.S. 143-59.1 bars the Secretary of Administration from entering into Contracts with Vendors if the Vendor or its affiliates meet one of the conditions of G.S. 105-164.8(b) and refuses to collect use tax on sales of tangible personal property to purchasers in North Carolina. Conditions under G.S. 105-164.8(b) include: (1) Maintenance of a retail establishment or office, (2) Presence of representatives in the State that solicit sales or transact business on behalf of the Vendor and (3) Systematic exploitation of the market by media-assisted, media-facilitated, or media-solicited means. By execution of the proposal document the Vendor certifies that it and all of its affiliates, (if it has affiliates), collect(s) the appropriate taxes.
- b) The agency(ies) participating in the Contract are exempt from Federal Taxes, such as excise and transportation. Exemption forms submitted by the Vendor will be executed and returned by the using agency.
- c) Prices offered are not to include any personal property taxes, nor any sales or use tax (or fees) unless required by the North Carolina Department of Revenue.

7. **SITUS AND GOVERNING LAWS;**

- a) This Contract is made under and shall be governed by and construed in accordance with the laws of the State of North Carolina, including, without limitation, the relevant provisions of G.S. Chapter 143, Article 3, and the Rules in 01 NCAC Chapter 05, and any applicable successor provisions, without regard to its conflict of laws rules, and within which State all matters, whether sounding in Contract, tort or otherwise, relating to its validity, construction, interpretation and enforcement shall be determined. G.S. 22B-3.
- b) Vendor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business and its performance in accordance with the Contract, including those of federal, state, and local agencies having jurisdiction and/or authority, and including, without limitation, the applicable requirements in the Federal Funds Provisions, below.
- c) Non-resident Vendor corporations not formed under NC law must be domesticated in the Office of the NC Secretary of State in order to contract with the State of North Carolina. G.S. 55A-15-01.

8. **NON-DISCRIMINATION COMPLIANCE:**

- a) The Vendor will take affirmative action in complying with all State requirements and laws concerning fair employment and employment of people with disabilities, and concerning the treatment of all employees without regard to discrimination by reason of race, color, religion, sex, national origin or disability or rights, such as preserved by Governor Roy Cooper Order E.O. 24 or 25, and will take necessary action to ensure



that its internal employee policies and procedures are consistent with Executive Order #82 (Roy Cooper, December 6, 2018), which extends workplace protections and accommodations to pregnant employees.

- b) Federal Law, such as the following, applies as provided for therein: Titles VI and VII of the Civil Rights Act of 1964 (PL 88-352), and the regulations issued pursuant thereto (prohibiting discrimination on the basis race, color, national origin and ensuring that individuals are employed, and that employees are treated during employment, without regard to their race, color, creed, national origin, sex, or age); Title IX of the Education Amendments of 1972 (codified as amended at 20 U.S.C. § 1681 et seq.) (prohibiting discrimination on the basis of sex); Titles I, II, III, IV, and V of the Americans with Disability Act of 1990 (prohibiting discrimination on the basis of disability); Section 504 of the Rehabilitation Act of 1973 (codified as amended at 29 U.S.C. § 794) (prohibiting discrimination on the basis of handicap); the Age Discrimination Act of 1975 (codified as amended at 42 U.S.C. § 6101 et seq.) (prohibiting age discrimination); and Section 109 of the Housing and Community Development Act of 1974, as amended.

9. **PAYMENT TERMS:** Payment terms are net not later than 30 days after receipt of a correct invoice or acceptance of goods, whichever is later. The Procuring Agency is responsible for all payments to the Vendor under the Contract. Payment by some agencies may be made by procurement card. If the Vendor accepts Visa, MasterCard, etc., from other customers, it shall accept procurement card payment by the State under the terms provided for the procurement card. 01 NCAC 05B.1523. If payment is made by procurement card, then payment for amounts then due may be processed immediately by the Vendor.

The State does not agree in advance, in contract, pursuant to Constitutional limitations, to pay costs such as interest, late fees, penalties or attorney's fees. This Contract will not be construed as an agreement by the State to pay such costs, and will be paid only as ordered by a court of competent jurisdiction.

10. **CONDITION AND PACKAGING:** Unless otherwise expressly provided by special terms and conditions or specifications in the Contract or by express, specific federal law or rule, it is understood and agreed that any item offered or shipped has not been sold or used for any purpose, is newly manufactured, and shall be in first class condition. All containers/packaging shall be suitable for handling, storage or shipment.
11. **INTELLECTUAL PROPERTY WARRANTY AND INDEMNITY:** Vendor shall hold and save the State, its officers, agents and employees, harmless from liability of any kind, including costs and expenses, resulting from infringement of the rights of any third party in any Services or copyrighted material, patented or patent-pending invention, article, device or appliance delivered in connection with the Contract.

- a) Vendor warrants to the best of its knowledge that:

- i) Performance under the Contract does not infringe upon any intellectual property rights of any third party; and
  - ii) There are no actual or threatened actions arising from, or alleged under, any intellectual property rights of any third party;
- b) Should any deliverables supplied by Vendor become the subject of a claim of infringement of a patent, copyright, trademark or a trade secret in the United States, the Vendor, shall at its option and expense, either procure for the State the right to continue using the deliverables, or replace or modify the same to become non-infringing. If neither of these options can reasonably be taken in Vendor's judgment, or if further use shall be prevented by injunction, the Vendor agrees to cease provision of any affected deliverables and refund any sums the State has paid Vendor for such deliverables and make every reasonable effort to assist the State in procuring substitute deliverables. If, in the sole opinion of the State, the cessation of use by the State of any such deliverables due to infringement issues makes the retention of other items acquired from the Vendor under this Agreement impractical, the State shall then have the option of terminating the Agreement, or applicable portions thereof, without penalty or termination charge; and Vendor agrees to refund any sums the State paid for unused Services or other deliverables.

- c) The Vendor, at its own expense, shall defend any action brought against the State to the extent that such action is based upon a claim that the deliverables supplied by the Vendor, their use or operation, infringe on a patent, copyright, trademark or violate a trade secret in the United States. The Vendor shall pay those costs and damages finally awarded or agreed in a settlement against the State in any such action. Such defense and payment shall be conditioned on the following:
  - i) That the Vendor shall be notified within a reasonable time in writing by the State of any such claim; and
  - ii) That the Vendor shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise provided, however, that the State shall have the option to participate in such action at its own expense.
- d) Vendor will not be required to defend or indemnify the State to the extent any claim by a third party against the State for infringement or misappropriation results solely from the State's material alteration of any Vendor-branded deliverables or Services, or from the continued use of the Services or other deliverables after receiving written notice from the Vendor of the claimed infringement.

**12. ADVERTISING:** Vendor agrees not to use the existence of the Contract or the name of the State of North Carolina as part of any commercial advertising or marketing of products or Services except as provided in 01 NCAC 05B.1516. A Vendor may inquire whether the State is willing to be included on a listing of its existing customers.

**13. ACCESS TO PERSONS AND RECORDS:**

- a) During, and after the term hereof during the relevant period required for retention of records by State law (G.S. 121-5, 132-1 *et seq.*, typically five years), the State Auditor and any Purchasing Agency's internal auditors shall have access to persons and records related to the Contract to verify accounts and data affecting fees or performance under the Contract, as provided in G.S. 143-49(9). However, if any audit, litigation or other action arising out of or related in any way to this project is commenced before the end of such retention of records period, the records shall be retained for one (1) year after all issues arising out of the action are finally resolved or until the end of the record retentions period, whichever is later.
- b) The following entities may audit the records of this contract during and after the term of the contract to verify accounts and data affecting fees or performance:
  - i. The State Auditor.
  - ii. The internal auditors of the affected department, agency or institution.
  - iii. The Joint Legislative Commission on Governmental Operations and legislative employees whose primary responsibility is to provide professional or administrative services to the Commission.
- c) The Joint Legislative Commission on Governmental Operations has the authority to:
  - i. Study the efficiency, economy and effectiveness of any non-State entity receiving public funds.
  - ii. Evaluate the implementation of public policies, as articulated by enacted law, administrative rule, executive order, policy, or local ordinance, by any non-State entity receiving public funds.
  - iii. Investigate possible instances of misfeasance, malfeasance, nonfeasance, mismanagement, waste, abuse, or illegal conduct by officers and employees of a non-State entity receiving, directly or indirectly, public funds, as it relates to the officer's or employee's responsibilities regarding the receipt of public funds.
  - iv. Receive reports as required by law or as requested by the Commission.
  - v. Access and review

1. Any documents or records related to any contract awarded by a State agency, including the documents and records of the contractor, that the Commission determines will assist in verifying accounts or will contain data affecting fees or performance; and
  2. Any records related to any subcontract of a contract awarded by a State agency that is utilized to fulfill the contract, including, but not limited to (i) records related to the drafting and approval of the subcontract, and (ii) documents and records of the contractor or subcontractor that the Commission determines will assist in verifying accounts or will contain data affecting fees or performance.
- d) The Joint Legislative Commission on Governmental Operations has the power to:
- i. Compel access to any document or system of records held by a non-State entity receiving, directly or indirectly, public funds, to the extent the documents relate to the receipt, purpose or implementation of a program or service paid for with public funds.
  - ii. Compel attendance of any officer or employee of any non-State entity receiving public funds, provided the officer or employee is responsible for implementing a program or providing a service paid for with public funds.
- e) Unless prohibited by federal law, the Commission and Commission staff in the discharge of their duties under this Article shall be provided access to any building or facility owned or leased by a non-State entity receiving public funds provided (i) the building or facility is used to implement a program or provide a service paid for with public funds and (ii) the access is reasonably related to the receipt, purpose, or implementation of a program or service paid for with public funds.
- f) Any confidential information obtained by the Commission shall remain confidential and is not a public record as defined in G.S. 132-1.
- g) Any document or information obtained or produced by Commission staff in furtherance of staff's duties to the Commission is confidential and is not a public record as defined in G.S. 132-1.
- h) A person who conceals, falsifies, or refuses to provide to the Commission any document, information, or access to any building or facility as required by this Article with the intent to mislead, impede, or interfere with the Commission's discharge of its duties under this Article shall be guilty of a Class 2 misdemeanor.

#### **14. ASSIGNMENT OR DELEGATION OF DUTIES.**

- a) As a convenience to the Vendor, the State may include any person or entity designated by the Vendor in writing as a joint payee on the Vendor's payment check. In no event shall such approval and action obligate the State to anyone other than the Vendor.
- b) If Vendor requests any assignment, or delegation of duties, the Vendor shall remain responsible for fulfillment of all Contract obligations. Upon written request, the State may, in its unfettered discretion, approve an assignment or delegation to another responsible entity acceptable to the State, such as the surviving entity of a merger, acquisition or a corporate reorganization if made as part of the transfer of all or substantially all of the Vendor's assets. 01 NCAC 05B.1507. Any purported assignment or delegation made in violation of this provision shall be void and a material breach of the Contract. G.S. 143-58.

**15. INSURANCE:** This section provides minimum insurance coverage rates that are applicable to most moderate risk solicitations. Agency Risk Analysis will determine if higher insurance coverage amounts are needed based on the likelihood and severity of exposure to the State. The analysis is documented in writing in the official file and considers the following non-exclusive factors:

1. Potential for damage to State property or property of a third party,
2. Potential for bodily injury to State employees or third parties,

3. Whether Vendor will transport State property, clients, or employees,
4. Use of a vehicle to accomplish the work or to travel to or from State locations,
5. Anticipated physical contacts of the Vendor with the State,
6. Anticipated number and activity of Vendor personnel within the State, and
7. Any other unique considerations that could result in harm, bodily injury, or property damage.

The Purchasing Agency has specified elsewhere in this Contract any increase in the minimum insurance coverage requirements below if the risk from the above factors is high.

**a) REQUIREMENTS** - Providing and maintaining adequate insurance coverage is a material obligation of the Vendor and is of the essence of the Contract. All such insurance shall meet all laws of the State of North Carolina. Such insurance coverage shall be obtained from companies that are authorized to provide such coverage and that are authorized by the NC Commissioner of Insurance to do business in North Carolina. The Vendor shall at all times comply with the terms of such insurance policies, and all requirements of the insurer under any such insurance policies, except as they may conflict with existing North Carolina laws or the Contract. The limits of coverage under each insurance policy maintained by the Vendor shall not be interpreted as limiting the Vendor's liability and obligations or the indemnification requirements under the Contract. As provided above, a State agency is authorized, upon written evaluation and substantiation in the official file of the significant risk of bodily injury and/or property or other damage in the contract, to require and enforce higher coverage limits to mitigate the potential risk of liability to the State.

**b) COVERAGE** - During the term of the Contract, the Vendor at its sole cost and expense shall provide commercial insurance of such type and with such terms and limits as may be reasonably associated with the Contract. At a minimum, the Vendor shall provide and maintain the following coverage and limits, subject to higher requirements by an agency after the risk analysis indicated above:

1. **For Small Purchases** as defined under North Carolina Administrative Code 01 NCAC 05A.0112 (35) and 05B.0301 (1), the minimum applicable insurance requirements for Worker's Compensation and Automobile Liability will apply as required by North Carolina law. The Purchasing Agency may require Commercial General Liability coverage consistent with the assessed risks involved in the procurement.
2. **For Contracts valued in excess of the Small Purchase threshold, but up to \$1,000,000.00 the following limits shall apply:**
  - i. **Worker's Compensation** - The Vendor shall provide and maintain Worker's Compensation Insurance, as may be required by the laws of North Carolina, as well as employer's liability coverage, with minimum limits of \$250,000.00, covering all of Vendor's employees who are engaged in any work under the Contract in North Carolina. If any work is sub-Contracted, the Vendor shall require the sub-contractor to provide the same coverage for any of its employees engaged in any work under the Contract within the State.
  - ii. **Commercial General Liability** - General Liability Coverage on a Comprehensive Broad Form on an occurrence basis in the minimum amount of \$500,000.00 Combined Single Limit. Defense costs shall be in excess of the limit of liability.
  - iii. **Automobile** - Automobile Liability Insurance, to include liability coverage covering all owned, hired and non-owned vehicles, used within North Carolina in connection with the Contract. The minimum combined single limit shall be \$250,000 bodily injury and property damage; \$250,000 uninsured/under insured motorist; and \$2,500 medical payment.
3. **For Contracts valued in excess of \$1,000,000 the following limits shall apply:**
  - i. **Worker's Compensation** - The Vendor shall provide and maintain Worker's Compensation Insurance, as may be required by the laws of North Carolina, as well as employer's liability coverage, with minimum limits of \$500,000, covering all of Vendor's employees who are engaged

in any work under the Contract in North Carolina. If any work is sub-Contracted, the Vendor shall require the sub-contractor to provide the same coverage for any of its employees engaged in any work under the Contract within the State.

- ii. **Commercial General Liability** - General Liability Coverage on a Comprehensive Broad Form on an occurrence basis in the minimum amount of \$1,000,000 Combined Single Limit. Defense costs shall be in excess of the limit of liability.
- iii. **Automobile** - Automobile Liability Insurance, to include liability coverage covering all owned, hired and non-owned vehicles, used within North Carolina in connection with the Contract. The minimum combined single limit shall be \$500,000 bodily injury and property damage; \$500,000 uninsured/under insured motorist; and \$5,000 medical payment.

#### **16. GENERAL INDEMNITY:**

- a) The Vendor shall indemnify, defend and hold and save the State, its officers, agents, and employees, harmless from liability of any kind, including all claims and losses accruing or resulting to any other person, firm, or corporation furnishing or supplying work, Services, materials, or supplies in connection with the performance of the Contract, and also from any and all claims and losses accruing or resulting to any person, firm, or corporation that may be injured or damaged by the Vendor in the performance of the Contract that are attributable to the negligence or intentionally tortious acts of the Vendor, provided that the Vendor is notified in writing within 30 days from the date that the State has knowledge of such claims.
- b) The Vendor, at its own expense shall defend any action brought against the State, under this section. The Vendor shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise, provided, however, that the State shall have the option to participate in such action at its own expense.
- c) The Vendor represents and warrants that it shall make no claim of any kind or nature against the State's agents who are involved in the delivery or processing of Vendor deliverables or Services to the State.
- d) As part of this provision for indemnity, if federal funds are involved in this procurement, the Vendor warrants that it will comply with all relevant and applicable federal requirements and laws, and will indemnify, defend and hold and save the State harmless from any claims or losses resulting to the State from the Vendor's noncompliance with such federal requirements or law in the performance of this Contract. The representations and warranties in the preceding two sentences shall survive the termination or expiration of the Contract.
- e) The State does not participate in indemnification due to Constitutional restrictions, or arbitration, which effectively and unacceptably waives jury trial. *See*, G.S. 22B-3, -10.

#### **17. ELECTRONIC PROCUREMENT:**

- a) Purchasing shall be conducted through the Statewide E-Procurement Service. The State's third-party agent shall serve as the Supplier Manager for this E-Procurement Service. The Vendor shall register for the Statewide E-Procurement Service within two (2) business days of notification of award in order to receive an electronic purchase order resulting from award of this Contract.
- b) RESERVED. The Supplier Manager will capture an order from a State approved user, including the shipping and payment information, and submit the order in accordance with E-Procurement Service procedures. Subsequently, the Supplier Manager will send those orders to the appropriate Vendor on State Contract. The State or State-approved user, not the Supplier Manager, shall be responsible for the solicitation, bids received, evaluation of bids received, award of Contract, and the payment for goods delivered.
- c) Vendor shall at all times maintain the confidentiality of its username and password for the Statewide E-Procurement Services. Vendor shall be responsible for all activity and all charges by its agents or employees.



Vendor agrees not to permit a third party to use its E-Procurement Services account. If there is a breach of security through the Vendor's account, Vendor shall immediately change its password and notify the Supplier Manager of the security breach by email. Vendor shall cooperate with the State and the Supplier Manager to mitigate and correct any security breach.

**18. SUBCONTRACTING:** The Vendor may subcontract the performance of required Services under the Contract. Upon request, Vendor shall identify its subcontractors to the State; identify any financial interest it has in any subcontractor to the State; and/or provide the State with complete copies of any agreements made by and between Vendor and any subcontractors. The Vendor remains solely responsible for the performance of its subcontractors. Subcontractors shall adhere to all applicable requirements, terms, and conditions set forth in this Contract and the subsequent Scope of Work. It may be required as a condition of award that an authorized officer or agent of a subcontractor sign a statement to the effect that the subcontractor has read, and will agree to abide by, Vendor's obligations under any contract awarded pursuant to this Solicitation. Any contracts made by the Vendor with a subcontractor shall include an affirmative statement that the State is an intended third party beneficiary of the Agreement; that the subcontractor has no agreement with the State; and that the State shall be indemnified by the Vendor for any claim presented by the subcontractor. Notwithstanding any other term herein, Vendor shall timely exercise its contractual remedies against any non-performing subcontractor and, when appropriate, substitute another subcontractor. **CONFIDENTIALITY:** Vendor information that cannot be shown to be, e.g., a trade secret, may be subject to public disclosure under the terms of the State Public Records Act (SPRA), beginning at G.S. 132.1. Blanket assertions of confidentiality are not favored, but confidentiality of specific material meeting one or more exceptions in the SPRA will be honored. Vendors are notified that if the confidentiality of material is challenged by other parties, the Vendor has the responsibility of defending the assertion of confidentiality. G.S. 143-52(a).

**19. CARE OF STATE DATA AND PROPERTY:** Any State property, information, data, instruments, documents, studies or reports given to or prepared or assembled by or provided to the Vendor under the Contract shall be kept as confidential, used only for the purpose(s) required to perform the Contract and not divulged or made available to any individual or organization without the prior written approval of the State.

The State's data and property in the hands of the Vendor shall be protected from unauthorized disclosure, loss, damage, destruction by a natural event or another eventuality. The Vendor agrees to reimburse the State for loss or damage of State property while in Vendor's custody. Such State Data shall be returned to the State in a form acceptable to the State upon the termination or expiration of this Agreement.

The Vendor shall notify the State of any security breaches within 24 hours as required by G.S. 143B-1379. For further information, see, G.S. 75-60 *et seq.* **Notice** is given to the Vendor that the NC Department of Information Technology (DIT) has requirements relating to the security of the State network, and rules relating to the use of the State network, IT software and equipment, that the Vendor must comply with, as applicable. See, e.g., G.S. 143B-1376.

**20. OUTSOURCING:** Any Vendor or subcontractor providing call or contact center services to the State of North Carolina or any of its agencies shall disclose to inbound callers the location from which the call or contact center services are being provided.

If, after award of a Contract, and consistent with any applicable NC DIT security provisions, the Contractor wishes to relocate or outsource any portion of performance to a location outside the United States, or to Contract with a subcontractor for any such performance, which subcontractor and nature of the work has not previously been disclosed to the State in writing, prior written approval must be obtained from the State Purchasing Agency. Vendor shall give notice to the Purchasing Agency of any relocation of the Vendor, employees of the Vendor, subcontractors of the Vendor, or other persons providing performance under a State Contract to a location outside of the United States. See, G.S. 143-59.4.

**21. ENTIRE AGREEMENT:** The Contract (including any documents mutually incorporated specifically therein) resulting from a relevant solicitation represents the entire agreement between the parties and supersedes all prior oral or

written statements or agreements. All promises, requirements, terms, conditions, provisions, representations, guarantees, and warranties contained herein shall survive the Contract expiration or termination date unless specifically provided otherwise herein, or unless superseded by applicable Federal or State statutes of limitation.

- 22. ELECTRONIC RECORDS:** The State will digitize all Vendor responses to the relevant solicitation, if not received electronically, as well as any awarded Contract together with associated procurement-related documents. These electronic copies shall constitute a preservation record and shall serve as the official record of this procurement with the same force and effect as the original written documents comprising such record. Any official electronic copy, printout or other output readable by sight shown to reflect such record accurately shall constitute an "original."
- 23. AMENDMENTS:** This Contract may be amended only by a written amendment duly executed by the State and the Vendor.
- 24. NO WAIVER:** Notwithstanding any other language or provision in the Contract or in any Vendor-supplied material, nothing herein is intended nor shall be interpreted as a waiver of any right or remedy otherwise available to the State under applicable law. The waiver by the State of any right or remedy on any one occasion or instance shall not constitute or be interpreted as a waiver of that or any other right or remedy on any other occasion or instance.
- 25. FORCE MAJEURE:** Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations as a result of events beyond its reasonable control, including, without limitation, fire, power failures, any act of war, hostile foreign action, nuclear explosion, riot, strikes or failures or refusals to perform under subcontracts, civil insurrection, earthquake, hurricane, tornado, other catastrophic epidemic or pandemic, natural event or Act of God.
- 26. SOVEREIGN IMMUNITY:** Notwithstanding any other term or provision in the Contract, nothing herein is intended nor shall be interpreted as waiving any claim or defense based on the principle of sovereign immunity or other State or federal constitutional provision or principle that otherwise would be available to the State under applicable law.
- 27. FEDERAL FUNDS PROVISIONS**

*Where federal funds are utilized in connection with this procurement, and to the extent applicable and absent stricter or controlling State provisions, the following federal provisions (in addition to the North Carolina General Terms and Conditions above) may apply consistent with Uniform Guidance in 2 C.F.R. § 200.326 and 2 C.F.R. Part 200, and its Appendix II and HUD requirements. Relevant federal authorities may require additional provisions depending on the scope and context of the Contract. Failure or unwillingness of the Vendor to continually meet any of these requirements, as applicable, may result in Contract termination.*

**Any links to websites not maintained by the State are provided as a courtesy. The State does not warrant or guarantee the accuracy of the hyperlink or the information contained therein.**

- a) **No governmental non-competes.** Vendor shall not impose or enforce any non-competition agreement upon the employees included in Vendor's bid that would prevent those employees from accepting any offer of employment from the State of North Carolina outside of the first Term of the Contract. By executing this Contract, the Vendor affirms this condition. This affirmation is a material condition for the State's award of any work under this Contract.
- b) **Program Monitoring.** Vendor agrees to assist and cooperate with the Federal grantor or funding agency and the relevant Purchasing Agency or their duly designated representatives in the monitoring of the project or projects to which this Contract relates, and to provide in form and manner approved by the Purchasing Agency such monitoring reports, progress reports, and the like as may be required and to provide such reports at the times specified.
- c) **Remedies and Termination,** For purposes of this section the State Remedies and Termination provisions above apply as written.

**d) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708).**Compliance with the Contract Work Hours and Safety Standards Act.

1. *Overtime requirements.* No Vendor or subcontractor contracting for any part of the Contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
2. *Violation; liability for unpaid wages; liquidated damages.* In the event of any violation of the clause set forth in 29 C.F.R. §5.5(b)(1) the Vendor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such Vendor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in 29 C.F.R. §5.5(b)(1), in the sum of \$33 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in 29 C.F.R. §5.5(b)(1).
3. *Withholding for unpaid wages and liquidated damages.* The Purchasing Agency shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Vendor or subcontractor under any such contract or any other Federal contract with the same prime Vendor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime Vendor, such sums as may be determined to be necessary to satisfy any liabilities of such Vendor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in 29 C.F.R. §5.5(b)(2).
4. *SubContracts.* The Vendor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (b)(1) through (4) of 29 C.F.R. §5.5 and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime Vendor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in 29 C.F.R. §5.5(b)(2) through (4).

**e) CLEAN AIR ACT AND THE FEDERAL WATER POLLUTION CONTROL ACT.**Clean Air Act

1. The Vendor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
2. The Vendor agrees to report each violation to the Purchasing Agency and understands and agrees that the Purchasing Agency will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office.
3. The Vendor agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance.

Federal Water Pollution Control Act

1. The Vendor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
2. The Vendor agrees to report each violation to the Purchasing Agency and understands and agrees that the Purchasing Agency will, in turn, report each violation as required to assure notification to the federal agency providing funds hereunder, and the appropriate Environmental Protection Agency Regional Office.
3. The Vendor agrees that these requirements will be included in each subcontract exceeding \$150,000

financed in whole or in part with Federal assistance.

**f) Debarment and Suspension.**

1. This Contract, if federal funding is used, is a covered transaction for purposes of 2 C.F.R. pt. 180 and 2 C.F.R. pt. 3000. As such, the Vendor is required to verify that none of the Vendor's principals (defined at 2 C.F.R. § 180.995) or its affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).
2. The Vendor must comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.
3. This certification is a material representation of fact relied upon by a federal agency providing federal funds herein and the Purchasing Agency. If it is later determined that the Vendor did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, in addition to remedies available to federal agency providing federal funds herein and the Purchasing Agency, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.
4. The Vendor agrees to comply with the requirements of 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C while this offer is valid and throughout the period of the Contract resulting from a relevant solicitation herein. The Vendor further agrees to include a provision requiring such compliance in its lower tier covered transactions.

**g) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) (as Amended).**

To the extent applicable, Vendors that apply or bid for an award of \$100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, officer or employee of Congress, or an employee of a Member of Congress in connection with obtaining any Federal Contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient who in turn will forward the certification(s) to the awarding agency.

Required Certification. Vendors must sign and submit to the Purchasing Agency the certification attached hereto as Attachment F and, if applicable, complete the disclosure form in Attachment G. See the latest version of "Certification for Contracts, Grants, Loans, and Cooperative Agreements" found at <https://ncadmin.nc.gov/documents/vendor-forms>.

**h) Procurement of Recovered Materials.**

1. Unless specified otherwise in the Contract, in the performance of this Contract, the Vendor shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired:
  - Competitively within a timeframe providing for compliance with the Contract performance schedule;
  - Meeting Contract performance requirements; or
  - At a reasonable price.
2. Information about this requirement, along with the list of EPA designated items, is available at EPA's Comprehensive Procurement Guidelines web site: <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.
3. The Vendor also agrees to comply with all other applicable requirements of Section 6002 of the Solid Waste Disposal Act."

- i) **Access to Records.** In addition to the North Carolina General Contract Terms & Conditions section entitled “**ACCESS TO PERSONS AND RECORDS**” included in this Contract, the following access to records requirements apply to this Contract:
1. The Vendor agrees to provide the Purchasing Agency, the Administrator of the federal agency providing funds hereunder, the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Vendor which are directly pertinent to this Contract for the purposes of making audits, examinations, excerpts, and transcriptions.
  2. The Vendor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.
  3. The Vendor agrees to provide the Administrator of the federal agency providing funds hereunder or his authorized representative access to construction or other work sites pertaining to the work being completed under the Contract.
  4. In compliance with the Disaster Recovery Act of 2018, the Purchasing Agency and the Vendor acknowledge and agree that no language in this Contract is intended to prohibit audits or internal reviews by the Administrator of the federal agency providing funds hereunder or the Comptroller General of the United States.
- j) **Modifications to Contract.** Modifications to the Contract are governed by the North Carolina General Contract Terms & Conditions section above entitled “**AMENDMENTS**,” except as approval and signature by any federal official may also be required.
- k) **Records Retention.** All records required to be kept on the project shall be maintained for at least eight (8) years after final payments and until all other pending matters under the grant for this project have been closed. However, if any audit, litigation or other action arising out of or related in any way to this project is commenced before the end of the eight (8) year period, the records shall be retained for one (1) year after all issues arising out of the action are finally resolved or until the end of the eight (8) year period, whichever is later.
- l) **Energy Efficiency.** All participants in the projects funded hereby shall recognize mandatory standards and policies relating to energy efficiency, which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (PL 94-163).
- m) **Program Fraud and False or Fraudulent Statements or Related Acts.** Vendor acknowledges that 31 U.S.C. Chapter 38 (Administrative Remedies for False Claims and Statements) applies to its actions pertaining to the Contract.
- n) **No Obligation by Federal Government.** The Federal Government is not a party to this Contract and is not subject to any obligations or liabilities to the non-Federal entity, Vendor, or any other party pertaining to any matter resulting from the Contract.
- o) **Compliance with Federal Law, Regulations, and Executive Orders.** This is an acknowledgement that federal financial assistance will be used to fund all or a portion of the Contract. The Vendor will comply with all applicable Federal law, regulations, executive orders, the policies of the federal agency(ies) providing funding, procedures, and directives.
- p) **Federal Seals, Logos, and Flags.** In addition to the prohibitions of the North Carolina General Contract Terms & Conditions section above entitled “**ADVERTISING**,” the Vendor shall not use the seal(s), logos, crests, or reproductions of flags of a federal agency providing funding herein, or likenesses of federal agency officials without specific pre-approval of the relevant federal agency.
- q) **System for Awards Management.** Vendor shall be responsible to ensure that it has checked the federal System for Awards Management (SAM) <https://www.sam.gov/SAM> and the State Debarred Vendors Listing, <https://ncadmin.nc.gov/documents/nc-debarred-vendors> to verify that Contractors or sub-Recipients have



not been suspended or debarred from doing business with federal or State government.

r) **Section 3 Clause.** Vendor will comply with the following clauses from 24 CFR 135.38:

The Contractor shall comply with the provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC 1701u, and implementing its regulations at 24 CFR Part 75, as expressed below:

1. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992 (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
2. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.
3. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
4. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 75.
5. The contractor will certify that any vacant employment positions, including training positions that are filled (1) after the contractor is selected by before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.
6. Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
7. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

- s) **Non-Discrimination.** Vendor will comply with all Federal statutes relating to non-discrimination. These include but are not limited to:
1. Title VI of the Civil Rights Act of 1964 (42 U.S.C 2000(d)) and implementing regulations (24 CFR part 1), which provide that no person in the United States shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or otherwise be subject to discrimination under any program or activity that receives Federal financial assistance.
  2. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as amended, and implementing regulations at 24 CFR part 8, the American Disabilities Act (42 U.S.C. §§ 12101 et.seq.), and implementing regulations at 28 CFR part 35 or 36, as applicable, and the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-6107) as amended, and implementing regulations at 24 CFR part 146, which together provide that no person in the United States shall, on the grounds of disability or age, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity that receives Federal financial assistance.
  3. The Fair Housing Act (42 U.S.C. 3601- 19), as amended, and the implementing regulations at 24 CFR part 100, which prohibit discrimination in housing on the basis of race, color, religion sex (including gender identity and sexual orientation), disability, familial status, or national origin and will affirmatively further fair housing, will apply.
  4. Title IX of the Education Amendments of 1972, as amended (20 USC §§ 1681 – 1683, and 1685-1686), which prohibits discrimination on the basis of sex.
  5. The Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended relating to nondiscrimination on the basis of drug abuse.
  6. The Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism.
  7. §§ 523 and 527 of the Public Health Service Act of 1912 ( 42 U.S.C §§ 290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records.
  8. Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental, or financing of housing.
  9. Any other applicable Federal nondiscrimination requirements, including those listed at 24 CFR §§ 5.105(a) and 5.106 as applicable.
- t) **URA.** The acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601) and implementing regulations at 49 CFR part 24 and, as applicable, Section 104(d) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(d)) and implementing regulations at 24 CFR part 42, subpart A, will apply.
- u) **National Environmental Policy Act.** The environmental requirements of the National Environmental Policy Act (42 U.S.C. 4321 et.seq.) and related Federal authorities prior to the commitment or expenditure of funds for property will apply.
- v) **Plans, supervision, and reports.** Vendor will comply with HUD requirements with regard to the drafting, reviewing and approval of construction plans and specifications. Vendor will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by HUD or the State.
- w) **Davis-Bacon Act.** Vendor will comply with the David-Bacon Act, as amended (40 U.S.C. 3141-3148), if required by the federal program legislation, in Construction contracts involving an excess of \$2000, and

subject to any other federal program limitations, all laborers and mechanics must be paid at a rate not less than those determined by the Secretary of Labor to be the prevailing wages. These wage rates are a federally mandated minimum only, and will be superseded by any State or local requirement mandating higher wage rates. Vendor also agrees to comply with Department of Labor Regulations pursuant to the Davis-Bacon Act found in 29 CFR Parts 1, 3, 5 and 7 which enforce statutory labor standards provisions. Wage determinations are available at <https://sam.gov/wage-determinations>.

- x) **Lead Based Paint.** Vendor will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4801 et seq.), which prohibits the use of lead-based paint in construction or rehabilitation of residence structures, and HUD's lead based paint regulations at 24 CFR Part 35.
- y) **Copeland Act.** Vendor will comply, as applicable, with the Copeland Act (40 U.S.C. §§ 276c and 18 U.S.C. §874).
- z) **Environmental.** Vendor will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91- 190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
- aa) **Wild and Scenic Rivers Act of 1968.** Vendor will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
- bb) **Preservation.** Vendor will assist HUD and the State in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
- cc) **Audits.** Vendor will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and 2 CFR Part 200 Subpart F Audit Requirements.

**ATTACHMENT D: LOCATION OF WORKERS UTILIZED BY VENDOR**

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In accordance with NC General Statute 143-59.4, the Vendor shall detail the location(s) at which performance will occur, as well as the manner in which it intends to utilize resources or workers outside of the United States in the performance of this Contract. The State will evaluate the additional risks, costs, and other factors associated with such utilization prior to making an award. Please complete items a, b, and c below.

\_\_\_\_\_



If the Vendor answered "YES" above, Vendor must complete items 1 and 2 below:

1. List the location(s) outside the United States where work under this Contract will be performed by the Vendor, any sub-Contractors, employees, or other persons performing work under the Contract:
  
  
  
  
  
  
  
  
  
  
2. Describe the corporate structure and location of corporate employees and activities of the Vendor, its affiliates or any other sub-Contractors that will perform work outside the U.S.:

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## **ATTACHMENT E: HISTORICALLY UNDERUTILIZED BUSINESSES INFORMATION**

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The State is committed to retaining Vendors from diverse backgrounds, and it invites and encourages participation in the procurement process by businesses owned by minorities, women, disabled, disabled business enterprises and non-profit work centers for the blind and severely disabled. In particular, the State encourages participation by Vendors certified by the State Office of Historically Underutilized Businesses, as well as the use of HUB-certified vendors as subcontractors on State contracts.

Historically Underutilized Businesses (HUBs) consist of minority, women and disabled business firms that are at least fifty-one percent owned and operated by an individual(s) of the categories. Also included in this category are disabled business enterprises and non-profit work centers for the blind and severely disabled.

Pursuant to G.S. 143B-1361(a), 143-48 and 143-128.4, the State invites and encourages participation in this procurement process by businesses owned by minorities, women, disabled, disabled business enterprises and non-profit work centers for the blind and severely disabled. This includes utilizing subcontractors to perform the required functions in this RFP. Any questions concerning NC HUB certification, contact the [North Carolina Office of Historically Underutilized Businesses](#) at (919) 807-2330. The Vendor shall respond to question a) and b) below.

[REDACTED]

[REDACTED]



## ATTACHMENT F: CERTIFICATION FOR CONTRACTS, GRANTS, LOANS AND COOPERATIVE AGREEMENTS

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The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal Contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal Contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal Contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and Contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The Vendor, [REDACTED], certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Vendor understands and agrees that the provisions of 31 U.S.C. Chap. 38, Administrative Remedies for False Claims and Statements, apply to this certification and disclosure, if any.

[REDACTED]

[REDACTED]

[REDACTED]

## **ATTACHMENT G: DISCLOSURE OF LOBBYING ACTIVITIES**

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The Disclosure of Lobbying Activities form, is located at <https://www.doa.nc.gov/pandc/onlineforms/form-omb-standard-form-III-7-2020/download>.

**ATTACHMENT H: EXPERIENCE, QUALIFICATIONS, REFERENCES**

Complete one form for each of up to three (3) examples of CDBG-DR housing engagements delivered by the proposing General Contractor (prime contractor). Subcontractor qualifications will not be considered. Client Points of Contact must have an adequate understanding of the services delivered. Reference points will not be awarded if the client cannot be contacted with the contact information provided. If the program example provided is not for CDBG-DR single family housing, then the program example will be considered non-responsive. The proposing entity must submit at least one minimally qualified program example for award consideration. Each program example can earn up to 15 points for a total maximum score of 45 points.

Example 1: CDBG-DR Housing Engagements Delivered	
Client Name:	[REDACTED]
Program:	[REDACTED]
Client Point of Contact:	[REDACTED]
POC Contact Information (email and phone):	[REDACTED]
Total Number of Homes Completed:	[REDACTED]
Brief Description of Services Rendered:  [REDACTED]	

Example 2: CDBG-DR Housing Engagements Delivered	
Client Name:	[REDACTED]
Program:	[REDACTED]
Client Point of Contact:	[REDACTED]
POC Contact Information (email and phone):	[REDACTED]
Total Number of Homes Completed:	[REDACTED]
<b>Brief Description of Services Rendered:</b>  <div style="background-color: black; width: 100%; height: 150px; margin-top: 10px;"></div>	

Example 3: CDBG-DR Housing Engagements Delivered	
Client Name:	[REDACTED]
Program:	[REDACTED] m
Client Point of Contact:	[REDACTED]
POC Contact Information (email and phone):	[REDACTED]
Total Number of Homes Completed:	[REDACTED]
<b>Brief Description of Services Rendered:</b>  <div style="background-color: black; width: 100%; height: 150px; margin-top: 10px;"></div>	





# RFP ADDENDUM



# BID ADDENDUM

May 1, 2025

## FAILURE TO RETURN THIS ADDENDUM MAY SUBJECT YOUR BID TO REJECTION

Solicitation Number	Doc1539254856
Solicitation Description	Residential Demolition, Reconstruction, Rehabilitation, and Manufactured Housing Unit Replacement for Hurricane Helene impacted Counties
Addendum Number	1

### CHANGE TO SOLICITATION:

1. **ATTACHMENT H: EXPERIENCE, QUALIFICATIONS, REFERENCES** the reference to “points” has been removed. Amended to read:

Complete one form for each of up to three (3) examples of **CDBG-DR housing engagements** delivered by the proposing General Contractor (prime contractor). Subcontractor qualifications will not be considered. Client Points of Contact must have an adequate understanding of the services delivered. ~~Reference points will not be awarded if the client cannot be contacted with the contact information provided. If the program example provided is not for CDBG-DR single family housing, then the program example will be considered non-responsive. The proposing entity must submit at least one minimally qualified program example for award consideration. Each program example can earn up to 15 points for a total maximum score of 45 points.~~

2. **2.8 PROPOSAL CONTENTS** amended to read:

Vendor response to Section 7: REQUIRED VENDOR INFORMATION should not exceed twenty (20) pages. This does not include cover page (title page), cover letter, table of contents, all pages of the RFP, **résumés, Annual Report, Litigation History**, certificate of insurance, compensation experience modification rate (EMR), copy of safety manual, copy of quality control manual, litigation history, and the completed attachments to this RFP.

**RESPONSE TO QUESTIONS:**

State's Responses to Questions Received by the due date and time of April 28, 2025, by 10:00 am ET. The Question appears exactly as submitted by the Vendor.

	CITATION	VENDOR QUESTION	DCR RESPONSE
1	7.13 Reconstruction Plan Sets, Page 36	Do plan sets have to be included with the RFP submittal or only during the BAFO process?	Plan sets are <u>not</u> required to be provided with the RFP submittal. Plan sets will be requested during the BAFO process.
2	7.13 Reconstruction Plan Sets, Page 36	Can you please clarify what is required in the section? Should the vendor simply list previous CDBG-DR programs where the vendor has provided plan sets?	Correct, list previous CDBG-DR programs where the vendor has provided plan sets.
3	2.8 Proposal Contents, Page 10	Will resumes be included against the 20 page limit?	The 20-page limit does <u>not</u> include résumés.
4	4.9 Bond and Insurance Requirements, Page 18	Will blanket payment & performance bonds be allowed for this program?	DCR will consider, but not require, blanket payment & performance bonds.
5	5.1 Scope of Services, Page 19	Please clarify the time requirement for rehab projects with a scope less than \$50,000. Page 19 says 45 days, other pages state 30 days.	Rehabilitation projects with a scope <\$50,000 shall be completed within <b>45 calendar days</b> from the Notice to Proceed to passed Final Inspection.
6	2.8 Proposal Contents, Page 10	Are the personnel resumes, project history, and Annual Report included in the 20 page limit?	The 20-page limit does <u>not</u> include résumés and Annual Report.  The 20-page limit <u>does</u> include project history.
7	7.4 Key Staffing Profile, Pages 33-34	May resumes be excluded from the 20-page limit?	See answer to Question #3 and #6.
8	7.5 References, Page 34  Attachment H, Page 67	May a Letter of Reference be included as proof of endorsement if a person is unreachable when the Program attempts to contact them?	Yes.



9	7.6 Litigation History, Page 34	May the Litigation History be excluded from the 20-page limit? May it be included as an appendix to Section 7?	The 20-page limit does <u>not</u> include Litigation History.
10	7.8 Annual Report, Page 35	May the Annual Report (financial statements) be excluded from the 20-page limit? May it be included as an appendix to Section 7?	See answer to Question #6.
11	ATTACHMENT C: NORTH CAROLINA GENERAL CONTRACT TERMS & CONDITIONS, Section 7c) SITUS AND GOVERNING LAWS, Page 49	Please clarify the requirement for domestication. If the Vendor corporation is not legally formed in North Carolina but registered with the North Carolina Secretary of State as a foreign corporation in North Carolina and in good standing, does this satisfy the “domestication” process?	Yes. A foreign corporation must obtain a Certificate of Authority from the N.C. Secretary of State, which will satisfy the domestication requirement in Attachment C, Section 7c.
12	5.0 Scope of Work, Page 19  4.1 Minimum Qualifications, Page 16	There are two different timeframes prescribed for rehabilitation projects <\$50,000. We recommend 45 days as the standard acceptable timeframe. Please clarify.  Section 5.0 Scope of Work (page 19) states “... <b>45 days</b> for rehabilitation projects with a scope <\$50,000...”  Section 4.1 Minimum Qualifications (page 16) states “ability to carry residential rehabilitation projects to completion within <b>30 days</b> for projects with a scope <\$50,000...”	Rehabilitation projects with a scope <\$50,000 shall be completed within <b>45 calendar days</b> from the Notice to Proceed to passed Final Inspection.
13	5.7 Liquidated Damages, Page 31	On the pre-bid call, one of the speakers said that these timelines would be enforced unless there are “excusable delays approved by the state.” Can you please provide a list of excusable delays and how the state will manage approving them? For example, are delays in getting permits, environmental mitigation delays or inspections from local governments excusable delays?	An exhaustive list of excusable delays cannot be provided. Requests by general contractors for an extension to the period of performance will be reviewed on a case-by-case basis.

14	4.9 Bonds and Insurance, Page 18	With respect to the ongoing value of the P&P bonds, will Contractor be permitted to reduce the value of the bonds by the contract amount associated with completed projects? If so, will the trigger to reduce the bond value be based on the date of passed final inspection or the date of final payment for the completed project?	Yes, as long as the vendor maintains performance and payment bonds in an amount equal to (or greater than) the value of the active construction projects issued under the awarded contract. Reduction will be based on the date of final payment.
15	4.9 Bonds and Insurance, Page 18	The RFP states that bond riders will be required to capture increased costs resulting from approved change orders such that 100% of the project cost is always covered by a valid P&P bond. Assuming change orders will be relatively frequent, will Contractor be permitted to establish a set interval (i.e. quarterly) to reconcile the contract and bond values to a change order log and issue such riders based on changes that occur within that period? Else, it's possible that multiple riders will need to be issued weekly.	If the builder is operating at its bond ceiling, then riders will need to be issued in a timely manner to account for change orders.
16	4.3 Payment Structure, Page 16	Is it DCR's intention to withhold retainage on Vendor's monthly invoices? If so, what % will be withheld and what will be the trigger for DCR to release the retainage?	The implementation vendor will inform the payment schedule as a part of its construction management strategy.
17	4.3 Payment Structure, Page 16	In lieu of withholding retainage, if any, will DCR accept a Retention Bond in addition to the P&P bonds?	DCR may consider a Retention Bond if it integrates with the implementation vendor's construction management strategy.
18	5.2.4 Manufactured Housing Units, Page 27	Does the contractor who is buying and installing MHU's in NC need to have a resellers license?	DCR does not require a resale license; the vendor must comply with all relevant local, state, and federal tax laws and regulations.
19	5.6 Project Assignment Methodology, Page 31	Would the program consider awarding projects within a centralized region(s)? Concentrating efforts in a	DCR will consider geographic clustering for builder assignments if it aligns with the



		specific area could potentially lead to a higher success rate for both the program and its vendors by streamlining logistics, reducing travel time, and enhancing overall efficiency.	implementation vendor's construction management strategy.
20	2.1 Request for Proposal Document and Scopes of Work, Page 6	<p>"DCR, or an Implementation Vendor on behalf of DCR, will issue Scopes of Work for specific project assignments to Vendors that are qualified and awarded pursuant to this RFP."</p> <p>What will be the methodology used by DCR or the implementation vendor to assign work to general contractors? Will this methodology or scorecard be shared with the general contractors? Will DCR or the implementation vendor award contractors with more assignments for completing homes under the contractual deadlines?</p>	The implementation vendor will assign projects in accordance with their construction management strategy. The strategy will be communicated to the builders and updated regularly based on performance and capacity.
21	3.1 Method of Award, Page 11	<p>"The State intends to select up to 25 of the most qualified Vendors. Once a pool of the most qualified Vendors is identified, the State will then engage in a Best and Final Offer (BAFO) negotiation phase. Vendors who intend to perform reconstruction projects will be asked for reconstruction plan sets as part of the BAFO process. Plans sets may include traditional Stick-Built construction or modular construction. Costs for all project types will be negotiated during that process as well."</p> <p>Are construction plan sets required to be submitted with the response to this RFP? Or will they be required only if the contractor is selected to participate in the BAFO negotiation phase.</p>	See answer to Question #1.
22	5.2.2 Repair Scope of Work, Page 23	"The Scope of Work for each repaired structure will vary, but may include, although not be limited to, the following: Providing architectural and house plan renderings"	Renderings are only necessary if required by the jurisdiction.

		Are architectural and house plan renderings to be required on every repair project or only if required by the jurisdiction.	
23	5.2.3 Size and New Unit Configuration, Page 24	<p>“Which standard floorplan the applicant receives is based on DCR policy”</p> <p>How many “Standard floorplans” does the program plan on including in the program? Is it the programs intent to keep the number of standard floorplans to a minimum? Will the program consider two or more story homes?</p>	DCR will limit the number of floor plans selected. Plans for two or more story homes will only be considered in site limiting circumstances with no other alternatives.
24	5.4 Additional Requirements, Page 30	<p>“Meet with the program and individual property owners to review the Scope of Work to be performed, including establishing a work schedule acceptable to property owners and reviewing work upon final inspection.”</p> <p>What will the program’s policy be towards homeowner access to the property during construction? Will homeowners be attending the program inspections? Will homeowners determine quality standards, or will quality standards only be upheld by DCR and the implementation vendor?</p>	Builders should establish safe practices for homeowner access to their property. Homeowners are not required to attend or approve program inspections or quality standards.
25	2.4 RFP Schedule, Page 7  2.6 Proposal Questions, Page 8	To allow proper consideration, review, and question submittal, please extend all dates by one week, starting with extending submittals of RFIs until May 5.	The RFP Schedule remains as indicated in the Solicitation.
26	2.8 Proposal Contents, Page 10  7.4 Key Staffing Profile Page 33	Are resumes exempt from the page count?	See answer to Question #3.
27	2.8 Proposal Contents, Page 10  7.9 Safety Information, Page 35	Are the Safety & Quality Manuals required with submission?	Per 7.9 Safety Information, “A copy of Vendor’s safety manual <b>may</b> also be required. <u>The safety manual will become part of the Contract if your Solicitation Response is selected.</u> ” Vendors

	7.10 Quality Control Program, Page 35		<p>are not required to submit with their offer their Safety Manual; however, vendors are welcome to provide it with their offer submission. If the safety manual is not provided with offer submission; if awarded a contract, the safety manual must be provided.</p> <p>Per 7.10 Quality Control Program, <i>"A copy of Vendor's quality control manual <b>may</b> be required. <u>The quality control manual will become part of the Contract if Vendor's Solicitation Response is selected.</u>"</i> Vendors are not required to submit with their offer their Quality Control Manual; however, vendors are welcome to provide it with their offer submission. If the quality control manual is not provided with offer submission; if awarded a contract, the quality control manual must be provided.</p>
28	2.8 Proposal Contents, Page 10  7.8 Annual Report, Page 35	Are financial statements exempt from the page count?	See answer to Question #6.
29	2.8 Proposal Contents, Page 10	The description of required vendor information does not include Section 7.8 Annual Report. Annual Report documents (such as audited financials) can easily be dozens of pages. What is the recommendation for including Annual Reports while adhering to the limitation of 20 pages?	See answer to Question #6.
30	3.1 Method of Award, Page 11	If a vendor is awarded reconstruction projects, can they elect to replace all eligible homes with modular homes,	If vendors submit modular plan sets for DCR consideration and if

		rather than offering stick-built reconstruction as an option?	DCR selects a modular plan set for program use, then yes, the vendor may use the DCR approved modular plan set for reconstruction projects.
31	5.2.4 MANUFACTURED HOUSING UNITS Manufactured Housing Unit (MHU) Replacement Scope of Work Page 29	<p>"Coordinating applicant move out, and providing temporary housing."</p> <p>Section 5.2.4 references the contractor coordinating applicant move-out and providing temporary housing, if eligible. Could the State please clarify the contractor's responsibilities in this process? Specifically, is the contractor responsible for locating, securing, and paying for alternative living arrangements? If so, what eligibility criteria and requirements must be followed so that contractors can accurately account for these costs in their bids?</p> <p>Regarding the provision of temporary housing during the move-out period, who holds liability for the applicant's welfare, property, and behavior while in temporary accommodations?</p>	Temporary housing will not be offered to all applicants. The implementation vendor will determine which, if any applicants, qualify for temporary housing. The implementation vendor will include temporary housing in the vendor's scope of work. The vendor will be required to issue a voucher to the qualified applicant for temporary housing. The applicant will use the voucher to acquire temporary housing.
32	5.4 Additional Requirements, Page 30	<p>"The initial meeting between the general contractor, applicant and Program will be done through a preconstruction meeting at one of the Program offices located within the Western North Carolina Hurricane Helene impacted counties area."</p> <p>Is an in-person preconstruction meeting required between the applicant and Vendor Representative before each site evaluation?</p> <p>Are there any other face-to-face meetings requirements?</p> <p>"Assist homeowners in vacating their damaged home." Will the state provide</p>	<p>In person meetings are encouraged for each site evaluation, but DCR will consider alternative approaches that accelerate recovery or improve applicant service.</p> <p>The implementation vendor will scope pods or temporary storage facilities for each applicant.</p>

		<p>Pods or the funds to purchase the pods for assistance?</p>	
33	<p>4.1 Minimum Qualifications, Pages 15-16</p> <p>7.0 Required Vendor Information, Pages 32-36</p>	<p>Do you want the Evaluation Criteria to refer to the relevant responses within 4.1 Minimum Qualifications and 7.0 Required Vendor Information, or are standalone responses for each of the Evaluation Criteria requested?</p> <p>For example, 3.4, a, ii Financial Stability and Solvency could refer to 4.1 Financial Solvency and Stability and 7.8 Annual Report, or we could provide a narrative response to 3.4.</p> <p>In the interest of not submitting a voluminous proposal, we want to avoid duplicative responses in multiple sections unless explicitly requested.</p>	<p>Standalone responses for each of the Evaluation Criteria are not required or expected. The Evaluation Criteria are intended to communicate to Vendors how DCR will evaluate Vendors' responses and are based on the specifications elsewhere in the RFP.</p>
34	<p>7.4 Key Staffing Profile, Page 33</p>	<p>"Vendor must provide a key staffing profile and résumés for staff that will be responsible for the day-to-day performance of the services required under this Solicitation. Vendor shall designate a dedicated construction lead who will be located in the Western North Carolina Hurricane Helene recovery area."</p> <p>Are we providing their personal résumés or are we providing just their name, contact information and their job description?</p>	<p>Vendor <b>must provide</b> a key staffing profile and <b>résumés</b> for staff that will be responsible for the day-to-day performance of the services required under this Solicitation.</p> <p>Vendor <b>must identify</b> which <b>employees</b>, including if applicable the Project Manager, will be <b>physically located in the responding area</b> as regular face-to-face meetings with the program and applicants will be required (i.e., mandatory preconstruction meetings with applicants for each application).</p> <p><b>Key staff must include the following</b> (DCR prefers for the three referenced positions to be held by three separate individuals qualified to perform each role):</p> <ul style="list-style-type: none"> <li>-Project Manager</li> <li>-Superintendent (s)</li> <li>-Warranty Coordinator</li> </ul>



35	7.5 References, Page 34	<p>“Vendor shall provide a minimum of three references for projects of similar type and size performed within the last five years, preferably for state and/or local government entities. DCR reserves the right to check references prior to making any award hereunder. Any negative responses received may be grounds for disqualification of the proposal. DCR reserves the right to contact programs other than those listed by the Vendor in which DCR knows the Vendor participated.”</p> <p>Can we provide more than three references even if they are in the same state/local government entity, where we have been assigned/contracted to complete projects from demo, abatement, rehabilitation, MHU replacement, reconstruction and elevation projects?</p>	Vendor shall provide a <b>minimum of three references</b> for projects of similar type and size performed within the last five years, preferably for state and/or local government entities.
36	7.13 Reconstruction Plan Sets (for Vendors seeking to perform reconstruction projects), Page 36	<p>“Provide examples of single-family construction projects where you have provided the plan sets and specifications; DCR is specifically interested in examples of any CDBG-DR work where you have provided the plan sets and specifications. During the BAFO process, Vendors who intend to perform reconstruction projects may submit reconstruction plan sets of single-family homes, including options for Stick-Built or Modular homes, for consideration by the program for use in the reconstruction phase of the program. The Contractor must obtain permission from the designers for free reuse by the program by any contractor selected by the Program.”</p> <p>Do you want the entire plan set, or just an overview? Is that outside of our 20 page limit when submitting our RFP?</p>	<p>See answer to Question #1.</p> <p>Plan sets are not to be submitted at this time; just identify projects where you have provided those.</p>
37	5.2.3 Reconstruction, Reconstruction Scope of Work, Page 26	It states Fiber Cement Siding or stucco has to be used. Would it be acceptable to use vinyl siding instead? What we have found working with the	Vinyl siding is an acceptable cladding.

		homeowners in the eastern part of NC is that using the fiber cement siding is putting extra work on the homeowners with the upkeep and maintenance every 7-10 years. It is additional work in long run and an added expense for homeowners that are already tight financially.	
38	7.0 REQUIRED VENDOR INFORMATION 7.8 Annual Report, Page 35	Can privately-held companies submit financials under a separate cover for confidentiality?	<p>Per 2.7 PROPOSAL SUBMITTAL, “<i>If confidential and proprietary information is included in the proposal, also submit one (1) signed, <b>REDACTED</b> copy of the proposal.</i>”</p> <p>In eProcurement Sourcing there are two fields for Vendors to upload files – UNREDACTED offer and REDACTED offer. Please also see Attachment B, No. 27, page 44 for instructions on marking pages and content confidential. The REDACTED version should be a document that can be made public once an award is made.</p>
39	5.2 TASKS/ DELIVERABLES 5.2.3 Reconstruction Scope of Work, Page 26	Please verify that the DCR Implementation vendor will perform LBP testing, and the CM will be responsible for the Asbestos testing as necessary?	The implementation vendor will perform lead based paint testing and the vendor will be responsible for all other testing required by the jurisdiction.
40	5.2 TASKS/ DELIVERABLES 5.2.3 Reconstruction Scope of Work, Page 21	Will a damage assessment and feasibility analysis be performed prior to assignment?	Yes.
41	5.2 TASKS/ DELIVERABLES 5.2.2 Repair Scope of Work, Pages 20-24	In our experience when both the implementation vendor and CM do not perform the scope assessments together, the scope assessment tends to be performed at the substantial and final milestones inspections. Please verify that both the DCR Implementation vendor and CM	The implementation vendor is the construction manager. The implementation vendor will perform the scope assessment and assign the scope to the building vendor.

		perform an assessment together to obtain the SOW?	
42	5.2 TASKS/ DELIVERABLES 5.2.2 Repair Scope of Work	Will Exactimate Pricing be reviewed biannually or annually in order to adjust to the current market?	Xactimate pricing will be reviewed quarterly and adjusted if necessary.
43	5.2 TASKS/ DELIVERABLES 5.2.2 Repair Scope of Work	What is the expectation with pricing adjustments to address tariffs and escalation associated with the tariffs?	Xactimate pricing will be reviewed quarterly and adjusted if necessary.
44	5.2 TASKS/ DELIVERABLES 5.2.3 Reconstruction Scope of Work	Please verify the DCR implementation vendor will provide assistance and coordination with the applicant for temporary relocation.	The implementation vendor will qualify the applicant for temporary assistance. The implementation vendor will include scope for temporary assistance in the builder assignment. The builder will schedule move out and relocation. The builder will pay a voucher to the applicant per their scope.
45	4.0 REQUIREMENTS 4.4 Invoices, Page 17	If in fact performed by the CM please verify that a separate billing process will be allowed to receive continual reimbursement of the task?	Builder payments will be made in accordance with the payment schedule established by the implementation vendor and its construction management strategy.
46	5.2 TASKS/ DELIVERABLES 5.2.2 Repair Scope of Work, Page 23	Please verify that operational expenses and fees will be allowed on Temporary Relocation Assistance.	The implementation vendor will include scope in the builder assignment for temporary housing for qualified applicants.
47	5.0 SCOPE OF WORK 5.7 Liquidated Damages, Page 31	In our experience additional time must be added to the Temporary Relocation Assistance outside of the approved construction timeframes. This is due to the process of homeowner moveout needing to be performed prior to the notice to proceed and the delays after final inspection due to may different factors. Please verify that additional time of reimbursement for temp relo will be allowed upon program review of the process.	DCR will consider exceptions to the timeline in accordance with the implementation vendor's construction management strategy. In general, additional temporary housing assistance outside the prescribed construction timelines will not be considered.

48	5.2 TASKS/ DELIVERABLES 5.2.3 Reconstruction Scope of Work, Page 25	Reasonable Accommodations – Bathroom: Please confirm that all RA's will be performed and finalized prior to design.	In most instances, Reasonable Accommodations will be scoped prior to project assignment to the builder.
49	5.0 SCOPE OF WORK 5.1 Scope of Services, Page 19	What is the repair cap?	The implementation vendor will perform feasibility analysis on each site and establish the repair scope. The scope will not exceed the reconstruction cap, unless exceptional circumstances are approved by DCR.
50	5.0 SCOPE OF WORK 5.1 Scope of Services, Page 19	In the Pre-Bid meeting, it was discussed that it was expected that a large percentage of the task orders would be reconstruction. With such a large repair task order value what are the criteria to flip from repair to reconstruction?	The implementation vendor will establish a repair or reconstruction feasibility policy that will establish criteria for scoping each project.
51	5.2 TASKS/ DELIVERABLES 5.2.2 Repair Scope of Work, Page 23	Will the historic repair process and pricing be the same or will there be separate pricing to accommodate the different processes, fees and materials outside of the standard?	Scoping for historic projects will reflect with costs for materials and activities required by the jurisdiction.
52	5.0 SCOPE OF WORK 5.1 Scope of Services, Page 19	Will additional time be allowed for Historic Properties that require specialty repairs?	DCR will consider additional time for historic properties, depending on the scope and complexity.
53	5.2 TASKS/ DELIVERABLES 5.2.3 Reconstruction Scope of Work, Page 26	Please confirm that scoping is allowed for infrastructure and roads outside of the applicant's property to allow access to the property. Especially regarding MHU delivery and Heavy Equipment access.	Private road and bridge repair scope will be limited to the applicant's property. The State has other programs for repairing roads and bridges.
54	5.2 TASKS/ DELIVERABLES 5.2.2 Repair Scope of Work, Page 23	Please verify that the DCR implementation vendor will obtain or verify the Flood insurance policies?	Yes.
55	5.0 SCOPE OF WORK 5.4 Additional Requirements, Page 30	Will there be opportunities to add additional milestones if necessary, such as preconstruction to assist in the cash flow of the homes?	The implementation vendor will establish a payment schedule in accordance with its construction management strategy.

56	5.0 SCOPE OF WORK 5.7 Liquidated Damages, Page 31	Will there be a cap to LD's?	There is no cap on liquidated damage.
57	4.0 REQUIREMENTS 4.4 Invoices, Page 17	What will be the contracted payment terms?	Per ATTACHMENT C: NORTH CAROLINA GENERAL TERMS & CONDITIONS, #9 PAYMENT TERMS, "Payment terms are <b>net</b> not later than <b>30 days after receipt of a correct invoice</b> or acceptance of goods, whichever is later." Additional information regarding payment may be included in the project Scope of Work.
58	5.2 TASKS/ DELIVERABLES 5.2.2 Repair Scope of Work, Page 23	Please address the process of applicant appeals during the construction process. In our experience appeals have been allowed up to and after the completion of construction requiring remobilization of the contractor. Will the applicants be allowed to submit multiple appeals of the scope during and after the construction process? Will the program establish a last day of submission for each task order?	The applicant will not be allowed to appeal the design, materials, or services defined in the construction scope. The vendor is expected to perform according to the scope, provide quality and timely work, and honor the warranties.
59	5.2 TASKS/ DELIVERABLES 5.2.3 Reconstruction Scope of Work, Page 26	Please confirm that scaffolding and additional safety measures outside of the standard model home will be scoped through the site-specific pricing outside of the Hard Cost of the model.	The implementation vendor will scope necessary equipment.
60	3.0 METHOD OF AWARD AND PROPOSAL EVALUATION PROCESS 3.1 Method of Award, Page 11	Please verify what scope is to be included within the Hard cost of the standard models or if this information will be provided during the BAFO process.	The BAFO will clarify pricing.
61	3.1 Method of Award, Negotiation and Best Final Offer, Page 13	"During the BAFO process, Vendors who intend to perform reconstruction projects may submit reconstruction plan sets for single-family homes, including options for Stick-Built and/or modular homes, for	It is estimated Vendors will be provided 7 days to respond to the BAFO.



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		<p>consideration by the program for use in the reconstruction phase of the program.”</p> <p>Do you know an approximately timeline that will be placed for builders to return pricing and house plans if selected to reach the BAFO phase?</p>	
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Execute Addendum:





# **2023 ANNUAL REPORT**



## FORM 10-K

### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement used in connection with its 2023 Annual Meeting of Shareholders to be held on July 27, 2023 and which will be filed within 120 days after the end of the registrant's fiscal year, are incorporated by reference into this Annual Report on Form 10-K in response to Part III, Items 10, 11, 12, 13, and 14.

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## PART I

### Cautionary Statement About Forward-Looking Statements

Some of the statements in this Annual Report on Form 10-K (this “Annual Report”) that are not historical in nature are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements about our expectations regarding our future liquidity, earnings, expenditures, and financial condition. These statements are often identified by the words “will,” “could,” “should,” “anticipate,” “believe,” “expect,” “intend,” “estimate,” “hope,” or similar expressions. These statements reflect management’s current views with respect to future events and are subject to risks and uncertainties. There are risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from those in our forward-looking statements, including regional, national and international economic, financial, public health and labor conditions, and the following:

- Supply-related issues, including prices and availability of materials;
- labor-related issues;
- inflationary pressures in the North American economy;
- the cyclical and seasonality of the housing industry and its sensitivity to changes in general economic or other business conditions;
- demand fluctuations in the housing industry, including as a result of actual or anticipated increases in homeowner borrowing rates;
- the possible unavailability of additional capital when needed;
- competition and competitive pressures;
- changes in consumer preferences for our products or our failure to gauge those preferences;
- quality problems, including the quality of parts sourced from suppliers and related liability and reputational issues;
- data security breaches, cybersecurity attacks, and other information technology disruptions;
- the potential disruption of operations caused by the conversion to new information systems;
- the extensive regulation affecting the production and sale of factory-built housing and the effects of possible changes in laws with which we must comply;
- the potential impact of natural disasters on our supply chain, sales and raw material costs;
- the risks associated with mergers and acquisitions, including integration of operations and information systems;
- periodic inventory adjustments by, and changes to relationships with, independent retailers;
- changes in interest and foreign exchange rates;
- insurance coverage and cost issues;
- the possibility that all or part of our intangible assets, including goodwill, might become impaired;
- the possibility that our risk management practices may leave us exposed to unidentified or unanticipated risks;
- the potential disruption to our business caused by public health issues, such as an epidemic or pandemic, and resulting government actions; and
- other risks described in Part I — Item 1A, “Risk Factors,” as well as the risks and information provided from time to time in our other periodic reports filed with the Securities and Exchange Commission (the “SEC”).

If any of the risks or uncertainties referred to above materializes or if any of the assumptions underlying our forward-looking statements proves to be incorrect, then differences may arise between our forward-looking statements and our actual results, and such



differences may be material. Investors should not place undue reliance on our forward-looking statements, which speak only as of the date of this report. We assume no obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof, except as required by law.

## ITEM 1. BUSINESS

### General Overview

Skyline Champion Corporation, an Indiana corporation, and its consolidated subsidiaries are referred to herein as "Skyline Champion," "us," "we," "our," the "Company," and any other similar terms, unless otherwise indicated in this Annual Report.

We are a leading producer of factory-built housing in North America with net sales for the year ended April 1, 2023 ("fiscal 2023") of approximately \$2.6 billion. We have more than 70 years of homebuilding experience, approximately 7,700 employees and 43 manufacturing facilities located in 19 states across the United States and three provinces in western Canada. We offer a leading portfolio of manufactured and modular homes, park model RVs, accessory dwelling units ("ADUs") and modular buildings for the multi-family and hospitality sectors. Our facilities are strategically located to serve strong regions in the United States and western Canada. We operated 19 manufacturing facilities in the top ten states with the highest number of manufactured homes shipped in fiscal 2023, as well as 18 manufacturing facilities in the ten states with the greatest growth in the number of manufactured homes shipped in the last ten years. We believe that we maintained the following leading positions in the factory-built housing industry in the United States and western Canada (based on units) in calendar year 2022:

- Number two position in the manufactured housing segment in the United States
- Number one modular builder in the United States
- A leading position in western Canada
- A leading position in park model RV sales

We believe our leading positions are driven by our comprehensive product offering, strong brand reputation, broad manufacturing footprint, and our complementary retail, construction services, and logistics businesses. Our market share in the United States total housing market is approximately 2.4%.

We design and build a range of manufactured and modular homes, park model RVs, ADUs, and commercial structures. We believe that the high quality and broad scope of our product and service offerings provide us a competitive advantage relative to other factory-built and certain site-built homes. With our award-winning product designs, we seek to meet the needs of our localized customers, while also providing them with an array of pre-designed options. Our leading brands are marketed and distributed through a network of independent and company-owned retailers, community operators, government agencies, and builder/developers. We build homes under some of the most well-known brand names in the factory-built housing industry including Skyline Homes, Champion Home Builders, Genesis Homes, Athens Park Models, Dutch Housing, Atlantic Homes, Excel Homes, Homes of Merit, New Era, Redman Homes, ScotBilt Homes, Shore Park, Silvercrest, and Titan Homes in the U.S., and Moduline and SRI Homes in western Canada.

In addition to our core home building business, we provide construction services to install and set-up factory-built homes; we operate a factory-direct manufactured home retail business, marketed under the Titan Factory Direct and Champion Homes Center brands, with 31 sales centers spanning the United States; and we operate Star Fleet Trucking, which provides transportation services to the manufactured housing and other industries from several dispatch locations across the United States.

Our principal executive offices are located at 755 West Big Beaver Road, Suite 1000, Troy, Michigan 48084. Our website is located at [www.skylinechampion.com](http://www.skylinechampion.com). Our website and the information contained on our website is not incorporated by reference and is not a part of this Annual Report. We make available on our website, as soon as reasonably practicable, all of the reports required to be filed with the SEC. Our SEC filings are also available to the public on the SEC's website at [www.sec.gov](http://www.sec.gov).

## **Business Strategy**

We will continue to pursue opportunities to grow our revenue and earnings by constructing quality-built, sustainable, and innovatively designed homes and other modular structures in an environmentally friendly factory setting. In connection with executing this business strategy, we are focused on the following four initiatives:

- Increasing the operating capacity and profitability of our existing facilities;
- Investing in our customers' online digital experience;
- Implementing production automation and enterprise-wide digital technology; and
- Continuing a balanced organic and acquisition-based growth strategy.

### *Increasing the Operating Capacity and Profitability of our Existing Facilities*

We are currently focused on a number of ongoing operational initiatives to further enhance our operating margins and increase production capacity including:

- refining our product floor plan designs and options to offer "designed flexibility" to our customers;
- executing on continuous improvement initiatives related to procurement, operational and labor cost saving opportunities; enhancing the efficiency and sustainability of our products through value-adding material substitution; and
- standardizing our manufacturing processes and employing metrics-driven accountability measures across all of our facilities.

### *Investing in our Customers' Digital Experience*

The Company continues to invest in the design and testing of an enhanced digital customer experience. We are piloting an end-to-end platform where consumers can shop, design, configure, and price their homes online, which we believe will further drive revenue growth for Skyline Champion and our channel partners. We are experiencing tremendous online interest from consumers and believe a digital platform to customize and purchase homes will continue to grow.

### *Implementing Production Automation and Enterprise-wide Digital Technology*

- We are investing in production automation technology to mitigate reliance on direct labor, reduce material waste, and improve the precision of our construction processes.
- In conjunction with our enhanced digital offering for the customer experience, we are moving to an enterprise-wide, cloud based integrated platform. This enhanced technology will offer real-time analytics for improved decision making and will facilitate additional improvements in our manufacturing operations.

### *Continuing a Balanced Organic and Acquisition-Based Growth Strategy*

The Company continues to focus on growing in strong markets through a combination of business acquisitions and plant start-ups. In July 2022, we acquired 12 Factory Expo retail sales centers from Alta Cima Corporation, which expanded our internal retail network across a broader portion of the U.S. In May 2022, we acquired Manis Custom Builders, Inc. ("Manis"), which operated a manufacturing facility and retail sales center in North Carolina, in order to expand our manufacturing footprint and further streamline our product offerings in the southeast region. In February 2021, we acquired ScotBilt Homes, LLC and related companies from SHI Group Holdings, Inc. (collectively, "ScotBilt"). ScotBilt operated two manufacturing facilities in Georgia providing affordable housing throughout Alabama, Florida, Georgia and the Carolinas. The acquisition complemented our existing manufacturing footprint in the attractive mid-south region.

We are also focused on streamlining our U.S. manufacturing production capacity through various plant start-ups. In June 2021, we acquired two idle facilities in Navasota, Texas in order to increase our production capabilities in the Texas market, and began production at one of these facilities in the fourth quarter of fiscal 2022. In January 2021, we purchased two idled manufacturing facilities in Pembroke, North Carolina, one of the strongest growth states in the U.S., and began production at one of these facilities in the fourth quarter of fiscal 2023. We are also in the process of opening previously idled facilities in Bartow, Florida and Decatur, Indiana, both of which are expecting to begin production in fiscal 2024.

We have demonstrated our ability to broaden our manufacturing and retail presence through the successful execution of a balanced organic growth and acquisition-based strategy. As demand for affordable housing grows, we will continue to execute on this growth strategy. We believe our idle manufacturing plants provide us with the ability to grow with demand over the longer term. We also continue to explore opportunities to acquire value-enhancing retail locations, manufacturing facilities, and factory-built housing competitors to supplement our organic growth initiatives. We have a proven track-record of executing and integrating acquisitions.

### **Environmental, Social and Governance (“ESG”)**

We demonstrate our commitment to ESG through company-wide and plant-specific programs and through our everyday business practices when providing high-quality, yet affordable homes to U.S. and Canadian homebuyers. Manufactured and modular homes cost up to 50% less per square foot than conventional site-built homes, expanding the opportunity for individuals to own a home despite an ever-growing housing affordability gap.

The Board of Directors has formal responsibility for the oversight and integration of all of the Company’s sustainability programs and policies, and the Audit Committee, Compensation Committee, and Nominating and Governance Committee have lead responsibility for the Company’s strategy, policies and practices with respect to environmental sustainability, social and human capital matters, and governance, respectively. Our five ESG tenets include: (1) Environmental Focus, (2) Health & Safety, (3) Human Capital, (4) Community Outreach, and (5) Governance.

Skyline Champion manages its operations to minimize resource consumption and environmental impacts. We continue to identify opportunities to reduce our environmental impact across our operations by reducing raw material waste, designing and constructing energy efficient homes, conserving our natural resources through recycling programs and reducing our carbon footprint by producing our homes in factories close to where our customers and employees live. Many of our U.S. manufacturing facilities are certified to produce Energy Star® energy efficient rated homes through a special EPA program for manufactured housing. Environmental sustainability is at the forefront of what we do every day.

We construct manufactured homes in controlled environments. Our efficient construction process results in less energy usage and material waste compared to traditional site-built construction. In many of our plants, we have transitioned to LED lighting, and we recycle insulation material, lumber, metals, plastics, paper and many other products. In the course of executing our expansion plans, we have repurposed older buildings, both revitalizing the local community and preserving vacant land. This reduces the need for new building materials and extensive deployment of construction equipment, and thus reduces carbon emissions.

We participate in a reforestation program with Arbor Day Foundation. With forestry products central to the construction of homes, we participate in a program to plant one tree for every tree used in construction of our homes. Reforestation contributes to the environment by replenishing forests, reducing greenhouse gases (“GHG”) emissions, and protecting local watersheds.

As a nationwide provider of affordable housing, we have a social responsibility to not only the buyers of our homes, our retail and community customers and our employees, but also to the communities in which they live and work. Many of our manufacturing facilities participate locally to support programs such as Habitat for Humanity and other local charities as well as work-study programs with local community colleges and high schools.

Skyline Champion is committed to ensuring sound corporate governance. We strive to maintain strong governance practices that protect and enhance accountability for the benefit of Skyline Champion, its shareholders, customers, employees and other business stakeholders. We regularly review and refine our governance practices and policies to align with evolving issues. Our internal risk management team oversees compliance with applicable laws and regulations and coordinates with subject matter experts throughout the business to identify, monitor and mitigate risk including information security risk management and cyber defense programs. Skyline Champion’s Corporate Governance Guidelines, the charters of committees of our Board and our Code of Conduct can be found in the Governance Documents section under the Governance tab on our website at [www.skylinechampion.com](http://www.skylinechampion.com). Additional information on our Corporate Governance policies can be found in our Proxy Statement filed with the SEC.

## Human Capital and Diversity

The Skyline Champion team manages the business in accordance with the Company's Core Operating Principles:

- Build and develop exceptional teams
- Create a safe work environment
- Build strong relationships
- Take pride in our craftsmanship
- Act with integrity and respect
- Be open and honest
- Run the business like it is your own

We appreciate each member of the Skyline Champion team and the unique skills and diversity of thought that each employee contributes to the overall success of the Company. We strive for an inclusive environment and reward individual contributions that foster innovative ideas for improving our products and workplace. We do not tolerate discrimination or harassment of any kind including but not limited to discrimination or harassment on the basis of gender identity, race, religion, age or disabilities. We are committed to the development of our employees. The Company follows standard onboarding and training protocols for our direct labor team members and also offers management and OSHA training for our supervisors. We are committed to improving employee engagement and reducing turnover through these onboarding, training and mentoring activities. Depending on availability, our plants participate in local outreach programs and hire disadvantaged members of the local community.

We have built a diverse team with a wide range of experiences. As of April 1, 2023, we employed approximately 7,700 full and part time employees. Our human capital resource objectives include identifying, recruiting, training, retaining and incentivizing our employees. We are proud of the strong relationship we maintain with our employees and seek to support them through a competitive compensation package and comprehensive suite of benefits. As of April 1, 2023, our manufacturing facilities in Canada employed approximately 750 workers of which the majority belong to trade associations that operate under collective bargaining agreements. There are five collective bargaining agreements (one for each Canadian manufacturing facility) and each has separate expiration dates. The agreements are set to expire at various dates between November 2023 and December 2025.

We are committed to conducting our business with integrity and in compliance with all applicable laws of the cities, states and countries in which we operate. We have adopted a written Code of Conduct and Ethics and in fiscal 2022 implemented a new company wide training program to assist employees in this regard. We encourage employees to report concerns through a variety of channels, including a compliance and ethics line which allows for anonymous reporting. All reports are investigated and resolved. We also maintain an anti-retaliation policy such that any employee who reports a concern in good faith is protected from harassment, retaliation or adverse employment consequences.

We take the health and safety of our employees seriously. We provide a variety of Company sponsored healthcare programs, including health, dental, and vision, that allow employees to manage their and their family's health and wellbeing. We expect each employee to follow our safety standards and protocols. Our corporate Environmental Health and Safety ("EHS") team works to benchmark and implement EHS best practices at our plants. Each of our locations performs regular safety audits to ensure that proper safety policies are in place and appropriate safety training is provided. In addition to training and development, we measure and report monthly safety metrics and regularly review our safety performance with our Board of Directors.

## Factory-Built Housing

A majority of our manufactured products are constructed in accordance with the regulations and rules of the U.S. Department of Housing and Urban Development ("HUD") and the National Manufactured Housing Construction and Safety Standards Act of 1974, as amended ("HUD code"). We produce a broad range of manufactured and modular homes under a variety of brand names and in a variety of floor plans and price ranges. While most of the homes we build are single-family, multi-section, ranch-style homes, we also build two-story and single-section homes, as well as multi-family units such as town homes, apartments, duplexes, and triplexes. The single-family homes that we manufacture generally range in size from 400 to 4,000 square feet and typically include two to four bedrooms, a living room or family room, a dining room, a kitchen and typically two full bathrooms. We also build park model RVs for resorts and campgrounds, ADUs for backyard or recreational living, and commercial modular structures.

We regularly introduce homes with new floor plans, exterior designs and elevations, decors and features. Our corporate architecture, marketing, and engineering departments work with our manufacturing facilities to design homes that appeal to consumers' changing tastes at appropriate price points for their respective markets. We design and build homes with a traditional residential or site-built appearance through the use of, among other features, dormers and higher pitched roofs. We offer our Genesis brand of homes which have features similar to site-built home amenities such as porches and garages. These homes are designed to be



eligible for financing programs with terms similar to traditional mortgages. We are also very active in the design and construction of energy-efficient homes.

The components and products used in factory-built housing are generally of the same quality as those used by other homebuilders, including conventional site-builders. The primary components include lumber, plywood, OSB, drywall, steel, floor coverings, insulation, exterior siding (vinyl, composites, wood and metal), doors, windows, shingles, kitchen appliances, furnaces, plumbing and electrical fixtures and hardware. These components are presently available from a variety of sources and we are not dependent upon any single supplier. Prices of certain materials such as lumber, insulation, steel, and drywall can fluctuate significantly due to changes in demand and supply. We endeavor to mitigate the impact of supply chain challenges through sourcing alternative materials, where appropriate, and exploring alternative supply options. We generally have been able to pass higher material costs on to customers in the form of surcharges and price increases, although that ability fluctuates over time and by market depending on demand trends. Typically, a one to three-week supply of raw materials is maintained, but supply chain volatility has caused our manufacturing operations to increase the amount of frequently used raw materials on hand versus what is typically carried.

Most completed factory-built homes have components consistent with conventional site-builders, such as cabinets, wall and floor coverings, appliances, and electrical, heating and plumbing systems. Optional factory installed features include fireplaces, dormers, entertainment centers and skylights. Upon completion of the home at the factory, homes sold to retailers are transported to a retail sales center or directly to the home site. Homes sold to builders and developers are generally transported directly to the home site. At the home site, the home is placed on a foundation or otherwise affixed to the property and readied for occupancy, either by our employee set crews or third-party contractors. The sections (also referred to as floors) of a multi-section home are joined and the interior and exterior seams are finished at the home site. The consumer purchase of the home may also include retailer or contractor supplied items such as additional appliances, air conditioning, furniture, porches, decks, and garages.

We construct homes in indoor facilities using an assembly-line process employing approximately 100 to 200 production employees at each facility. Factory-built HUD code homes are constructed in one or more sections affixed to a steel support frame that allows the sections to be moved through the assembly line and transported upon sale. The sections of many of the modular homes we produce are built on wooden floor systems and transported on carriers that are removed upon placement of the home at the home site. Each section or floor is assembled in stages, beginning with the construction of the frame and the floor, then adding the walls, ceiling and roof assembly, and other constructed and purchased components, and ending with a final quality control inspection. The efficiency of the assembly-line process, protection from the weather, and favorable pricing of materials resulting from our substantial purchasing power enables us to produce homes more quickly, with less material waste and often at a lower cost than a conventional site-built home of similar quality.

The production schedules of our homebuilding facilities are based upon customer orders. Orders are generally subject to cancellation at any time up to the commencement of production without penalty and are not necessarily an indication of future business. Retailers place orders for retail stocking (inventory) purposes and for homebuyer orders. Before scheduling homes for production, orders and availability of financing are confirmed with our customer and, where applicable, their customer's lender. Because we produce homes to fulfill wholesale orders, our factories generally do not carry finished goods inventories, except for homes awaiting delivery. We manage our production levels, capacity and workforce size based upon current market demands. Historically, orders were generally filled within 90 days of receipt; however, delivery times were extended in the previous two years due to the increase in our sales backlog caused by strong demand for affordable housing. In fiscal 2023, our order volume decreased and material supply improved. As a result, we were able to make significant progress to reduce delivery times back to historic levels. At April 1, 2023, we had a manufacturing backlog of home orders with wholesale sales value of approximately \$308.1 million. After production of a particular home has commenced, the order becomes noncancelable and the customer is obligated to take delivery of the home.

Although factory-built homes can be produced throughout the year in indoor facilities, demand for homes is usually affected by inclement weather and by the cold winter months in northern areas of the U.S. and in Canada. Charges to transport homes increase with the distance from the factory to the retailer or home site. As a result, most of the retailers and builders/developers we sell to are located within a 500-mile radius of our manufacturing plants. In addition to our traditional channels of distribution, we are one of a limited number of manufactured homebuilders that have been approved for contracts with the Federal Emergency Management Agency ("FEMA") and have historically provided housing assistance requirements following natural disasters and other housing emergencies. On February 7, 2022, we received a Delivery Disaster Relief Order from FEMA for approximately \$200 million in revenue which was completed in the first half of fiscal 2023.

We offer a wide selection of manufactured and modular homes as well as park model RVs at company-owned retail locations marketed under the Titan Factory Direct and Champion Homes Center brands. We maintain our company-owned retail presence through 31 retail sales centers across the U.S. Our captive retail distribution enhances the reach of our factory-built housing products directly to the homebuyers.

Each of our full-service retail sales centers has a sales office and a variety of model homes of various sizes, floor plans, features, and prices that are displayed in a residential setting with sidewalks and landscaping. Customers may purchase a home from an inventory of homes maintained at the location, including a model home, or may order a home that will be built to their specifications.

Our retail organization provides industry leadership with the expertise to be responsive to local economic conditions and ultimately provide affordable homes to value-conscious homebuyers.

During fiscal 2023, the average selling price of our factory-built homes in the U.S. was \$97,500 and in Canada was \$122,900. Manufactured home wholesale prices ranged from \$20,000 to over \$350,000. Retail sales prices of the homes, without land, generally ranged from \$50,000 to over \$350,000, depending upon size, floor plan, features, and options.

## Logistics

We operate a logistics business, Star Fleet Trucking, specializing in the transportation of manufactured homes and recreational vehicles from manufacturing facilities to retailers. Star Fleet's delivery logistics are coordinated through dispatch terminals located throughout the U.S. Star Fleet has strong relationships with its customer base, which includes some of the largest manufactured housing companies (including our own factory-built housing operations), and recreational vehicle manufacturers in the U.S.

## Market Overview

*General.* Since July 2020, U.S. and Canadian housing demand has been robust. The limited availability of existing homes for sale and the broader need for newly built affordable, single-family housing has continued to drive demand for new homes in these markets. In the second half of fiscal 2023 the demand environment slowed in response to a higher inflationary environment and rising interest rates. As a result, incoming orders from our manufacturing customers in fiscal 2023 decreased compared to the prior fiscal year. In addition, our independent retail customers cancelled stock-model orders in response to the increase in floor plan carrying costs and the desire to optimize their model home inventory based on rising interest rates.

In inflationary and higher interest rate environments, factory-built housing provides an affordable alternative to other types of housing such as site-built housing and condominiums, and to existing housing such as pre-owned homes and apartments. According to statistics published by the Institute for Building Technology and Safety ("IBTS") and the United States Department of Commerce, Bureau of the Census, for the 2022 calendar year, manufactured housing wholesale shipments of homes constructed in accordance with the HUD code accounted for an estimated 11% of all new single-family homes starts.

According to data reported by the Manufactured Housing Institute ("MHI"), industry manufactured home shipments were 104,374, 108,964, and 95,588 units during fiscal 2023, 2022, and 2021, respectively. Annual shipments have generally increased each year since calendar year 2009 when only 50,000 HUD-coded manufactured homes were shipped, the lowest level since the industry began recording statistics in 1959. While shipments of HUD-coded manufactured homes have improved modestly in recent years, manufactured housing's most recent annual shipment levels still operate at lower levels than the long-term historical average of over 200,000 units annually. The market for factory-built housing is affected by a number of factors, including the availability, cost and credit underwriting standards of consumer financing, consumer confidence, employment levels, general housing market, interest rates and other economic conditions and the overall affordability of factory-built housing versus other forms of housing. In the past, a number of factors have restricted demand for factory-built housing, including, in some cases, less-favorable financing terms compared to site-built housing, the effects of restrictive zoning on the availability of certain locations for home placement and, in some cases, an unfavorable public image. Certain of these adverse factors have lessened considerably in recent years with the improved quality and appearance of factory-built housing.

*Home Buyer Demographics.* We believe the segment of the housing market in which manufactured housing is most competitive includes consumers with household incomes under \$60,000. This segment has a high representation of young single persons and married couples, first time home buyers, and homebuyers age 55 and older. The comparatively low cost of manufactured homes is attractive to these consumers. People in rural areas, where fewer housing alternatives exist, and those who presently live in factory-built homes, also make up a significant portion of the demand for new factory-built housing. We believe higher-priced, multi-section manufactured and modular homes are attractive to households with higher incomes as an alternative to rental housing and condominiums and are well suited to meet the needs of the retiree buyer in many markets.

The two largest manufactured housing consumer demographics are Millennials (generally defined as those born between 1981 – 1996) and Baby Boomers (generally defined as those born between 1946 – 1964). Millennials are generally first-time home buyers who may be attracted by the affordability and diversity of style choices of factory-built homes. Baby Boomers are similarly interested in the value proposition; however, they are also motivated by the energy efficiency and low maintenance requirements of factory-built homes, and by the lifestyle offered by planned communities that are specifically designed for homeowners that fall into this age group. More recently, we have seen a number of market trends pointing to increased sales of ADUs and urban-to-rural migration as customers accommodate working from home patterns as well as people seeking rent-to-own single-family options.

## Financing

*Commercial Financing.* Independent retailers of factory-built homes generally finance their inventory purchases from manufacturers with floor plan financing provided by third-party lending institutions and secured by a lien on the homes. The availability and cost of floor plan financing can affect the amount of retailer new home inventory, the number of retail sales centers

and related wholesale demand. Under a typical floor plan financing arrangement, an independent financial institution specializing in this line of business provides the retailer with a loan for the purchase price of the home and maintains a security interest in the home as collateral. The financial institution customarily requires us, as the manufacturer of the home, to enter into a separate repurchase agreement with the financial institution that, upon default by the retailer and under certain other circumstances, obligates us to repurchase the financed home at declining prices over the term of the repurchase agreement (which, in most cases, is 24 months but under certain circumstances can be until the home is sold by the retailer). The price at which we may be obligated to repurchase a home under these agreements is based upon the amount financed, plus certain administrative and shipping expenses. Our obligation under these repurchase agreements ceases upon the purchase of the home by the retail customer. The maximum amount of our contingent obligations under such repurchase agreements was approximately \$386.6 million as of April 1, 2023. The risk of loss under these agreements is spread over many retailers and is further reduced by the resale value of the homes. During fiscal 2023, approximately 34% of our sales to independent retailers were financed under floor plan agreements with national lenders, while the remaining 66% were financed under various arrangements with local or regional banks or paid in cash. We generally receive payment from the lending institution 5 to 10 days after a home is sold and invoiced.

*Consumer Financing.* Sales of factory-built homes are significantly affected by the availability, credit underwriting standards, and cost of consumer financing. There are three basic types of consumer financing in the factory-built housing industry: 1) conforming mortgage loans which comply with the requirements of the Federal Housing Administration (“FHA”), Department of Veterans Affairs, Department of Agriculture or Government-Sponsored Enterprise (“GSE”) loans which include Fannie Mae and Freddie Mac loans; 2) non-conforming mortgage loans for purchasers of the home and the land on which the home is placed; and 3) personal property loans (often referred to as home-only or chattel loans) for consumers where the home is the sole collateral for the loan (generally HUD-coded homes).

Industry trade associations are working towards favorable legislative and GSE action to address the mortgage financing needs of potential buyers of affordable homes, and some progress has been achieved. Many moderate-income families cannot afford to buy a home due to the increasing costs of newly constructed homes, rising interest rates, and decreasing supply of existing, affordable homes. Federal law required the GSEs to issue a regulation to implement the Duty to Serve (“DTS”) requirements specified in the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008. Fannie Mae and Freddie Mac released their final Underserved Markets Plan for 2022 – 2024 that describes, with specificity, the actions they will take over that three-year period to fulfill the DTS obligation. These plans became effective on January 1, 2022. The GSEs' Underserved Markets Plan's current areas of focus are as follows: 1) purchase more loans used to finance manufactured homes titled as real property; 2) enhance current products and create new offerings; and 3) enhance tenant protections in manufactured housing communities. In 2020, the GSEs rolled out financing programs specifically for homes built to the HUD code, which include CHOICEHome® from Freddie Mac and MH Advantage® from Fannie Mae. HUD-coded homes manufactured for these programs have features comparable to site-built homes, including, drywall throughout, higher-pitch roof line, energy-efficient features, lower profile foundation, plus additional options such as a garage or carport. These products aim to promote quality manufactured homes as an acceptable alternative to site-built homes and will allow moderate-income families to purchase a manufactured home with lending terms similar to those for site-built homes. Our Genesis brand of homes is built to these specifications. We continue to work with builder/developers to cultivate strategies to bring these products to the marketplace.

The DTS plans also explored the potential for the GSEs to provide liquidity to the chattel lending market. The GSEs could potentially serve as additional sources of funding as there is unmet demand in the chattel loan industry, and GSE involvement could increase volume substantially. Freddie Mac has indicated that it plans to develop requirements and a process to support loan purchases of manufactured homes titled as real property. The Fannie Mae DTS plan includes a provision indicating that it is exploring a pilot to establish a secondary market for chattel or home-only loans and an objective to explore ways to manage risks in the market. The Fannie Mae DTS plan also includes an objective to explore opportunities to facilitate financing of loans secured by manufactured homes titled as real property in certain manufactured housing communities. Expansion of the secondary market for home-only lending through the GSEs could provide further demand for housing, as lending options would likely become more available to homebuyers. Separate from the GSE involvement in chattel markets, there have been several secondary market chattel private placement offerings over the last three years. Although some limited progress has been made in this area, a meaningful positive impact in the form of increased home orders has yet to be realized.

## **Competition**

The housing industry is highly competitive based upon several factors, including price, product features, reputation for service and quality, depth of distribution or location, and financing. Capital requirements for entry into the industry are relatively low.

Factory-built housing is also very competitive. According to MHI, in March 2023, there were 35 producers of manufactured homes in the U.S. operating an estimated 146 production facilities. For calendar 2022, the top three companies had a combined market share for HUD code homes of approximately 80%. We estimate that there were approximately 3,750 industry retail locations throughout the U.S. during calendar 2022.

Based on industry data reported by IBTS, in fiscal 2023 our U.S. wholesale market share of HUD code homes sold was 20.4%, compared to 19.3% in fiscal 2022. We compete with the other producers of manufactured homes, as well as companies selling homes repossessed from wholesalers or consumers. In addition, manufactured homes compete with new and existing site-built homes, as well as apartments, townhouses, and condominiums. Collectively, manufactured housing represents approximately 11% of annual U.S. single family home starts.

There are a number of other national and regional manufacturers competing for a significant share of the manufactured housing market in the U.S. Certain of these competitors may possess greater financial, manufacturing, distribution, and marketing resources.

### **Government Regulation**

Our manufactured homes are subject to numerous federal, state and local laws, codes and regulations. The majority of our homes are built to comply with the HUD code which includes regulations that cover all aspects of manufactured home construction and installation, including structural integrity, fire safety, wind loads, thermal protection and ventilation. To the extent state and local regulations conflict with the HUD code, they are pre-empted. Our modular homes and commercial structures are built to comply with applicable state and local building codes. Our park model RVs are built in conformity with the applicable standards approved by the American National Standards Institute, a private, non-profit organization that administers and coordinates voluntary standards and conformity programs.

A variety of laws affect the financing of the homes we manufacture. The Federal Consumer Credit Protection Act and Regulation Z promulgated thereunder require written disclosure of information relating to such financing, including the amount of the annual percentage interest rate and the finance charge. A variety of state laws also regulate the form of financing documents and the allowable deposits, finance charge and fees charged. Federal laws permit manufactured housing retailers to assist home buyers with securing financing for the purchase of homes; however, they are prohibited from negotiating the financing terms.

Governmental authorities enforcing these numerous laws and regulations can impose fines and/or seek injunctive relief for violations. We believe that our operations are in compliance with the requirements of the applicable laws and regulations.

### **Seasonality**

The housing industry is subject to seasonal fluctuations based on home buyer purchasing patterns. We typically experience decreased home buyer traffic during holidays and popular vacation periods. Demand for our core single-family new home products typically peaks each spring and summer before declining in the winter, consistent with the overall housing industry.

### **Available Information**

Our website address is [www.skylinechampion.com](http://www.skylinechampion.com) and we make available, free of charge, on or through our website all of our periodic reports, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and current reports on Form 8-K, as soon as reasonably practicable after we file such reports with the SEC.

## ITEM 1A. RISK FACTORS

*Our business involves a number of risks and uncertainties. You should carefully consider the following risks, together with the information provided elsewhere in this Annual Report. The items described below are not the only risks facing us. Additional risks that are currently unknown to us or that we currently consider to be immaterial may also impair our business or adversely affect our financial condition or results of operations.*

### **Market, Industry and Supply Chain Risks**

***Raw material shortages and price increases could delay or increase the cost of construction of our products which could materially and adversely impact our results of operations and our cash flows.***

Certain materials used in the construction of homes such as lumber, insulation, steel, drywall, oil-based products and fuel, among others, can become scarce during periods of high demand for new home construction as well as renovation and remodeling of existing homes. We depend on timely and sufficient delivery of raw materials from our suppliers. In addition, a few key components of our products are produced by a small group of quality suppliers that have the capacity to supply large quantities. Disruption to the supply chain of these key components could have an adverse impact on our production output. Raw material shortages from these and other suppliers can be more severe during periods following natural disasters or broader economic disruptions.

Pricing for raw materials can also be affected by the factors mentioned above as well as national, regional, local, economic and political factors, including tariffs and periods of high inflation. As a result, we may continue to see raw material cost pressures in future periods. We may attempt to pass the higher material costs on to customers, but it is not certain that we will be able to achieve this without adversely affecting demand. Raw material shortages and price increases could cause delays in and increases to our costs of construction which in turn could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***The factory-built housing industry is cyclical, is affected by seasonality and is sensitive to changes in general economic or other business conditions.***

The factory-built housing industry is affected by seasonality. Sales during the period from March to November are typically higher than in other months. As a result, our sales and operating results sometimes fluctuate and may continue to fluctuate in the future.

The factory-built housing industry is also sensitive to changes in economic conditions and other factors, such as pandemics, employment rates, job growth, population growth, consumer confidence, consumer income, availability of financing, interest rate levels, and an oversupply of homes for sale. Changes in any of these conditions generally, or in the markets where we operate, could reduce demand and constrain pricing for new factory-built homes in these areas or result in customer cancellations of pending shipments. Reductions in the number of homes shipped by us, or constraints on the prices we can charge, could result in a decrease in our net sales and earnings, which could adversely affect our financial condition.

***We are subject to demand fluctuations in the housing industry. Changes in demand could adversely affect our business, results of operations, and financial condition.***

Demand for our homes is subject to fluctuations in the housing market generally. In a housing market downturn, our sales and results of operations could be adversely affected; there might be significant inventory impairments and other write-offs; our gross margins could decline significantly from historical levels; and we might incur losses from operations. We cannot predict the future demand for housing. If it were to decline significantly, our financial condition could be adversely affected.

Rapid or significantly increasing demand can also adversely affect our business. Longer periods of time between order acceptance and production introduce a risk that we may not be able to construct homes profitably if material and labor costs increase. Although we have generally been able to pass along price increases to our customers in periods of rising costs, we may not be able to in the future, or the price increases may cause consumers to explore other housing alternatives and/or exit the home buying process, negatively impacting demand for our homes.

***Factory-built housing operates in the highly competitive housing industry, and, if other homebuilders are more successful or offer better value to our customers, then our business could decline.***

We operate in a very competitive environment and face competition from a number of other homebuilders in each market in which we operate. We compete with large national and regional home building companies and with smaller local homebuilders for financing, raw materials, and skilled management and labor resources. Some of our manufacturing competitors have captive retail distribution systems and consumer finance and insurance operations. In addition, there are independent factory-built housing retail locations that sell competitors' products in most areas where our homes are sold and in most areas where we have Company-owned retail operations. Because barriers to entry to the industry at both the manufacturing and retail levels are low, we believe that it is



relatively easy for new competitors to enter our markets. In addition, our products compete within the housing industry more broadly with other forms of low to moderate-cost housing, including site-built homes, panelized homes, apartments, townhouses, condominiums, and repossessed homes. We also compete with resale homes, also referred to as “previously owned” or “existing” homes, as well as rental housing.

An oversupply of homes available for sale or the heavy discounting of home prices by our competitors could adversely affect demand for our homes and the results of our operations. An increase in competitive conditions could have any of the following impacts on us: sale of fewer homes or higher cancellations by our homebuyers; an increase in selling incentives or reduction of prices; and realization of lower gross margins due to lower selling prices or an inability to increase selling prices to offset increased costs of the homes delivered. If we are unable to compete effectively in our markets, then our business could decline disproportionately to that of our competitors. As a result, our sales could decline and our results of operations and cash flows could suffer.

***Changes in consumer preferences for our products or our failure to gauge those preferences could lead to reduced sales.***

We cannot be certain that historical consumer preferences for factory-built homes in general, and for our products in particular, will remain unchanged. Our ability to remain competitive depends heavily on our ability to provide a continuing and timely introduction of innovative product offerings. We believe that the introduction of new features, designs, and models will be critical to the future success of our operations. Managing frequent product introductions poses inherent risks. Delays in the introduction or market acceptance of new models, designs, or product features could have a material adverse effect on our business. Products may not be accepted for a number of reasons, including changes in consumer preferences or our failure to properly gauge consumer preferences. Further, we cannot be certain that new product introductions will not reduce net sales from existing models and adversely affect our results of operations. In addition, our net sales may be adversely affected if our new models and products are not introduced to the market on time or are not successful when introduced. Finally, our competitors’ products may obtain better market acceptance despite our efforts to lead the market.

***Increases in tax rates or fees on developers by local government authorities could deter potential customers from buying our products and adversely affect our business or results of operations.***

Increases in property tax rates or fees on developers by local governmental authorities, as experienced in response to reduced federal and state funding or to fund local initiatives, such as funding schools or road improvements, or increases in home insurance premiums, can adversely affect the ability of potential customers to obtain financing or their desire to purchase new homes, and in turn can have adverse impacts on our business and results of operations. Any changes to individual tax rules concerning the deductibility of mortgage interest expenses and real estate taxes could deter customers from home ownership.

***Natural disasters and severe weather conditions could delay deliveries, increase costs, and decrease demand for new factory-built homes in affected areas.***

Our operations are located in many areas that are subject to natural disasters and severe weather. The occurrence of natural disasters or severe weather conditions can delay factory-built home deliveries, increase costs by damaging inventories, reduce the availability of materials, and negatively impact the demand for new factory-built homes in affected areas. Furthermore, if our insurance does not fully cover business interruptions or losses resulting from these events, then our earnings, liquidity, or capital resources could be adversely affected.

***Increased attention to environmental, social and governance matters may impact our business, financial results or stock price.***

Increased attention continues to be directed to publicly traded companies and their activities related to environmental, social and governance (“ESG”) matters, including proposed rules by the SEC regarding climate-related disclosures. Advocacy groups have campaigned for action to promote change at public companies related to ESG matters. These activities include increasing action related to climate change and the use of energy efficient building products. A failure, or perceived failure, to respond to investor or customer expectations related to ESG concerns could cause harm to our business and reputation. In addition, organizations that provide information to investors on corporate governance and other matters have developed ratings systems for evaluating companies on their approach to ESG. Unfavorable ESG ratings may lead to negative investor sentiment which could have a negative impact on our stock price.

***Our results of operations may be adversely affected by public health issues, such as an epidemic or pandemic, and resulting governmental actions.***

An epidemic, pandemic or other public health issue, or fear of such an event, and the actions taken by governmental authorities to address it, could significantly disrupt or prevent us from operating our business and, along with any associated economic factors, have a material adverse effect on our business. The United States and Canada have experienced, and may experience in the future, outbreaks of contagious diseases that affect public health and have necessitated government intervention. The COVID-19 pandemic and the measures undertaken by governmental authorities to address it, initially disrupted or prevented us from operating parts of our

business in the ordinary course. The extent to which public health issues impact our results will depend on future developments, which cannot be predicted. If an epidemic, pandemic or similar public health issue has a significant adverse effect on the U.S. or Canadian economies, our business, results of operations, and cash flows could be materially adversely affected.

### **Regulatory Risks**

***Environmental laws and regulations relating to climate change and energy efficiency can have an adverse impact on our business and results of operations.***

Federal, state, and local government regulations proposed or enacted in response to climate change could result in raw material and other cost increases as well as impact the availability of raw materials necessary to manufacture our products. In 2021, the U.S. Department of Energy proposed regulations to enact new energy efficiency building specifications for manufactured homes. If adopted, these proposed regulations would result in changes to the HUD-code requiring more robust energy efficiency specifications and require the use of energy-saving construction material in our products. New building code requirements that impose stricter energy efficiency standards could significantly increase our costs. Compliance with these new standards may also cause an increase in our costs, including investments in testing equipment and the use of human capital resources. As climate change and energy efficiency remains a global focus, energy-related initiatives will impact many companies including our raw material suppliers. The initiatives undertaken by our suppliers could adversely impact our results of operations to the extent our suppliers raise their prices to cover energy and climate related initiatives. Increases in costs may make our products less affordable and as a result, negatively impact demand for those products.

***If the factory-built housing industry is not able to secure favorable local zoning ordinances, our sales could decline and our results of operations and cash flows could suffer.***

Limitations on the number of sites available for placement of factory-built homes or on the operation of factory-built housing communities could reduce the demand for factory-built homes and, as a result, our sales. Factory-built housing communities and individual home placements are subject to local zoning ordinances and other local regulations relating to utility service and construction of roadways. In the past, some property owners have resisted the adoption of zoning ordinances permitting the use of factory-built homes in residential areas, which we believe has restricted the growth of the industry. Factory-built homes may not receive widespread acceptance and localities may not adopt zoning ordinances permitting the development of factory-built home communities. If the factory-built housing industry is unable to secure favorable local zoning ordinances, then our sales could decline and our results of operations and cash flows could suffer.

***We are subject to extensive regulation affecting the production and sale of factory-built housing, which could adversely affect our business, financial condition, and results of operations.***

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

***The transportation industry is subject to government regulation, and regulatory changes could have a material adverse effect on our results of operations or financial condition.***

Our Star Fleet Trucking subsidiary provides transportation services. The transportation industry is subject to legislative or regulatory changes, including potential limits on carbon emissions under climate change legislation and Department of Transportation regulations regarding, among other things, driver breaks, classification of independent drivers, “restart” rules, and the use of electronic logging devices that can affect the economics of the industry by requiring changes in operating practices or influencing the demand for, and cost of providing, transportation services. We may become subject to new or more restrictive regulations relating to fuel emissions or limits on vehicle weight and size. Future laws and regulations may be more stringent and require changes in operating practices, influence the demand for transportation services or increase the cost of providing transportation services, any of which could adversely affect our business and results of operations.

### **Operational Risks**

***Our results of operations can be adversely affected by labor shortages, turnover and labor cost inflation.***

The homebuilding industry has from time-to-time experienced labor shortages and other labor-related issues. These labor shortages can be more severe during periods of strong demand for housing, during periods following natural disasters or as a result of broader economic disruptions. A number of factors may adversely affect the labor force available to us and our subcontractors in one

or more of our markets, including high employment levels, federal unemployment subsidies, changing work preferences of the labor force, and other government regulations, which include laws and regulations related to workers' health and safety, wage and hour practices and immigration. These factors can also increase the cost of labor. We have historically experienced high turnover rates among our direct labor employees, which can lead to increased spending on training and retention and, as a result, increased costs of production. An overall labor shortage or lack of skilled labor, increased turnover or labor inflation could cause significant increases in costs or delays in construction and delivery of homes, which could have a material adverse effect on our net sales and results of operations.

***Increased costs of transportation may adversely affect our operating results and cash flows.***

We rely on qualified drivers to deliver homes from our manufacturing facilities to retail centers and customer home sites. A lack of qualified drivers to deliver manufactured homes could result in an increase in our cost of goods sold and operating expenses. Additionally, delays in the shipment of completed homes due to lack of qualified drivers could impact our ability to meet customer demand on a timely basis.

***Customer cancellations could have a negative impact on our revenue and margins.***

Our backlog represents home orders from customers that will be produced in future periods. Orders in the backlog may be cancelled by customers at any time without penalty. Orders in the backlog may be impacted by rising interest rates as retailers utilize floor plan financing arrangements to purchase stock inventory. Orders in backlog may also be impacted by inflation since customers obtain financing approval prior to ordering a home. Significant increases in prices may prevent customers from being able to qualify for financing at the time the home is ready to be produced causing the customer to cancel their order in our backlog which would negatively impact our revenue and margins.

***Complications with the implementation of our new enterprise-wide information system could adversely impact our business and operations.***

We rely on information systems and technology to manage our business and summarize and report our operating results. In fiscal 2022, we began a multi-year replacement of our current information systems with a suite of cloud-based functionality. With the new system, we expect to improve decision-making capabilities through real-time data and analytics, simplify and standardize business processes, reduce manual effort, improve value-added activities, and improve transparency and accountability all while enhancing the customer experience making our company easier to do business with. The system selection and implementation process has required, and will continue to require, a significant investment of personnel and financial resources. We may not be able to successfully implement the new system without experiencing delays, increased costs, interruption to operations, or other difficulties. If we are unable to successfully implement the system as planned, our business, results of operations and financial condition could be negatively impacted. We have capitalized significant costs related to the development of the new system. A write-off of all or part of our capitalized costs could adversely affect our results of operations and financial condition. Additionally, if we do not effectively implement the system as planned or it does not operate as intended, the effectiveness of our internal controls over financial reporting could be adversely affected or our ability to assess those controls adequately could be delayed.

***If we are unable to establish or maintain relationships with independent distributors that sell our homes, our sales could decline and our results of operations and cash flows could suffer.***

Although we maintain our own factory direct retail business in select markets, we conduct a majority of our business through independent distributors. Over 90% of our shipments of homes in fiscal 2023 were made to independent distributors throughout the U.S. and western Canada. We may not be able to establish relationships with new independent distributors or maintain good relationships with independent distributors that sell our homes. Even if we establish and maintain relationships with independent distributors, these customers are not obligated to sell our homes exclusively and may choose to sell competitors' homes instead. The independent distributors with whom we have relationships can cancel these relationships on short notice. In addition, these customers may not remain financially solvent, as they are subject to industry, economic, demographic, and seasonal trends similar to those faced by us. If we do not establish and maintain relationships with solvent independent distributors in the markets we serve, sales in those markets, if we cannot offset by sales through an expanded factory-direct retail business, could decline and our results of operations and cash flows could suffer.

***When we introduce new products into the marketplace, we may incur expenses that we did not anticipate, which, in turn, can result in reduced earnings.***

The introduction of new models, floor plans, and features are critical to our future success, but we may incur unexpected expenses when we make such introductions. For example, we may experience unexpected engineering or design flaws that may cause increased warranty costs. The costs resulting from these types of problems could be substantial and could have a significant adverse effect on our earnings. Estimated warranty costs are accrued at the time of product sale to reflect our best estimate of the amounts

necessary to settle existing and future claims on products. An increase in actual warranty claims costs as compared to our estimates could result in increased warranty reserves and expense, which could have adverse impacts on our earnings.

***Product liability claims and litigation and warranty claims that arise in the ordinary course of business may be costly, which could adversely affect our results of operations.***

As a homebuilder, we are subject to construction defect and home warranty claims arising in the ordinary course of business. These claims are common in the homebuilding industry and can be costly. In addition, the costs of insuring against construction defect and product liability claims are high. There can be no assurance that this coverage will not be restricted and become more costly. If the limits or coverages of our current and former insurance programs prove inadequate, or we are unable to obtain adequate or reasonably priced insurance against these types of claims in the future, or the amounts currently provided for future warranty or insurance claims are inadequate, then we may experience losses that could negatively impact our results of operations.

We record expenses and liabilities based on the estimated costs required to cover our self-insured liability under our insurance policies, and estimated costs of potential claims and claim adjustment expenses that are above our coverage limits or that are not covered by our insurance policies. These estimated costs are based on an analysis of our historical claims and industry data and include an estimate of claims incurred but not yet reported. Due to the degree of judgment required and the potential for variability in the underlying assumptions when deriving estimated liabilities, our actual future costs could differ from those estimated, and the difference could be material to our results of operations.

***Our products and services may experience quality problems from time to time that can result in decreased sales and gross margin and can harm our reputation.***

Our products contain thousands of parts, many of which are supplied by a network of approved vendors. Product defects may occur, including components purchased from material vendors. There is no assurance that all such defects will be detected prior to the distribution of our products. In addition, although we endeavor to compel suppliers to maintain appropriate levels of insurance coverage, there is no assurance that if a defect in a vendor-supplied part were to occur that the vendor would have the financial ability to rectify the defect. Failure to detect defects in our products, including vendor-supplied parts, could result in lost revenue, increased warranty and related costs, and could harm our reputation.

***We may not be able to manage our business effectively if we cannot retain current management team members or if we are unable to attract and motivate key personnel.***

Our success depends upon the skills, experience, and active participation of our senior management and key employees, many of whom have been with us for a significant number of years. Changes in our senior management team or other key employees may result in operational disruptions and changes to the strategy of our business, and our business might be harmed as a result. Our business could be further disrupted and harmed if we were unable to find appropriate replacements on a timely basis following future departures.

We may not be able to attract or motivate qualified management and operations personnel in the future. Inability to do so would result in constraints that would significantly impede the achievement of our objectives. We may also have difficulty attracting experienced personnel and may be required to expend significant financial resources in our employee recruitment efforts.

***Data security breaches, cybersecurity attacks, and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.***

In the ordinary course of our business, we collect, use, and store sensitive data, including intellectual property, our proprietary business information and that of our suppliers and business partners, as well as personally identifiable information of our customers and employees. We also have outsourced elements of our information technology structure and, as a result, we are managing independent vendor relationships with third parties who may or could have access to our confidential information. Similarly, our business partners and other third-party providers possess certain of our sensitive data. The secure maintenance of this information is critical to our operations and business strategy. Our ability to conduct our business may be negatively impacted if our or our service providers' computer resources or connectivity are compromised, degraded, damaged, or if they fail.

Despite our security measures, our information technology and infrastructure may be vulnerable to cybersecurity attacks by hackers or breached due to employee error, malfeasance, or other disruptions, particularly with employees and others on data networks working increasingly from home. We, our partners, vendors, and other third-party providers could be susceptible to third-party attacks on our and their information security systems, which attacks are of ever-increasing levels of sophistication and are made by groups and individuals with a wide range of motives and expertise, including criminal groups. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost, or stolen. Any such access, disclosure, or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, and damage our reputation, any of which could adversely affect our business.

***Engaging in mergers, acquisitions, and start-up operations involves risks that could adversely affect our business.***

As part of our growth strategy, we may choose to engage in discussions and negotiations regarding mergers, acquisitions, start-ups, and other business combinations. The purchase price for possible acquisitions of businesses and assets might be paid from cash, borrowings, or through the issuance of common stock or other securities, or a combination of these methods. Business combinations and start-up operations entail numerous risks, including:

- difficulties in the integration of acquired operations and products, which can impact the retention of customer accounts;
- failure to achieve expected synergies, implement appropriate internal controls or integrate information systems;
- diversion of management's attention from other business concerns;
- assumption of unknown material liabilities of acquired companies, which could become material or subject us to litigation or regulatory risks;
- amortization of acquired intangible assets, which could reduce future reported earnings;
- potential loss of customers or key employees; and
- not adequately anticipating customer demands in new markets.

We cannot be certain that we will be able to identify, consummate and successfully integrate business combinations, and no assurance can be given with respect to the timing, likelihood or business effect of any possible transaction. For example, we could begin negotiations that we subsequently decide to suspend or terminate for a variety of reasons. Also, business combinations are typically subject to closing conditions, including regulatory approvals and the absence of a material adverse change. Therefore, if and when we enter into a business combination agreement, there can be no guarantee that the transaction will close when expected, or at all. If a material transaction does not close, then our stock price could decline.

Nevertheless, opportunities arise from time to time that we choose to evaluate. Any transactions that we pursue and consummate would involve these risks and uncertainties, as well as others. The risks of a business combination or startup of a greenfield or idled facility could result in the failure of the anticipated benefits of that particular transaction to be realized, which in turn could have adverse effects on our business, financial condition, results of operations and prospects.

***Our risk management practices may leave us exposed to unidentified or unanticipated risk.***

Our management team is responsible for managing risk, subject to oversight by our Board of Directors. Our risk management methods may not identify all future risk exposures and may not be completely effective in mitigating all key risks. Furthermore, our risk management methods may not properly identify and mitigate the aggregation of risks across the Company or the interdependency of our risk mitigation efforts. In addition, some of our risk management methods may be based on assumptions that will prove to be inaccurate. Failure to manage risk effectively could adversely affect our business, financial condition, and results of operations.

**Financial Risks**

***Further increases in interest rates, more stringent credit standards, tightening of financing terms, or other increases in the effective costs of owning a factory-built home (including those related to regulation or other government actions) have limited and could continue to limit the purchasing power of our potential customers and could continue to adversely affect our business and financial results.***

A large portion of the people who buy our homes finance their home purchases through third-party lenders. Increases in interest rates or decreases in the availability of consumer financing have affected and could continue to adversely affect the market for homes. Interest rates were near historical lows for several years, which made purchasing new factory-built homes more affordable. However, since early 2022, the U.S. Federal Open Market Committee has continuously raised the target rate for the federal funds rate and could effectuate additional increases in that rate in response to inflation. Potential manufactured housing customers have been and may continue to be less willing or able to pay the increased monthly costs that result from higher loan rates. In addition, recent increases in the prices of homes resulting from inflation, combined with higher loan rates, have limited and may continue to limit consumers' ability to obtain financing to purchase a home. In addition, lenders may increase the qualifications needed for financing or adjust their terms to address any increased credit risk. These factors could continue to adversely affect the sales or pricing of our factory-built homes. These developments have historically had, and may once again have, an adverse effect on the overall demand for factory-built housing and its competitiveness with other forms of housing and could continue to adversely affect our results of operations and financial condition.

The liquidity provided by the GSEs and the FHA is also critical in insuring or purchasing home mortgages and creating or insuring investment securities that are either sold to investors or held in their portfolios. Any limitations or restrictions on the availability of financing by these agencies could adversely affect interest rates, financing, and our sales of new homes.



***Inflation has and could continue to adversely affect our business and financial results.***

Inflation adversely affects us by increasing costs of raw materials, labor and transportation. The U.S. economy has been experiencing a period of higher inflation, stemming from efforts by the U.S. government to stimulate the economy, combat the impact of the COVID-19 pandemic and other factors. The increased rate of inflation has also led to higher interest rates, which has had and continue to have a negative impact on the housing industry, as well as increases in our borrowing rates. While we have historically been able to pass along price increases to our customers, in a persistently inflationary environment, we may not be able to raise prices sufficiently in order to maintain our margins.

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

Factory-built housing retailers generally finance their inventory purchases with wholesale floor plan financing provided by lending institutions. The availability of wholesale financing is significantly affected by the number of floor plan lenders and their lending limits. Limited availability of floor plan lending negatively affects the inventory levels of our independent retailers, the number of retail sales center locations and related wholesale demand, and adversely affects the availability of and access to capital on an ongoing basis. As a result, if the availability of wholesale financing is reduced, we could experience sales declines or a higher level of customer defaults and our operating results and cash flows could suffer.

***We have contingent repurchase obligations related to wholesale financing provided to industry retailers.***

As is customary in the factory-built housing industry, a significant portion of our manufacturing sales to independent retailers are financed under floor plan agreements with financing companies. In connection with those floor plan financing programs, we generally have separate agreements with the financing companies that require us to repurchase homes upon default by the retailer and repossession of the homes by the financing companies. These repurchase agreements are applicable for various periods of time, generally up to 24 months after the sale of the home to the retailer. However, certain homes are subject to repurchase until the home is sold by the retailer. Our contingent repurchase obligation as of April 1, 2023, was estimated to be approximately \$386.6 million, without reduction for the resale value of the homes. We may be required to honor contingent repurchase obligations in the future and may incur additional expense and reduced cash flows because of these repurchase agreements.

***Industry conditions and future operating results could limit our sources of capital. If we are unable to locate suitable sources of capital when needed, we may be unable to maintain or expand our business.***

We depend on our cash balances, cash flows from operations, and our revolving credit facility (the "Credit Facility") to finance our operating requirements, capital expenditures, and other needs. If our cash balances, cash flows from operations, and availability under the Credit Facility are insufficient to finance our operations and alternative capital is not available, then we may not be able to expand our business and make acquisitions, or we may need to curtail or limit our existing operations.

***Changes in foreign exchange rates could adversely affect the value of our investments in Canada and cause foreign exchange losses.***

We have substantial investments in businesses in Canada. Unfavorable changes in foreign exchange rates could adversely affect the value of our investments in these businesses.

***An impairment of all or part of our goodwill may adversely affect our operating results and net worth.***

As of April 1, 2023, 12.6% of our total assets consisted of goodwill, all of which is allocated to reporting units included in the U.S. Factory-built Housing segment. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, Intangibles—Goodwill and Other ("ASC 350"), we test goodwill at least annually for impairment or more often than annually if an event or circumstance indicates that an impairment is more likely than not to have occurred. If goodwill has become impaired, we charge the impairment as an expense in the period in which the impairment occurs. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 1 to the Consolidated Financial Statements. A write-off of all or part of our goodwill could adversely affect our results of operations and financial condition.

***Our failure to maintain effective internal control over financial reporting could harm our business and financial results.***

Our management is responsible for maintaining effective internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud.

***We anticipate paying no cash dividends for the foreseeable future.***

We currently intend to retain our future earnings, if any, for the foreseeable future, to fund the development and growth of our business. As a result, capital appreciation in the price of our common stock, if any, will be investors' only source of gain on an investment in our common stock. Any future determination to pay dividends to shareholders will be at the sole discretion of our Board.

of Directors and will depend upon many factors, including general economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, the implications of the payment of dividends by us to our shareholders or by our subsidiaries to us, and any other factors that the Board of Directors may deem relevant.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

The following table sets forth certain information with respect to our operating facilities as of April 1, 2023:

Location	Owned/Leased
<b>United States</b>	
Chandler, Arizona	Leased *
Corona, California	Leased
Lindsay, California	Owned
San Jacinto, California	Owned
Woodland, California	Owned
Lake City, Florida (two facilities)	Leased *
Ocala, Florida	Owned
Millen, Georgia	Leased**
Waycross, Georgia	Owned
Weiser, Idaho	Owned
Topeka, Indiana (three facilities)	Owned
Arkansas City, Kansas	Owned
Benton, Kentucky	Leased
Leesville, Louisiana	Leased
Worthington, Minnesota	Owned
York, Nebraska	Owned
Sangerfield, New York	Owned
Laurinburg, North Carolina	Owned
Lillington, North Carolina	Owned
Pembroke, North Carolina	Owned
Sugar Creek, Ohio	Owned
McMinnville, Oregon	Owned
Claysburg, Pennsylvania	Owned
Ephrata, Pennsylvania	Owned
Leola, Pennsylvania (two facilities)	Owned
Liverpool, Pennsylvania	Owned
Strattanville, Pennsylvania	Owned
Dresden, Tennessee	Leased
Athens, Texas	Owned
Burleson, Texas (two facilities)	Owned
Mansfield, Texas	Owned
Navasota, Texas	Owned
Lancaster, Wisconsin	Owned
<b>Canada</b>	
Lethbridge, Alberta	Leased *
Medicine Hat, Alberta	Owned
Penticton, British Columbia	Owned
Kelowna, British Columbia	Leased
Estevan, Saskatchewan	Owned

\* -- land only leased; facility owned

\*\* -- the land and operating facility in Millen, Georgia are maintained under a lease, however, we retain an option to purchase throughout the lease period

Our corporate headquarters is in Troy, Michigan and we have an administrative office in Elkhart, Indiana. We also have 31 retail sales centers located across the U.S. and nine terminals for our logistics operations across four states in the U.S. The corporate offices, some of our retail sales centers, and logistics terminals are leased properties. The contractual lease for our Troy, Michigan office expires in December 2027 and the contractual lease for our Elkhart, Indiana office expires in September 2028. Two of the manufacturing facilities are encumbered by industrial revenue bonds. In the opinion of management, our properties have been well maintained, are in sound operating condition, and contain all equipment and facilities necessary to operate at present levels.

We also own or lease eight idle manufacturing facilities which could be utilized for additional production capacity. Those facilities would likely require capital investments in order to secure and equip them for operations.

### **ITEM 3. LEGAL PROCEEDINGS**

We are party to certain legal proceedings that arise in the ordinary course and are incidental to our business. Certain of the claims pending against us in these proceedings allege, among other things, breach of express and implied warranties, and in various governmental agency proceedings arising from occupational safety and health, wage and hour, and similar employment and workplace regulations. Although litigation is inherently uncertain, based on past experience and the information currently available, management does not believe that the currently pending and threatened litigation or claims will have a material adverse effect on the Company's consolidated financial position, liquidity or results of operations. However, future events or circumstances, currently unknown to us, 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.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

The Company's common stock is traded on the New York Stock Exchange ("NYSE") under the symbol SKY.

#### Holders

As of May 22, 2022, the Company had approximately 322 holders of record of our common stock. The actual number of shareholders is greater than this number of record holders and includes shareholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include shareholders whose shares may be held in trust by other entities.

#### Dividend Policy

The Company does not currently pay dividends on our common stock and intends to retain all available funds and any future earnings for general corporate purposes. However, in the future, subject to the factors described below and our future liquidity and capitalization, the Company may change this policy and choose to pay dividends. Any future determination to pay dividends to shareholders will be at the sole discretion of the Company's Board of Directors and will depend upon many factors, including general economic conditions, our financial position and results of operations, available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, the implications of the payment of dividends by the Company to its shareholders or by the Company's subsidiaries and any other factors that the Board of Directors may deem relevant.

#### Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities during the period covered by this Annual Report.

#### Issuer Purchases of Securities

There were no stock repurchases that were part of a publicly announced plan during the period covered by this Annual Report.

#### Securities Authorized for Issuance Under Equity Compensation Plans

Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," of this Annual Report contains certain information relating to the Company's equity compensation plans.

#### Stock Performance

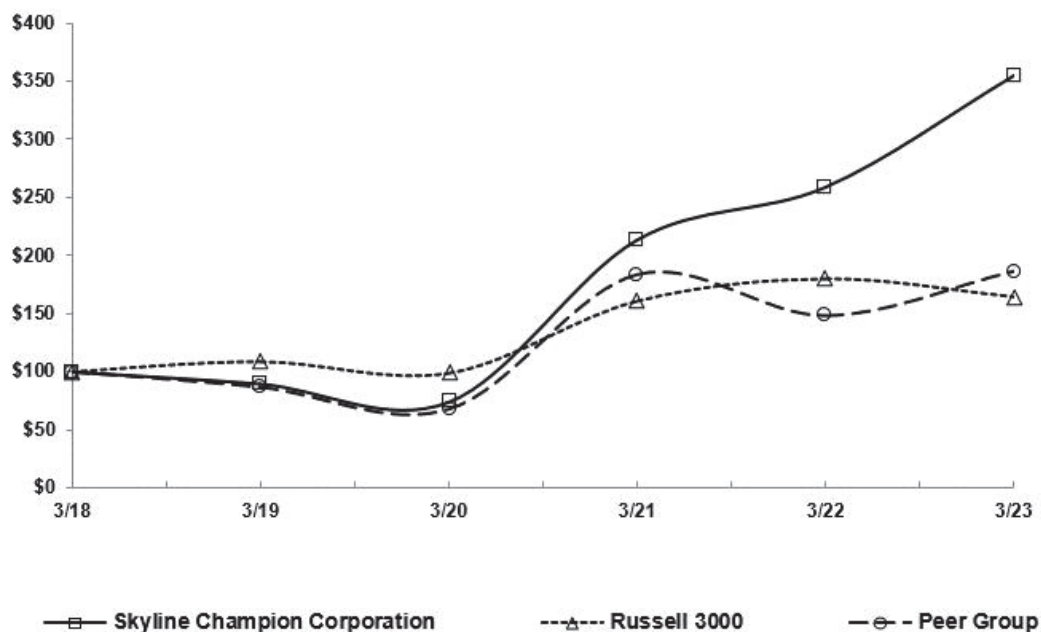
The following graph shows the cumulative total stockholder return on our common stock over the period spanning March 31, 2018 to March 31, 2023, as compared with that of the Russell 3000 Index and a selected peer group of comparable, publicly traded companies in the housing segment, based on an initial investment of \$100 on March 31, 2018.



Total stockholder return is measured by dividing share price change plus dividends, if any, for each period by the share price at the beginning of the respective period and assumes reinvestment of dividends. This stock performance graph shall not be deemed “filed” with the SEC or subject to Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference in any of our filings under the Securities Act of 1933, as amended.

### COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\*

Among Skyline Champion Corporation, the Russell 3000 Index,  
and a Peer Group



	3/31/2018	3/31/2019	3/31/2020	3/31/2021	3/31/2022	3/31/2023
Skyline Champion Corporation	\$ 100.00	\$ 89.74	\$ 74.06	\$ 213.77	\$ 259.21	\$ 355.33
Russell 3000	100.00	108.77	98.84	160.64	179.80	164.37
Peer Group*	100.00	86.76	67.98	182.99	147.88	185.86

\*The peer group consists of Beazer Homes USA, Cavco Industries, Century Communities, LGI Homes, MDC Holdings, M/I Homes, Meritage Homes, Qualex Building Products Corp, and Tri Pointe Group.

#### ITEM 6. RESERVED

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following should be read in conjunction with Skyline Champion Corporation's consolidated financial statements and the related notes that appear elsewhere in this Annual Report.

Certain statements set forth below under this caption constitute forward-looking statements. See Part I, "Cautionary Statement About Forward-Looking Statements," of this Annual Report on Form 10-K for additional factors relating to such statements, and see Item 1A, "Risk Factors," of this Annual Report for a discussion of certain risks applicable to our business, financial condition, results of operations and cash flows. See also Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Form 10-K for the year ended April 2, 2022, which provides additional information on comparisons of fiscal years 2022 and 2021.

### *Overview*

The Company is a leading producer of factory-built housing in the U.S. and Canada. The Company serves as a complete solutions provider across complementary and vertically integrated businesses including manufactured construction, company-owned retail locations, construction services, and transportation logistics. The Company is the largest independent publicly traded factory-built solutions provider in North America based on revenue, and markets its homes under several nationally recognized brand names including Skyline Homes, Champion Home Builders, Genesis Homes, Athens Park Models, Dutch Housing, Atlantic Homes, Excel Homes, Homes of Merit, New Era, Redman Homes, ScotBilt Homes, Shore Park, Silvercrest, and Titan Homes in the U.S. and Moduline and SRI Homes in western Canada. The Company operates 38 manufacturing facilities throughout the U.S. and five manufacturing facilities in western Canada that primarily construct factory-built, timber-framed manufactured and modular houses that are sold primarily to independent retailers, builders/developers, and manufactured home community operators. The Company's retail operations consist of 31 sales centers that sell manufactured homes to consumers across the U.S. The Company's transportation business engages independent owners/drivers to transport manufactured homes, recreational vehicles, and other products throughout the U.S. and Canada.

### *Acquisitions and Expansions*

Over the last several years, demand for affordable housing in the U.S. has increased. As a result, the Company focused on operational improvements to increase capacity utilization and profitability at its existing manufacturing facilities as well as executed measured expansion of its manufacturing footprint through facility and equipment investments and acquisitions. During fiscal 2023, robust demand began to slow as inflation and higher interest rates made housing less affordable. Even though the housing markets have slowed, the Company continues to focus on growing in strong housing markets across the U.S. and Canada, as well as expanding products and services to provide more holistic solutions to homebuyers.

In July 2022, the Company acquired 12 Factory Expo retail sales centers from Alta Cima Corporation, which expanded the internal retail network across a broader portion of the U.S. In May 2022, the Company acquired Manis Custom Builders, Inc. ("Manis") in order to expand its manufacturing footprint and further streamline its product offering in the Southeast U.S. In February 2021, the Company acquired ScotBilt Homes, LLC and related companies (collectively, "ScotBilt"), which operated two manufacturing facilities in Georgia providing affordable housing throughout Alabama, Florida, Georgia and the Carolinas. The ScotBilt acquisition complemented the Company's existing manufacturing footprint in the attractive mid-south region.

The Company is also focused on streamlining its U.S. manufacturing production capacity through various plant start-ups. In June 2021, the Company acquired two idle facilities in Navasota, Texas in order to increase its production capabilities in the Texas market. The Company began production at one of those facilities during the fourth quarter of fiscal 2022. In January 2021, the Company acquired two idle facilities in Pembroke, North Carolina, and began production at one of those facilities in the fourth quarter of fiscal 2023. The Company is also in the process of opening previously idled facilities in Bartow, Florida and Decatur, Indiana, both of which are expecting to begin production in fiscal 2024.

The Company's acquisitions and investments are part of a strategy to grow and diversify revenue with a focus on increasing the Company's homebuilding presence in the U.S. as well as improving the results of operations through streamlining production of similar product categories. These acquisitions and investments are included in the Company's consolidated results for periods subsequent to their respective acquisition dates.

### *Industry and Company Outlook*

Since July 2020, U.S. and Canadian housing industry demand has been robust. The limited availability of existing homes for sale and the broader need for newly built affordable, single-family housing has continued to drive demand for new homes in these markets. In recent years, manufactured home construction experienced revenue growth due to a number of favorable demographic trends and demand drivers in the United States, including underlying growth trends in key homebuyer groups, such as the population over 55 years of age, the population of first-time home buyers, and the population of households earning less than \$60,000 per year. More recently, we have seen a number of market trends pointing to increased sales of ADUs and urban-to-rural migration as customers accommodate working-from-home patterns, as well as people seeking rent-to-own single-family options.

The recent increases in interest rates in response to inflation have impacted the demand for the Company's products in both the U.S. and Canada. As a result, incoming orders from our manufacturing customers in fiscal 2023 decreased compared to the prior fiscal year. In addition, our independent retail customers have cancelled stock-model orders in response to the increase in floor plan carrying costs and the desire to optimize their model home inventory based on rising interest rates. The Company's backlog at the end of fiscal 2023 was \$308.1 million compared to \$1.6 billion at the end of fiscal 2022. The decrease in backlog was primarily driven by lower net orders. Cancellation of end-consumer orders, at the retail level, have been minimal.

For fiscal 2023, approximately 87% of the Company's U.S. manufacturing sales were generated from the manufacture of homes that comply with the Federal HUD code construction standard in the U.S. According to data reported by MHI, HUD-code industry home shipments were 104,374, 108,964, and 95,588 units during fiscal 2023, 2022, and 2021, respectively. Based on industry data, the Company's U.S. wholesale market share of HUD code homes sold was 20.4%, 19.3%, and 16.9% in fiscal 2023, 2022, and 2021, respectively. Annual industry shipments have generally increased each year since calendar year 2009 when only 50,000 HUD-coded manufactured homes were shipped, the lowest level since the industry began recording statistics in 1959. While shipments of HUD-coded manufactured homes have improved modestly in recent years, current manufactured housing shipments are still at lower levels than the long-term historical average of over 200,000 units per year. Manufactured home sales represent approximately 11% of all U.S. single family home starts.

## RESULTS OF OPERATIONS FOR FISCAL 2023 VS. 2022

(Dollars in thousands)	Year Ended	
	April 1, 2023	April 2, 2022
<b>Results of Operations Data:</b>		
Net sales	\$ 2,606,560	\$ 2,207,229
Cost of sales	1,787,879	1,618,106
Gross profit	818,681	589,123
Selling, general, and administrative expenses	300,396	256,218
Operating income	518,285	332,905
Interest (income) expense, net	(14,977)	2,512
Other income, net	(634)	(36)
Income from operations before income taxes	533,896	330,429
Income tax expense	132,094	82,385
Net income	<u>\$ 401,802</u>	<u>\$ 248,044</u>
<b>Reconciliation of Adjusted EBITDA:</b>		
Net income	\$ 401,802	\$ 248,044
Income tax expense	132,094	82,385
Interest (income) expense, net	(14,977)	2,512
Depreciation and amortization	26,726	20,936
Transaction costs	338	—
Other	(972)	—
Adjusted EBITDA	<u>\$ 545,011</u>	<u>\$ 353,877</u>
<b>As a percent of net sales:</b>		
Gross profit	31.4%	26.7%
Selling, general and administrative expenses	11.5%	11.6%
Operating income	19.9%	15.1%
Net income	15.4%	11.2%
Adjusted EBITDA	20.9%	16.0%

## FISCAL PERIODS

The Company's fiscal year is a 52- or 53-week period that ends on the Saturday nearest March 31. Fiscal 2023 and 2022 were each 52-week periods.

## NET SALES

The following table summarizes net sales for fiscal 2023 and 2022:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	April 1, 2023	April 2, 2022		
Net sales	\$ 2,606,560	\$ 2,207,229	\$ 399,331	18.1 %
U.S. manufacturing and retail net sales	\$ 2,411,342	\$ 1,991,066	\$ 420,276	21.1 %
U.S. homes sold	24,736	24,686	50	0.2 %
U.S. manufacturing and retail average home selling price	\$ 97.5	\$ 80.7	\$ 16.8	20.8 %
Canadian manufacturing net sales	\$ 144,289	\$ 159,124	\$ (14,835)	(9.3 %)
Canadian homes sold	1,174	1,479	(305)	(20.6 %)
Canadian manufacturing average home selling price	\$ 122.9	\$ 107.6	\$ 15.3	14.2 %
Corporate/Other net sales	\$ 50,929	\$ 57,039	\$ (6,110)	(10.7 %)
U.S. manufacturing facilities in operation at year end	38	36	2	6 %
U.S. retail sales centers in operation at year end	31	18	13	72 %
Canadian manufacturing facilities in operation at year end	5	5	—	— %

Net sales for fiscal 2023 were \$2.6 billion an increase of \$399.3 million, or 18.1%, over fiscal 2022. The following is a summary of the change by operating segment.

### *U.S. Factory-built Housing:*

Fiscal 2023 net sales for the Company's U.S. manufacturing and retail operations increased by \$420.3 million, or 21.1%, over fiscal 2022. The increase was primarily due to an increase in the average home selling price of 20.8%. The average selling price increased in fiscal 2023 compared to the prior fiscal year due to pricing actions enacted in response to rising material, freight, and labor costs as well as the impact of sales to FEMA of \$200.3 million. FEMA units generally have more specifications than our typical products and therefore drive a higher average selling price per home.

### *Canadian Factory-built Housing:*

The Canadian Factory-built Housing segment net sales decreased by \$14.8 million, or 9.3% for fiscal 2023 compared to the prior year, primarily due to a 20.6% decrease in homes sold, partially offset by a 14.2% increase in average selling price per new home. The increase in average selling price was due to pricing actions taken in response to rising material and labor costs and a change in product mix. The decrease in homes sold is due to slowing demand in certain regions of Canada and a shift in mix. Net sales for the Canadian segment were also unfavorably impacted by approximately \$6.6 million as the Canadian dollar weakened relative to the U.S. dollar during fiscal 2023 as compared to the prior year.

### *Corporate/Other:*

Net sales for Corporate/Other includes the Company's transportation business and the elimination of intersegment sales. During fiscal 2023, net sales for the segment decreased by \$6.1 million, or 10.7%, compared to fiscal 2022. The decrease was primarily attributable to a decrease in shipments of recreational vehicles due to a decrease in that industry's demand.

## GROSS PROFIT

The following table summarizes gross profit for fiscal 2023 and 2022:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	April 1, 2023	April 2, 2022		
Gross profit:				
U.S. Factory-built Housing	\$ 757,521	\$ 530,252	\$ 227,269	42.9 %
Canadian Factory-built Housing	44,640	43,493	1,147	2.6 %
Corporate/Other	16,520	15,378	1,142	7.4 %
Total gross profit	<u>\$ 818,681</u>	<u>\$ 589,123</u>	<u>\$ 229,558</u>	<u>39.0 %</u>
Gross profit as a percent of net sales	31.4 %	26.7 %		

Gross profit as a percent of sales during fiscal 2023 was 31.4% compared to 26.7% during fiscal 2022. The following is a summary of the change by operating segment.

### *U.S. Factory-built Housing:*

Gross profit for the U.S. Factory-built Housing segment increased by \$227.3 million, or 42.9%, during fiscal 2023 compared to the prior year. The increase in gross profit was primarily driven by the increase in revenue in fiscal 2023. As a percent of net sales, gross profit was 31.4% for fiscal 2023 compared to 26.6% in the prior fiscal year. Sales to FEMA during the first half of fiscal 2023 increased gross profit and gross profit as a percent of sales since FEMA units are generally at higher prices and have more specifications than our core products, which helps offset the disruption to our operations and our customers. In addition, input costs primarily related to forest products decreased while price increases for our products were still in effect. In the second half of fiscal 2023, we lowered certain material surcharges in response to lower input costs, we saw a decrease in volume allowing less leverage of fixed costs and we saw a shift to smaller, less optioned homes which lowered gross profit margins to more normal levels.

### *Canadian Factory-built Housing:*

Gross profit for the Canadian Factory-built Housing segment increased by \$1.1 million, or 2.6%, during fiscal 2023 compared to the prior year. Gross profit increased to 30.9% as a percent of segment net sales from 27.3% in the prior year. The increase in gross profit was due to the increase in average selling prices of new homes and lower material input costs. However, demand in Canada declined in the second half of fiscal 2023 which has put pressure on gross profit margins due to less leverage of fixed costs at lower production volumes.

### *Corporate/Other:*

Gross profit for the Corporate/Other segment increased by \$1.1 million, or 7.4%, during fiscal 2023 compared to the same period in the prior year. Corporate/Other gross profit improved as a percent of segment net sales to 32.4% from 27.0%. Gross margin for the Company's transportation business improved due to a change in revenue mix.

## SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative ("SG&A") expenses include foreign currency transaction gains and losses, equity compensation, and intangible amortization expense. The following table summarizes SG&A expenses for fiscal 2023 and 2022:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	April 1, 2023	April 2, 2022		
Selling, general, and administrative expenses:				
U.S. Factory-built Housing	\$ 221,498	\$ 187,697	\$ 33,801	18.0 %
Canadian Factory-built Housing	12,932	12,912	20	0.2 %
Corporate/Other	65,966	55,609	10,357	18.6 %
Total selling, general, and administrative expenses	<u>\$ 300,396</u>	<u>\$ 256,218</u>	<u>\$ 44,178</u>	<u>17.2 %</u>
Selling, general, and administrative expenses as a percent of net sales	11.5 %	11.6 %		

SG&A expenses were \$300.4 million during fiscal 2023, an increase of \$44.2 million compared to the prior year. The following is a summary of the change by operating segment.



#### *U.S. Factory-built Housing:*

SG&A expenses for the U.S. Factory-built Housing segment increased by \$33.8 million, or 18.0%, during fiscal 2023 as compared to the prior year. SG&A expenses, as a percent of segment net sales, declined to 9.2% in fiscal 2023 compared to 9.4% during fiscal 2022. SG&A costs increased due to a combination of factors, primarily (i) additional expenses for acquisitions and new plant startups (ii) higher sales commissions and incentive compensation, which is generally based on sales volume or a measure of profitability; (iii) and increased marketing and trade-show expense.

#### *Canadian Factory-built Housing:*

SG&A expenses for the Canadian Factory-built Housing segment remained consistent compared to the prior year. SG&A expenses, as a percent of segment net sales, were 9.0% during fiscal 2023 compared to 8.1% in fiscal 2022. The increase in SG&A as a percent of net sales is a the result of the decrease in net sales for the segment.

#### *Corporate/Other:*

SG&A expenses for Corporate/Other includes the Company's transportation operations, corporate costs incurred for all segments, and intersegment eliminations. SG&A expenses for Corporate/Other increased by \$10.4 million, or 18.6%, during fiscal 2023 as compared to the prior year. The increase is mainly due to increased equity compensation and investments made to enhance our online customer experience and support systems.

### **INTEREST (INCOME) EXPENSE, NET**

The following table summarizes the components of interest (income) expense, net for fiscal 2023 and 2022:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	April 1, 2023	April 2, 2022		
Interest expense	\$ 3,276	\$ 3,245	\$ 31	1.0 %
Interest income	(18,253)	(733)	(17,520)	2,390.2 %
Interest (income) expense, net	<u>\$ (14,977)</u>	<u>\$ 2,512</u>	<u>\$ (17,489)</u>	<u>(696.2 %)</u>
Average outstanding floor plan payable	\$ 25,756	\$ 31,485		
Average outstanding long-term debt	\$ 12,430	\$ 19,155		

Interest (income) expense, net was \$15.0 million of income for fiscal 2023, compared to \$2.5 million of expense in the prior year. The change was primarily due to higher interest income from higher average invested cash balances and higher interest rates in fiscal 2023 compared to fiscal 2022. Interest expense was flat for the year as a result of higher interest rates offsetting the benefit of paying off our outstanding floor plan payable balance in the third quarter of fiscal 2023.

### **OTHER INCOME, NET**

The following table summarizes other income, net for fiscal 2023 and 2022:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	April 1, 2023	April 2, 2022		
Other income, net	\$ (634)	\$ (36)	\$ (598)	1,661.1 %

Other income, net increased \$0.6 million during fiscal 2023 compared to the prior year. During the first quarter of fiscal 2023, the Company received insurance proceeds for partial settlement of certain Champion Homes Builders' pre-bankruptcy workers' compensation claims, which was partially offset by transaction costs incurred for the acquisition of Manis.

### **INCOME TAX EXPENSE**

The following table summarizes income tax expense for fiscal 2023 and 2022:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	April 1, 2023	April 2, 2022		
Income tax expense	\$ 132,094	\$ 82,385	\$ 49,709	60.3 %
Effective tax rate	24.7 %	24.9 %		

Income tax expense during fiscal 2023 was \$132.1 million, representing an effective tax rate of 24.7%, compared to income tax expense of \$82.4 million, representing an effective tax rate of 24.9%, in fiscal 2022.

The Company's effective tax rate for both fiscal 2023 and 2022 differs from the federal statutory income tax rate of 21.0%, due primarily to the effect of non-deductible expenses, state and local income taxes, and foreign rate differential, partially offset by tax credits.

## ADJUSTED EBITDA

The following table reconciles net income, the most directly comparable U.S. GAAP measure, to Adjusted EBITDA, a non-GAAP financial measure, for fiscal 2023 and 2022:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	April 1, 2023	April 2, 2022		
Net income	\$ 401,802	\$ 248,044	\$ 153,758	62.0 %
Income tax expense	132,094	82,385	49,709	60.3 %
Interest (income) expense, net	(14,977)	2,512	(17,489)	(696.2 %)
Depreciation and amortization	26,726	20,936	5,790	27.7 %
Transaction costs	338	—	338	*
Other	(972)	—	(972)	*
Adjusted EBITDA	<u>\$ 545,011</u>	<u>\$ 353,877</u>	<u>\$ 191,134</u>	<u>54.0 %</u>

\* indicates that the calculated percentage is not meaningful

Adjusted EBITDA for fiscal 2023 was \$545.0 million, an increase of \$191.1 million over fiscal 2022. The increase is primarily a result of increased operating income due to increases in net sales and gross profits, partially offset by higher SG&A expenses. See the definition of Adjusted EBITDA under "Non-GAAP Financial Measures" below for additional information regarding the definition and use of this metric in evaluating the Company's results.

## BACKLOG

Although orders from customers can be cancelled at any time without penalty, and unfilled orders are not necessarily an indication of future business, the Company's unfilled U.S. and Canadian manufacturing orders at April 1, 2023 totaled \$308.1 million compared to \$1.6 billion at April 2, 2022. The decrease in backlog was primarily driven by lower net orders. Increases in interest rates in response to inflation during this fiscal year has impacted the demand for the Company's products in both the U.S. and Canada. Incoming gross orders from our customers decreased compared to last year. In addition, our independent retail customers have cancelled stock-model orders in response to the increase in floor plan carrying costs and the desire to optimize their model home inventory. Cancellation of end-consumer orders, at the retail level, has been minimal.

## LIQUIDITY AND CAPITAL RESOURCES

The following table presents summary cash flow information for fiscal 2023 and 2022:

(Dollars in thousands)	Year Ended	
	April 1, 2023	April 2, 2022
Net cash provided by (used in):		
Operating activities	\$ 416,225	\$ 224,479
Investing activities	(61,179)	(31,967)
Financing activities	(37,019)	(19,936)
Effect of exchange rate changes	(5,987)	256
Net increase in cash, cash equivalents, and restricted cash	312,040	172,832
Cash, cash equivalents, and restricted cash at beginning of period	435,413	262,581
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 747,453</u>	<u>\$ 435,413</u>

The Company's primary sources of liquidity are cash flows from operations and existing cash balances. Cash balances and cash flows from operations for the next year are expected to be adequate to cover working capital requirements, capital expenditures, and strategic initiatives and investments. The Company does not have any scheduled long-term debt maturities in the next twelve months. The Company has an Amended and Restated Credit Agreement which provides for a \$200.0 million revolving credit facility, including a \$45.0 million letter of credit sub-facility ("Amended Credit Agreement"). At April 1, 2023, there were no borrowings

under the Amended Credit Agreement and letters of credit issued under the Credit Agreement totaled \$32.1 million. Total available borrowings under the Credit Agreement as of April 1, 2023 were \$167.9 million. The Company's revolving credit facility includes (i) a maximum consolidated total net leverage ratio of 3.25 to 1.00, subject to an upward adjustment upon the consummation of a material acquisition, and (ii) a minimum interest coverage ratio of 3.00 to 1.00. The Company anticipates compliance with its debt covenants and projects its level of cash availability to be in excess of cash needed to operate the business for the next year and beyond. In the event operating cash flow and existing cash balances were deemed inadequate to support the Company's liquidity needs, and one or more capital resources were to become unavailable, the Company would revise its operating strategies.

Cash provided by operating activities was \$416.2 million in fiscal 2023 compared to \$224.5 million in fiscal 2022. The majority of the increase in cash provided by operating activities was a result of the \$154.8 million increase in net income. However, the change in other working capital items also contributed to higher cash provided by operating activities. Cash required for working capital items increased in fiscal 2022 in response to consumer demand and supply chain issues. Those factors began to normalize in the fourth quarter of fiscal 2023, requiring less investment and improving cash flow.

Cash used in investing activities was \$61.2 million in fiscal 2023 versus \$32.0 million in fiscal 2022. The increase in the use of cash is related primarily to a \$20.3 million increase in purchases of property, plant, and equipment to support the start up of new manufacturing facilities, the acquisition of Manis, and cash paid for an equity method investment.

In fiscal 2023, cash used in financing activities was \$37.0 million, versus \$19.9 million in the prior fiscal year. The increase in cash used for financing activities was related to floor plan financing repayments totaling \$35.5 million during fiscal 2023 compared to \$17.2 million of net repayments in fiscal 2022 on the revolving debt facility and floor plan financing arrangements.

## **CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

### ***Credit Facility***

The Amended Credit Agreement matures in July 2026 and has no scheduled amortization. The interest rate on borrowings under the Amended Credit Agreement is based on either the London Inter-Bank Offered Rate ("LIBOR"), or the Secured Overnight Financing Rate ("SOFR") plus a benchmark Replacement Rate Adjustment ("Replacement Rate"), plus an interest rate spread. The interest rate spread adjusts based on the consolidated total net leverage of the Company from a high of 1.875% when the consolidated total net leverage ratio is equal to or greater than 2.25:1.00, to a low of 1.125% when the consolidated total net leverage is below 0.50:1.00. Alternatively for same day borrowings, the interest rate is based on an Alternative Base Rate ("ABR") plus an interest rate spread that ranges from a high of 0.875% to a low of 0.125% based on the consolidated total net leverage ratio. In addition, the Company is obligated to pay an unused line fee ranging between 0.15% and 0.30% depending on the consolidated total net leverage ratio, in respect of unused commitments under the Amended Credit Agreement.

### ***Letter of Credit Facility***

The Company has a letter of credit sub-facility under the Amended Credit Agreement. At April 1, 2023, letters of credit issued under the sub-facility totaled \$32.1 million.

### ***Industrial Revenue Bonds***

Obligations under industrial revenue bonds are supported by letters of credit and bear interest based on a municipal bond index rate. The industrial revenue bonds require lump-sum payments of principal upon maturity in 2029.

### ***Floor Plan Payable***

At April 1, 2023, the Company had no outstanding borrowings on floor plan financing arrangements. The Company repaid the outstanding balance of \$38.5 million in the third quarter of fiscal 2023. The Company's retail operations historically utilized floor plan financing to fund the acquisition of manufactured homes for display or resale. The arrangements provide for borrowings up to \$43.0 million. Floor plan payables are secured by the homes acquired and are required to be repaid when the Company sells the financed home to a customer.

## **Contingent Obligations**

The Company has contingent liabilities and obligations at April 1, 2023, including surety bonds and letters of credit totaling \$31.0 million and \$32.1 million, respectively. Additionally, the Company is contingently obligated under repurchase agreements with certain lending institutions that provide floor plan financing to independent retailers. The contingent repurchase obligation as of April 1, 2023 is approximately \$386.6 million, without reduction for the resale value of the homes collateralizing the potential repurchases. The Company has the ability to resell the repurchased collateral to other retailers, and losses incurred on repurchased homes have been insignificant in recent periods. The reserve for estimated losses under repurchase agreements was \$2.5 million at April 1, 2023. See “Critical Accounting Policies and Estimates – Reserve for Repurchase Commitments” below.

The Company has provided various representations, warranties, and other standard indemnifications in the ordinary course of its business in agreements to acquire and sell business assets and in financing arrangements. The Company is subject to various legal proceedings and claims that arise in the ordinary course of its business.

The Company has received claims for damage related to water intrusion in homes built in one of its manufacturing facilities. The Company is investigating the cause of the damage and assessing its responsibility to remediate. While it is reasonably possible that the Company will receive future claims that could result in additional costs to repair that could be significant in the aggregate, the Company is unable to estimate the number of such claims or the amount or range of any potential losses associated with such claims at this time.

In the normal course of business, the Company’s subsidiaries historically provided certain parent company guarantees to two U.K. customers. These guarantees provided contractual liability for proven construction defects up to 12 years from the date of delivery of the units. The guarantees remain a contingent liability subsequent to the fiscal 2017 disposition of the U.K. operations, which declines over time through October 2027. As of the date of this report, no claims have been reported under the terms of the guarantees.

Management believes the ultimate liability with respect to these contingent obligations will not have a material effect on the Company’s consolidated financial position, results of operations or cash flows.

## **NON-GAAP FINANCIAL MEASURES - ADJUSTED EBITDA**

The Company defines Adjusted Earnings Before Interest Taxes and Depreciation and Amortization (“Adjusted EBITDA”) as net income or loss plus expenses or minus income: (a) the provision for income taxes; (b) interest (income) expense, net; (c) depreciation and amortization; (d) gain or loss from discontinued operations; (e) non-cash restructuring charges and impairment of assets; and (f) other non-operating income or expense including but not limited to those costs for the acquisition and integration or disposition of businesses and idle facilities. Adjusted EBITDA is not a measure of earnings calculated in accordance with U.S. GAAP and should not be considered an alternative to, or more meaningful than, net income or loss prepared on a U.S. GAAP basis. Adjusted EBITDA does not purport to represent cash flow provided by, or used in, operating activities as defined by U.S. GAAP, which is presented in the Statement of Cash Flows. In addition, Adjusted EBITDA is not necessarily comparable to similarly titled measures reported by other companies.

Adjusted EBITDA is presented as a supplemental measure of the Company’s financial performance that management believes is useful to investors, because the excluded items may vary significantly in timing or amounts and/or may obscure trends useful in evaluating and comparing the Company’s operating activities across reporting periods. Management believes Adjusted EBITDA is useful to an investor in evaluating operating performance for the following reasons: (i) Adjusted EBITDA is widely used by investors to measure a company’s operating performance without regard to items such as interest income and expense, taxes, depreciation and amortization and equity-based compensation, which can vary substantially from company to company depending upon accounting methods and the book value of assets, capital structure and the method by which assets were acquired; and (ii) analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies in the industry.

Management uses Adjusted EBITDA for planning purposes, including the preparation of internal annual operating budget and periodic forecasts: (i) in communications with the Board of Directors and investors concerning financial performance; (ii) as a factor in determining bonuses under certain incentive compensation programs; and (iii) as a measure of operating performance used to determine the ability to provide cash flows to support investments in capital assets, acquisitions and working capital requirements for operating expansion.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Our significant accounting policies are more fully described in Note 1, “Summary of Significant Accounting Policies,” to the consolidated financial statements included in this Report. Certain of our accounting policies require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Assumptions and estimates of future earnings and cash flow are used in the periodic analyses of the recoverability of goodwill, intangible assets, deferred tax assets and property, plant, and equipment. Historical experience and trends

are used to estimate reserves, including reserves for self-insured risks, warranty costs, and wholesale repurchase losses. The Company considers an accounting estimate to be critical if it requires us to make assumptions about matters that were uncertain at the time the estimate was made and changes in the estimate would have had a significant impact on our consolidated financial position or results of operations. The Company believes that the following discussion addresses the Company's critical accounting estimates.

### ***Acquisitions***

We allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. We use all available information to estimate fair values. We typically engage outside appraisal firms to assist in the fair value determination of identifiable intangible assets and any other significant assets or liabilities. We adjust the preliminary purchase price allocation, as necessary, up to one year after the acquisition closing date as we obtain more information regarding asset valuations and liabilities assumed. Our estimates of fair value are based upon assumptions believed to be reasonable, but that are inherently uncertain, and therefore, may not be realized. Unanticipated events or circumstances may occur which could affect the accuracy of our fair value estimates, including assumptions regarding industry economic factors and business strategies. Accordingly, there can be no assurance that the estimates, assumptions, and values reflected in the valuations will be realized, and actual results could vary materially.

### ***Reserves for Self-Insured Risks***

The Company is self-insured for a significant portion of its general insurance, product liability, workers' compensation, auto, health, and property insurance. Insurance coverage is maintained for catastrophic exposures and those risks required to be insured by law. The Company is liable for the first \$150,000 of incurred losses for each workers' compensation and auto liability claim and is responsible for losses up to the first \$500,000 per occurrence for general, product liability, and property insurance. Generally catastrophic losses are insured up to \$80 million. The Company establishes reserves for reported and unreported losses and insurance company reimbursements under these programs using an actuarial determined value which takes into consideration prior claim experience, estimates of losses for known occurrences and the respective volume of business activity for a given period. The health plan is currently subject to a stop-loss limit of \$600,000 per occurrence. Estimated self-insurance costs are accrued for all expected future expenditures for reported and unreported claims based on historical experience.

### ***Warranty Reserves***

The Company's factory-built housing operations generally provide each retail homebuyer with a 12-month assurance warranty from the date of retail purchase. Estimated warranty costs are accrued as cost of sales at the time of sale. Warranty provisions and reserves are based on various factors, including estimates of the amounts necessary to settle existing and future claims on homes sold as of the balance sheet date. Factors used in the estimation of the warranty liability include the estimated amount of warranty and customer service costs incurred for homes that remain in retailers' inventories before delivery to the consumer, homes purchased by consumers still within the warranty period, the timing in which work orders were completed, and the historical average costs incurred to service a home.

### ***Impairment of Long-Lived Assets***

It is the Company's policy to evaluate the recoverability of property, plant, and equipment whenever events and changes in circumstances indicate that the carrying amount of assets may not be recoverable, primarily based on estimated selling price, appraised value, or projected undiscounted future cash flows.

### ***Impairment of Goodwill***

Goodwill is not amortized but is tested for impairment at least annually. Impairment testing is required more often if an event or circumstance indicates that an impairment is more likely than not to have occurred. In conducting its annual impairment testing, the Company may first perform a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount. If not, no further goodwill impairment testing is required. If it is more likely than not that a reporting unit's fair value is less than its carrying amount, or if the Company elects not to perform a qualitative assessment of a reporting unit, the Company then compares the fair value of the reporting unit to the related net book value. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. As the analysis depends upon judgments, estimates and assumptions, such testing is subject to inherent uncertainties, which could cause the fair value to fluctuate from period to period.

In fiscal 2023, the Company performed qualitative assessments of its reporting units. The annual assessment was completed on of the first day of fiscal March. The assessments indicated that it was more likely than not that the fair value of each of the reporting units exceeded its respective carrying value. The Company does not believe that any reporting units are at risk for impairment.

#### ***Income Taxes and Deferred Tax Assets***

Deferred tax assets and liabilities are determined based on temporary differences between the financial statement amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is provided when the Company determines that it is more likely than not that some or all of the deferred tax assets will not be realized.

#### ***Reserve for Repurchase Commitments***

As is customary in the factory-built housing industry, a significant portion of the home sales to independent retailers are made pursuant to repurchase agreements with lending institutions that provide wholesale floor plan financing to the retailers. Certain homes sold pursuant to repurchase agreements are subject to repurchase, generally up to 24 months after the sale of the home to the retailer. Certain other homes sold pursuant to repurchase agreements are subject to repurchase until the home is sold by the retailer. For those homes with an unlimited repurchase period, the Company's risk of loss upon repurchase declines due to required monthly principal payments by the retailer. After 18 to 36 months from the date of the Company's sale of the home, the risk of loss on these homes is low, and by the 46th month, most programs require that the home be paid in full, at which time the Company no longer has risk of loss. Pursuant to these agreements, during the repurchase period, generally upon default by the retailer and repossession by the financial institution, the Company is obligated to repurchase the homes from the floor plan lenders. The contingent repurchase obligation as of April 1, 2023 was estimated to be approximately \$386.6 million, without reduction for the resale value of the homes. Losses under repurchase obligations represent the difference between the repurchase price and net proceeds from the resale of the homes, less accrued rebates, which will not be paid. Losses incurred on homes repurchased have been insignificant in recent periods. The reserve for estimated losses under repurchase agreements was \$2.5 million at April 1, 2023.

### **OTHER MATTERS**

#### ***Inflation***

Inflation of raw materials, especially forest products, was significant in fiscal 2022 and 2021, and generally stabilized in fiscal 2023. The raw material price increases have generally been passed on to customers or mitigated through working with supply chain partners, sourcing alternative materials or other operational improvements to minimize the effect on our profitability. However, continued, frequent and sudden increases in specific costs, as well as price competition, can affect the ability to pass on costs and adversely impact results of operations. Therefore, there is no assurance that inflation or the impact of rising material costs will not have a significant impact on revenue or results of operations in the future.

#### ***Seasonality***

The housing industry, which includes factory-built homes, is affected by seasonality. Sales during the period from March to November are traditionally higher than other months. As a result, quarterly results of a particular period are not necessarily representative of the results expected for the year.

#### **Recently Issued Accounting Standards**

Refer to Note 1, "Summary of Significant Accounting Policies," in our accompanying Consolidated Financial Statements for information regarding new accounting pronouncements.



## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### *Interest Rate Risk*

Debt obligations under the Amended Credit Agreement are subject to variable rates of interest based on LIBOR, SOFR, or an ABR, at the election of the Company. Changes in interest rates will affect interest payments on outstanding debt balances. At April 1, 2023 there were no outstanding borrowings on the Amended Credit Agreement.

Obligations under industrial revenue bonds are subject to variable rates of interest based on a municipal bond index rate. A 100 basis point increase in the underlying interest rates would result in additional annual interest expense of approximately \$0.1 million, assuming related debt of \$12.4 million, which is the amount of outstanding borrowings on industrial revenue bonds at April 1, 2023.

Obligations under floor plan financing arrangements are subject to variable rates of interest based on terms negotiated with the floor plan lenders. Changes in interest rates will affect interest payments on outstanding floor plan balances. At April 1, 2023 there were no outstanding floor plan borrowings.

The Company's approach to interest rate risk is to balance borrowings between fixed rate and variable rate debt as management deems appropriate. At April 1, 2023, the Company's borrowings under the industrial revenue bonds were at variable rates.

### *Foreign Exchange Risk*

The Company is exposed to foreign exchange risk with its factory-built housing operations in Canada. The Canadian operations had fiscal 2023 net sales of \$189.2 million Canadian dollars. Assuming future annual Canadian net sales equivalent to fiscal 2023, a change of 1.0% in exchange rates between the U.S. and Canadian dollars would change consolidated sales by \$1.9 million. The Company also has foreign exchange risk for cash balances maintained in Canadian dollars that are subject to fluctuating values when exchanged into U.S. dollars. The Company does not financially hedge its investment in the Canadian operations or in Canadian denominated bank deposits.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements, exhibits and schedules are filed herewith under Item 15.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### *(a) Evaluation of Disclosure Controls and Procedures*

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of April 1, 2023. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of April 1, 2023.

### *(b) Management's Report on Internal Control over Financial Reporting*

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, internal controls over financial reporting are designed 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. Internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of their inherent limitations, the Company's controls and procedures may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all controls systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("2013 Framework"). Management excluded Factory Expo, which was acquired on July 11, 2022, from its assessment of the internal control over financial reporting. This acquired business comprised approximately 2% of total assets as of April 1, 2023 and approximately 2% of net sales for the year ended April 1, 2023. Based on management's evaluation under the criteria in the 2013 Framework, management concluded that the Company's internal control over financial reporting was effective as of April 1, 2023.

**(c) *Attestation Report of the Independent Registered Public Accounting Firm***

Ernst & Young LLP, the Company's independent registered public accounting firm, audited the Company's consolidated financial statements set forth in this Annual Report and issued an attestation report regarding the effectiveness of our internal control over financial reporting as of April 1, 2023, and the attestation report is set forth in Item 15, "Financial Statement Schedules," under the caption "Report of Independent Registered Public Accounting Firm" and is incorporated herein by reference.

**(d) *Changes in Internal Control over Financial Reporting***

There were no changes in the Company's internal control over financial reporting during the quarter ended April 1, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION**

Not applicable.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this item concerning the Company's directors, director nominees and Section 16 beneficial ownership reporting compliance will be set forth in the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders (the "2023 Proxy Statement"), which will be filed within 120 days after the end of the registrant's fiscal year, under the captions "Election of Directors," "Share Ownership of Certain Beneficial Owners," "Executive Officers" and "Corporate Governance" and is incorporated herein by reference.

The Company has adopted a written code of business conduct and ethics ("Code of Conduct") which applies to all of its directors, officers, and employees. Our Code of Conduct is available on our website, [www.skylinechampion.com](http://www.skylinechampion.com), and can be obtained by writing to Investor Relations at 755 West Big Beaver Rd., Suite 1000, Troy, Michigan 48084, or by sending an email to [investorrelations@championhomes.com](mailto:investorrelations@championhomes.com). The information contained on our website is not incorporated by reference into this Annual Report on Form 10-K.

#### ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be set forth in the 2023 Proxy Statement under the captions "Compensation Discussion and Analysis," "How We Make Compensation Decisions," "What We Pay and Why: Elements of Compensation," "Compensation Tables," "Summary Compensation Table for 2023," "Grants of Plan-Based Awards in Fiscal 2023," "Outstanding Equity Awards at Fiscal 2023 Year End," "Option Exercises and Stock Vested in Fiscal 2023," "Potential Payments Upon Termination or Change in Control," "Director Compensation," "Director Compensation Program," "Non-Employee Director Compensation in Fiscal 2023," "CEO Pay Ratio," "Pay Versus Performance," "Compensation Committee Interlocks and Insider Participation," and "Compensation Committee Report," and is incorporated herein by reference.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be set forth in the 2023 Proxy Statement under the caption "Share Ownership of Certain Beneficial Owners" and is incorporated herein by reference.

##### Equity Compensation Plan Information

The following table provides information about the Company's equity compensation plans as of April 1, 2023:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights <sup>(1)</sup> (A)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights <sup>(2)</sup> (B)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A)) (C)
Equity compensation plans approved by Stockholders	1,258,053	\$ 28.68	3,630,698
Equity compensation plans not approved by Stockholders	—	—	—
<b>Total</b>	<b>1,258,053</b>	<b>\$ 28.68</b>	<b>3,630,698</b>

(1) This amount represents the following: (a) 397,981 shares subject to the vesting and/or exercise of outstanding options; (b) 530,417 shares subject to vesting of outstanding performance-based restricted stock units reflected at the maximum potential vesting; and (c) 329,655 shares subject to vesting of outstanding restricted stock units. The options, performance-based restricted stock units and restricted stock units were all granted under our 2018 Equity Incentive Plan.

(2) The weighted-average exercise price is calculated solely on the exercise prices of the outstanding options and does not reflect the shares that will be issued upon the vesting of outstanding awards of performance-based restricted stock units and time-based restricted stock units, which have no exercise price.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this item will be set forth in the 2023 Proxy Statement under the captions “Proposal One: Election of Directors,” “Board Composition and Director Independence,” “Meetings and Committees,” “Corporate Governance Overview,” “Compensation Committee Interlocks and Insider Participation,” and “Certain Relationships and Related Person Transactions,” and is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this item will be set forth in the 2023 Proxy Statement under the captions “Auditor Fees and Pre-Approval Policy,” “Auditor Fees and Services,” and “Pre-Approval of Auditor Fees and Services,” and is incorporated herein by reference.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### Financial Statements and Financial Statement Schedules

- (a) Financial Statements are listed in the Index to Consolidated Financial Statements on page F-1 of this Annual Report.

Financial Statement Schedules:

Schedule II — Valuation and Qualifying Accounts

All other financial statement schedules are omitted because such schedules are not required, or the information required has been presented in the aforementioned financial statements.

#### Exhibits

The documents listed below are being filed or have previously been filed on behalf of the Company and are incorporated herein by reference from the documents indicated and made a part hereof. Exhibits not identified as previously filed are filed herewith.

Exhibit Number	Exhibit Description
2.1	<a href="#"><u>Share Contribution &amp; Exchange Agreement, dated as of January 5, 2018, by and among Skyline Corporation and Champion Enterprises Holdings, LLC (incorporated by reference to Exhibit 2.1 of the registrant's Form 8-K, filed on January 5, 2018).</u></a>
3.1	<a href="#"><u>Amended and Restated Articles of Incorporation of Skyline Champion Corporation, dated June 1, 2018 (incorporated by reference to Exhibit 3.1 of the registrant's Form 8-K dated June 6, 2018).</u></a>
3.2	<a href="#"><u>Amended and Restated By-Laws of Skyline Champion Corporation, dated November 10, 2022 (incorporated by reference to Exhibit 3.1 of the registrant's Form 8-K dated November 16, 2022).</u></a>
4.1	<a href="#"><u>Registration Rights Agreement, dated as of June 1, 2018 by and among Skyline Champion Corporation, The Bain Shareholder, Sankaty Champion Holdings, LLC, Sankaty Credit Opportunities IV, L.P., CCP Champion Investors, LLC, Centerbridge Capital Partners, L.P., Centerbridge Capital Partners Strategic, L.P., Centerbridge Capital Partners SBS, L.P., Mak Champion Investment LLC, Mak-ro Capital Master Fund L.P. and Arthur J. Decio (incorporated by reference to Exhibit 4.1 of the registrant's Form 8-K dated June 6, 2018).</u></a>
4.2	<a href="#"><u>Investor Rights Agreement, dated as of June 1, 2018, by and among Skyline Champion Corporation, Champion Enterprises Holdings, LLC, Sankaty Champion Holdings, LLC, Sankaty Credit Opportunities IV, L.P., Centerbridge Capital Partners, L.P., Centerbridge Capital Partners Strategic, L.P., Centerbridge Capital Partners SBS, L.P., CCP Champion Investors, LLC, MAK Champion Investment LLC and MAK-RO Capital Master Fund, L.P. (incorporated by reference to Exhibit 4.2 of the registrant's Form 8-K dated June 6, 2018).</u></a>
4.3	<a href="#"><u>Description of Common Stock (incorporated by reference to the registrant's registration statement on Form 8-A12B filed by the Company on May 31, 2018).</u></a>
10.1	<a href="#"><u>Amended and Restated Credit Agreement, dated as of July 7, 2021 as amended May 18, 2023, by and among Skyline Champion Corporation, Champion Home Builders, Inc. and Wells Fargo Bank, National Association, as administrative agent and collateral agent, and the other financial institutions party thereto (incorporated by reference to Exhibit 10.1 of the registrant's Form 8-K filed May 22, 2023).</u></a>
10.2	<a href="#"><u>Transition Services Agreement, dated as of June 1, 2018, by and among Skyline Champion Corporation and Champion Enterprises Holdings, LLC (incorporated by reference to Exhibit 10.2 of the registrant's Form 8-K dated June 6, 2018).</u></a>
10.3	<a href="#"><u>2018 Equity Incentive Plan (incorporated by reference to Exhibit 4.3 of the registrants registration statement on Form S-8 filed on September 26, 2018).</u></a> †
10.4	<a href="#"><u>Form of Non-Statutory Stock Option Agreement for Employees (incorporated by reference to Exhibit 10.4 of the registrant's Annual Report on Form 10-K filed on May 26, 2021).</u></a>
10.5	<a href="#"><u>Form of Performance Stock Unit Agreement (incorporated by reference to Exhibit 10.5 of the registrant's Annual Report on Form 10-K filed on May 26, 2021).</u></a> †
10.6	<a href="#"><u>Form of Restricted Stock Unit Award Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.6 of the registrant's Annual Report on Form 10-K filed on May 26, 2021).</u></a> †
10.7	<a href="#"><u>Form of Restricted Stock Unit Award Agreement for Employees (incorporated by reference to Exhibit 10.7 of the registrant's Annual Report on Form 10-K filed on May 26, 2021).</u></a> †

- 10.8 [Form of Indemnification Agreement \(incorporated by reference to Exhibit 10.4 of the registrant's Form 8-K filed on June 6, 2018\).](#)
- 10.9 [Form of Non-Statutory Stock Option Agreement for Executives with written employment agreements \(incorporated by reference to Exhibit 10.9 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.10 [Form of Performance Stock Unit Agreement for Executives with written employment agreements \(incorporated by reference to Exhibit 10.10 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.11 [Form of Restricted Stock Unit Award Agreement for Executives with written employment agreements \(incorporated by reference to Exhibit 10.11 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.12 [Executive Employment Agreement, dated September 5, 2019 and effective June 1, 2019, between Mark Yost and Champion Home Builders, Inc. \(incorporated by reference to Exhibit 10.12 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.13 [Amended and Restated Executive Employment Agreement, dated as of March 20, 2023, between Laurie Hough and Champion Home Builders, Inc. \(incorporated by reference to Exhibit 10.11 of the registrant's Current Report on Form 8-K filed on March 24, 2023\).†](#)
- 10.14 [Executive Employment Agreement effective June 17, 2019 between Robert Spence and Champion Home Builders, Inc. \(incorporated by reference to Exhibit 10.14 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.15 [Amended and Restated Employment Agreement, dated as of June 4, 2018, between Keith Anderson and Champion Home Builders, Inc. \(incorporated by reference to Exhibit 10.15 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.16 [Employment Agreement, dated May 3, 2021, between Champion Home Builders, Inc. and Timothy Larson \(incorporated by reference to Exhibit 10.11 of the registrant's Form 8-K filed May 5, 2021\).†](#)
- 10.17 [Form of Performance Stock Unit Agreement for Employees granted in fiscal 2022 and 2023 \(incorporated by reference to Exhibit 10.17 of the registrant's Annual Report on Form 10-K filed May 24, 2022\).†](#)
- 10.18 [Form of Performance Stock Unit Agreement for Executives with written employment agreements granted in fiscal 2022 and 2023 \(incorporated by reference to Exhibit 10.18 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.19 [Form of Restricted Stock Unit Award Agreement for Employees granted in fiscal 2022 and 2023 \(incorporated by reference to Exhibit 10.19 of the registrant's Annual Report on Form 10-K filed May 24, 2022\).†](#)
- 10.20 [Form of Restricted Stock Unit Award Agreement for Executives with written employment agreements granted in fiscal 2022 and 2023 \(incorporated by reference to Exhibit 10.20 of the registrant's Annual Report on Form 10-K filed May 24, 2022\).†](#)
- 21.1 [Subsidiaries of the Registrant.\\*](#)
- 23.1 [Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.\\*](#)
- 31.1 [Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Rule 13a-14\(a\)/15d-14\(a\).\\*](#)
- 31.2 [Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Rule 13a-14\(a\)/15d-14\(a\).\\*](#)
- 32.1 [Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\\*](#)
- 101.INS Inline XBRL Instance 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 Presentation Linkbase Document\*

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith.

† Management contract or compensatory plan, contract or arrangement.

## ITEM 16. FORM 10-K SUMMARY

Not applicable



## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 30, 2023

SKYLINE CHAMPION CORPORATION

/s/ Mark Yost

Mark Yost

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Mark Yost</u> Mark Yost	President, Chief Executive Officer and Director (Principal Executive Officer)	May 30, 2023
<u>/s/ Laurie Hough</u> Laurie Hough	Executive Vice President, Chief Financial Officer, and Treasurer (Principal Financial Officer)	May 30, 2023
<u>/s/ Timothy Burkhardt</u> Timothy Burkhardt	Vice President and Controller (Principal Accounting Officer)	May 30, 2023
<u>/s/ Keith Anderson</u> Keith Anderson	Director	May 30, 2023
<u>/s/ Michael Berman</u> Michael Berman	Director	May 30, 2023
<u>/s/ Timothy Bernlohr</u> Timothy Bernlohr	Director	May 30, 2023
<u>/s/ Eddie Capel</u> Eddie Capel	Director	May 30, 2023
<u>/s/ Michael Kaufman</u> Nikul Patel	Director	May 30, 2023
<u>/s/ Erin Mulligan Nelson</u> Michael Kaufman	Director	May 30, 2023
<u>/s/ Nikul Patel</u> Erin Mulligan Nelson	Director	May 30, 2023
<u>/s/ Gary E. Robinette</u> Gary E. Robinette	Director	May 30, 2023

**SKYLINE CHAMPION CORPORATION**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of  
Skyline Champion Corporation

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Skyline Champion Corporation (the Company) as of April 1, 2023 and April 2, 2022, and the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the fiscal years ended April 1, 2023, April 2, 2022, and April 3, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at April 1, 2023 and April 2, 2022, and the results of its operations and its cash flows for the fiscal years ended April 1, 2023, April 2, 2022, and April 3, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of April 1, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 30, 2023, expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts and disclosures to which it relates.

#### *Workers' Compensation*

##### *Description of the Matter*

The Company had workers' compensation reserves of \$23.8 million as of April 1, 2023. As described in Note 1 to the consolidated financial statements, the Company is self-insured for a significant portion of its workers' compensation obligations. Workers' compensation costs are accrued for incurred claims and estimated claims incurred but not yet reported.

Auditing the Company's workers' compensation reserve is complex and requires the involvement of actuarial specialists due to the measurement uncertainty associated with the estimate of the ultimate loss projection and the use of various actuarial methods.

##### *How We Addressed the Matter in Our Audit*

We evaluated the design and tested the operating effectiveness of the Company's controls over the workers' compensation reserve process. For example, we tested controls over management's



review of the workers' compensation reserve calculations, the appropriateness of the assumptions management used in the calculation and controls pertaining to the completeness and accuracy of the claim data underlying the reserve.

To evaluate the reserve for workers' compensation, we performed audit procedures that included, among others, testing the completeness and accuracy of the incurred claims underlying the reserve, obtaining legal confirmation letters to evaluate reserves in consideration of litigated matters, and reviewing the Company's reinsurance contracts to assess the Company's self-insurance retentions. Furthermore, we involved our actuarial specialists to assist in our evaluation of methodologies and assumptions applied by management to establish the workers' compensation reserve. We compared the Company's reserve to a range developed by our actuarial specialists based on assumptions independently developed by our specialists.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2006.

Detroit, Michigan  
May 30, 2023

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Skyline Champion Corporation

### **Opinion on Internal Control Over Financial Reporting**

We have audited Skyline Champion Corporation's internal control over financial reporting as of April 1, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Skyline Champion Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of April 1, 2023, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Factory Expo, which is included in the 2023 consolidated financial statements of the Company and constituted approximately 2% of total assets as of April 1, 2023 and approximately 2% of revenues for the fiscal year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Factory Expo.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of April 1, 2023 and April 2, 2022, the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the fiscal years ended April 1, 2023, April 2, 2022, and April 3, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated May 30, 2023, expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.



/s/ Ernst & Young LLP  
Detroit, Michigan  
May 30, 2023

**Skyline Champion Corporation**  
**Consolidated Balance Sheets**  
(Dollars and shares in thousands, except per share amounts)

	April 1, 2023	April 2, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 747,453	\$ 435,413
Trade accounts receivable, net	67,296	90,536
Inventories, net	202,238	241,334
Other current assets	26,479	14,977
Total current assets	<u>1,043,466</u>	<u>782,260</u>
Long-term assets:		
Property, plant, and equipment, net	177,125	132,985
Goodwill	196,574	191,970
Amortizable intangible assets, net	45,343	51,283
Deferred tax assets	17,422	17,750
Other noncurrent assets	82,794	58,371
Total assets	<u>\$ 1,562,724</u>	<u>\$ 1,234,619</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Floor plan payable	\$ —	\$ 35,460
Accounts payable	44,702	92,159
Other current liabilities	204,215	222,493
Total current liabilities	<u>248,917</u>	<u>350,112</u>
Long-term liabilities:		
Long-term debt	12,430	12,430
Deferred tax liabilities	5,964	5,124
Other liabilities	62,412	41,840
Total long-term liabilities	<u>80,806</u>	<u>59,394</u>
Stockholders' Equity:		
Common stock, \$0.0277 par value, 115,000 shares authorized, 57,108 and 56,838 shares issued as of April 1, 2023 and April 2, 2022, respectively.	1,585	1,573
Additional paid-in capital	519,479	502,846
Retained earnings	725,672	327,902
Accumulated other comprehensive loss	(13,735)	(7,208)
Total equity	<u>1,233,001</u>	<u>825,113</u>
Total liabilities and stockholders' equity	<u>\$ 1,562,724</u>	<u>\$ 1,234,619</u>

See accompanying Notes to Consolidated Financial Statements.

**Skyline Champion Corporation**  
**Consolidated Statements of Operations**  
(Dollars and shares in thousands, except per share amounts)

	Year Ended		
	April 1, 2023	April 2, 2022	April 3, 2021
Net sales	\$ 2,606,560	\$ 2,207,229	\$ 1,420,881
Cost of sales	1,787,879	1,618,106	1,133,186
Gross profit	818,681	589,123	287,695
Selling, general, and administrative expenses	300,396	256,218	178,936
Operating income	518,285	332,905	108,759
Interest expense	3,276	3,245	3,813
Interest income	(18,253)	(733)	(565)
Other income	(634)	(36)	(5,889)
Income before income taxes	533,896	330,429	111,400
Income tax expense	132,094	82,385	26,501
Net income	\$ 401,802	\$ 248,044	\$ 84,899
Net income per share:			
Basic	\$ 7.05	\$ 4.37	\$ 1.50
Diluted	\$ 7.00	\$ 4.33	\$ 1.49

See accompanying Notes to Consolidated Financial Statements.

**Skyline Champion Corporation**  
**Consolidated Statements of Comprehensive Income**  
(Dollars in thousands)

	<b>Year Ended</b>		
	<b>April 1, 2023</b>	<b>April 2, 2022</b>	<b>April 3, 2021</b>
Net income	\$ 401,802	\$ 248,044	\$ 84,899
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(6,527)	316	5,235
Total comprehensive income	<u>\$ 395,275</u>	<u>\$ 248,360</u>	<u>\$ 90,134</u>

See accompanying Notes to Consolidated Financial Statements.

**Skyline Champion Corporation**  
**Consolidated Statements of Cash Flows**  
(Dollars in thousands)

	Year Ended		
	April 1, 2023	April 2, 2022	April 3, 2021
<b>Cash flows from operating activities</b>			
Net income	\$ 401,802	\$ 248,044	\$ 84,899
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	26,726	20,936	17,704
Equity-based compensation	14,160	9,777	6,037
Deferred taxes	1,127	3,019	3,588
Amortization of deferred financing fees	357	690	506
(Gain) loss on disposal of property, plant, and equipment	(129)	612	(61)
Foreign currency transaction loss (gain)	828	(83)	(519)
Change in assets and liabilities, net of business acquired:			
Accounts receivable	23,090	(32,854)	(9,305)
Inventories	49,196	(75,019)	(31,030)
Other assets	(11,930)	(28,217)	967
Accounts payable	(49,082)	34,824	16,371
Accrued expenses and other current liabilities	(39,920)	42,750	64,740
Net cash provided by operating activities	416,225	224,479	153,897
<b>Cash flows from investing activities</b>			
Additions to property, plant, and equipment	(52,244)	(31,979)	(8,016)
Cash paid for acquisitions, net of cash acquired	(6,810)	(207)	(52,548)
Cash paid for equity method investment	(2,500)	—	—
Proceeds from life insurance policies	—	—	1,829
Proceeds from disposal of property, plant, and equipment	375	219	1,927
Net cash used in investing activities	(61,179)	(31,967)	(56,808)
<b>Cash flows from financing activities</b>			
Changes in floor plan financing, net	(35,460)	9,728	(8,181)
Payments on revolving debt facility	—	(26,900)	(38,000)
Payments for deferred financing fees	—	(1,130)	—
Stock option exercises	2,473	1,405	55
Tax payments for equity-based compensation	(4,032)	(3,039)	(1,687)
Net cash used in financing activities	(37,019)	(19,936)	(47,813)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(5,987)	256	3,850
Net increase in cash, cash equivalents, and restricted cash	312,040	172,832	53,126
Cash, cash equivalents, and restricted cash at beginning of period	435,413	262,581	209,455
Cash, cash equivalents, and restricted cash at end of period	\$ 747,453	\$ 435,413	\$ 262,581
<b>Supplemental disclosures of cash flow information</b>			
Cash paid for interest	\$ 2,938	\$ 2,664	\$ 3,574
Cash paid for income taxes	\$ 143,600	\$ 73,831	\$ 17,540

See accompanying Notes to Consolidated Financial Statements.



**Skyline Champion Corporation**  
**Consolidated Statements of Equity**  
(Dollars and shares in thousands)

	<b>Common Stock</b>		<b>Additional Paid in Capital</b>	<b>Retained Earnings (Accumulated Deficit)</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>				
<b>Balance at March 28, 2020</b>	56,665	\$ 1,570	\$ 485,552	\$ (48)	\$ (12,759)	\$ 474,315
Net income	—	—	—	84,899	—	84,899
Cumulative adjustment for adoption of ASU 2016-13	—	—	—	(245)	—	(245)
Equity-based compensation	—	—	6,037	—	—	6,037
Net common stock issued under equity-based compensation plans	(25)	(1)	79	(1,708)	—	(1,630)
Foreign currency translation adjustments	—	—	—	—	5,235	5,235
<b>Balance at April 3, 2021</b>	56,640	\$ 1,569	\$ 491,668	\$ 82,898	\$ (7,524)	\$ 568,611
Net income	—	—	—	248,044	—	248,044
Equity-based compensation	—	—	9,777	—	—	9,777
Net common stock issued under equity-based compensation plans	198	4	1,401	(3,040)	—	(1,635)
Foreign currency translation adjustments	—	—	—	—	316	316
<b>Balance at April 2, 2022</b>	56,838	\$ 1,573	\$ 502,846	\$ 327,902	\$ (7,208)	\$ 825,113
Net income	—	—	—	401,802	—	401,802
Equity-based compensation	—	—	14,160	—	—	14,160
Net common stock issued under equity-based compensation plans	270	12	2,473	(4,032)	—	(1,547)
Foreign currency translation adjustments	—	—	—	—	(6,527)	(6,527)
<b>Balance at April 1, 2023</b>	57,108	\$ 1,585	\$ 519,479	\$ 725,672	\$ (13,735)	\$ 1,233,001

Components of accumulated other comprehensive loss at April 1, 2023, April 2, 2022, and April 3, 2021 consisted solely of foreign currency translation adjustments.

See accompanying Notes to Consolidated Financial Statements.



**Skyline Champion Corporation**  
**Notes to Consolidated Financial Statements**

**1. Summary of Significant Accounting Policies**

*Nature of Operations:* The Company's operations consist of manufacturing, retail, construction services, and transportation activities. At April 1, 2023, the Company operated 38 manufacturing facilities throughout the United States ("U.S.") and five manufacturing facilities in western Canada that primarily construct factory-built, timber-framed manufactured and modular houses that are sold primarily to independent retailers, builders/developers, and manufactured home community operators. The Company's retail operations consist of 31 sales centers that sell manufactured houses to consumers throughout the U.S. The Company's transportation business engages independent owners/drivers to transport recreational vehicles throughout the U.S. and Canada and manufactured houses in certain regions of the U.S. The Company also has a holding company located in the Netherlands.

*Principles of Consolidation:* The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

*Accounting Estimates:* The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("US. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes thereto. Estimates made in preparing the accompanying consolidated financial statements include, but are not limited to, business combinations, reserves for obsolete inventory, accrued warranty costs, useful lives of fixed and intangible assets, asset impairment analyses, insurance reserves, legal reserves, repurchase reserves, share-based compensation and deferred tax valuation allowances. Actual results could differ from those estimates, making it reasonably possible that a change in these estimates could occur within one year.

*Fiscal Year:* The Company's fiscal year is a 52- or 53-week period that ends on the Saturday nearest March 31. Fiscal 2023 and 2022 include the 52-weeks ended April 1, 2023 and April 2, 2022, respectively. Fiscal 2021 includes the 53-weeks ended April 3, 2021.

*Revenue Recognition:* Revenue is recognized when performance obligations under the terms of a contract are satisfied which generally occurs at a point in time through the transfer of control of promised goods to the Company's customers. Control transfers once a customer has the ability to direct the use of, and obtain substantially all of the benefits from, the product. This includes the transfer of legal title, physical possession, the risks and rewards of ownership, and customer acceptance. Sales revenue is reported net of applicable sales tax. See Note 8, Revenue Recognition, for additional information.

*Cost of Sales:* Cost of sales includes manufacturing costs such as: (i) materials; (ii) compensation and employee benefits for direct and indirect labor; (iii) fixed and variable manufacturing overhead costs; (iv) warranty costs; (v) inbound delivery costs; and (vi) depreciation of buildings and equipment. Manufacturing overhead costs include costs such as: (i) utilities; (ii) workers' compensation and product liability self-insurance; (iii) real and personal property taxes on buildings and equipment; (iv) manufacturing supplies; (v) repairs and maintenance; and (vi) rents and leases for buildings and equipment. Cost of sales also includes certain post-manufacturing costs, to the extent such costs are the Company's responsibility. Post-manufacturing costs may include delivery and setup, foundations, craning, roofing, exterior cladding, interior finishing, utility connections and other miscellaneous site costs. Generally, subcontractors are engaged to perform post-manufacturing activities.

*Selling, General, and Administrative Expenses:* Selling, general, and administrative expenses ("SG&A") include costs such as (i) salaries, wages, incentives and employee benefits for executive, management, sales, engineering, accounting, information technology ("IT") and administrative employees; (ii) sales commissions; (iii) marketing and advertising costs; (iv) legal and professional fees; (v) depreciation, rents and leases for administrative facilities, office equipment, IT equipment and computer software; and (vi) postage, office supplies, travel and telephone expenses.

*Advertising Costs and Delivery Costs and Revenue:* Advertising costs are expensed as incurred and are included in selling, general, and administrative expenses. Total advertising expense was approximately \$3.6 million, \$1.8 million, and \$1.7 million for fiscal 2023, 2022, and 2021, respectively. Delivery costs are included in cost of sales and delivery revenue is included in net sales.

*Foreign Currency:* Translation adjustments of the Company's international subsidiaries for which the local currency is the functional currency are reflected in the accompanying consolidated balance sheets as a component of accumulated other comprehensive income or loss.

*Fair Value:* The Company estimates the fair value of its financial instruments in accordance with ASC 820, *Fair Value Measurement*, which establishes a fair value hierarchy and requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. As such, the fair value of financial instruments is estimated using available market information and other valuation methods.



The Company groups assets and liabilities at fair value in three levels, based on the inputs and assumptions used to determine fair value. These levels are:

- Level 1—Fair value determined based on quoted prices in active markets for identical assets and liabilities.
- Level 2—Fair value determined using significant observable inputs, generally either quoted prices in active markets for similar assets or liabilities or quoted prices in markets that are not active.
- Level 3—Fair value determined using significant observable inputs, such as pricing models, discounted cash flows, or similar techniques.

The Company records accounts receivable, accounts payable and other current liabilities at cost. The carrying value of these instruments approximate their fair value due to their short-term maturities.

*Cash and Cash Equivalents:* Cash and cash equivalents include highly liquid investments that have original maturities less than 90 days at the time of their purchase. These investments are carried at cost, which approximates market value because of their short maturities.

*Allowance for Credit Losses:* The Company extends credit terms on a customer-by-customer basis in the normal course of business and, as such, trade accounts receivable are subject to customary credit risk. The Company's allowance for credit losses on financial assets measured at amortized cost reflects management's estimate of credit losses over the remaining expected life of such assets, measured primarily using historical experience, as well as current economic conditions and forecasts that affect the collectability of the reported amount. Expected credit losses for newly recognized financial assets, as well as changes to expected credit losses during the period, are recognized in earnings. At both April 1, 2023 and April 2, 2022, accounts receivable were reflected net of reserves of \$1.7 million.

*Inventories:* Inventories are stated at the lower of cost or net realizable value, with cost determined under the first-in, first-out method. Capitalized manufacturing costs include the cost of materials, labor and manufacturing overhead. Retail inventories of new manufactured homes built by the Company are valued at manufacturing cost, including materials, labor and manufacturing overhead, or net purchase price if acquired from unaffiliated third parties.

*Property, Plant, and Equipment:* Property, plant, and equipment are stated at acquisition date cost. Depreciation is provided principally on the straight-line method, generally over the following estimated useful lives: land improvements—3 to 10 years; buildings and improvements—8 to 25 years; and vehicles and machinery and equipment—3 to 8 years.

At April 1, 2023, the Company owned or leased eight idle manufacturing facilities. The net book value of idle facilities was \$10.5 million at April 1, 2023. These properties are accounted for as long-lived assets to be held and used.

It is the Company's policy to evaluate the recoverability of property, plant, and equipment whenever events and changes in circumstances indicate that the carrying amount of assets may not be recoverable. If impairment indicators exist, the Company performs the required impairment analysis by comparing the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived assets. Fair value is estimated based upon a combination of market and cost approaches, as appropriate. No impairment losses were recorded in fiscal 2023, 2022, or 2021.

*Leases:* The Company has operating leases for land, manufacturing and office facilities, and equipment. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such option. The Company's leases do not contain material residual value guarantees or material restrictive covenants. Operating lease expense is recognized on a straight-line basis over the lease terms. The Company has elected not to recognize any right of use asset or lease liability for leases with an initial term of 12 months or less and has elected not to separate lease and non-lease components.

The discount rate used to measure a lease obligation should be the rate implicit in the lease; however, the Company's operating leases generally do not provide an implicit rate. Accordingly, the Company uses its incremental borrowing rate at lease commencement to determine the present value of lease payments. The incremental borrowing rate is an entity-specific rate which represents the rate of interest a lessee would pay to borrow on a collateralized basis over a similar term with similar payments.

*Assets held for sale:* Long-lived assets expected to be sold or otherwise disposed of within one year are classified as assets held for sale and included in other current assets in the consolidated balance sheets. The Company had no assets classified as held for sale at April 1, 2023 and April 2, 2022.

*Goodwill:* The Company tests goodwill for impairment in accordance with ASC 350. Goodwill is not amortized but is tested for impairment on at least an annual basis. Impairment testing is required more often than annually if an event or circumstance indicates



that an impairment is more likely than not to have occurred. In conducting its annual impairment testing, the Company may first perform a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount. If not, no further goodwill impairment testing is required. If it is more likely than not that a reporting unit's fair value is less than its carrying amount, or if the Company elects not to perform a qualitative assessment of a reporting unit, the Company then compares the fair value of the reporting unit to the related net book value. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized.

In fiscal 2023, the Company performed qualitative assessments of its reporting units. The annual assessment was completed on the first day of fiscal March. The assessment indicated that it was more likely than not that the fair value of each of the reporting units exceeded its respective carrying value. The Company does not believe that any reporting units are at risk for impairment.

**Business combinations:** The Company accounts for its business combinations in accordance with the accounting guidance in ASC 805. The purchase price of an acquired business is allocated to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. Determining the fair values of assets acquired and liabilities assumed requires management's judgment, the utilization of independent appraisal firms and often involves the use of significant estimates and assumptions with respect to the timing and amount of future cash flows, market rate assumptions, actuarial assumptions, and appropriate discount rates, among other items. In May 2022, the Company acquired certain operating assets from Manis Custom Builders, Inc. ("Manis"). In July 2022, the Company acquired 12 Factory Expo retail sales centers from Alta Cima Corporation. The purchase price and net assets acquired for both transactions were not material to the accompanying condensed consolidated financial statements.

**Amortizable Intangible Assets:** Amortizable intangible assets consist primarily of fair values assigned to customer relationships and trade names. Trade names were valued based upon the relief-from-royalty method and customer relationships were valued based upon the multi-period excess earnings method. Amortization is provided over the useful lives of the intangible assets, generally up to ten years, using the straight-line method. The recoverability of amortizable intangible assets is evaluated whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recovered, in accordance with the recognition and measurement provisions of ASC 360.

**Unconsolidated affiliates:** The Company analyzes its investments in non-wholly owned subsidiaries to determine whether they are unconsolidated affiliates, consolidated affiliates, or variable interest entities ("VIEs") and, if so, whether the Company is the primary beneficiary in accordance with ASC 810 Consolidation. If the Company is determined to be the primary beneficiary, it must consolidate the VIE. In determining whether it is the primary beneficiary, the Company considers whether it has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. The Company also considers whether it has the obligation to absorb losses of, or the right to receive benefits from, the VIE. The Company uses the equity method to account for its investment in a variable interest entity made in fiscal 2023 in which the Company is not deemed to be the primary beneficiary. The Company's net investment in its unconsolidated affiliate was \$2.5 million at April 1, 2023.

**Warranty Obligations:** The Company's manufactured housing operations generally provides the homebuyer with an assurance warranty from the date of respective purchase. Estimated warranty costs are accrued as cost of sales at the time of sale. Warranty provisions and reserves are based on estimates of the amounts necessary to settle existing and future claims on homes sold by the manufacturing segment as of the balance sheet date. Factors used to calculate the warranty obligation include the estimated number of homes still under warranty, the timing of workorder completion, and the historical average costs incurred to service a home.

**Dealer Volume Rebates:** The Company's manufacturing operations sponsors volume rebate programs under which sales to retailers and builder/developers can qualify for cash rebates generally based on the level of sales attained during a twelve-month period. Volume rebates are accrued at the time of sale and are recorded as a reduction of net sales.

**Repurchase Agreements:** The Company is contingently liable under terms of repurchase agreements with lending institutions that provide wholesale floor plan financing to retailers. These arrangements, which are customary in the industry, provide for the repurchase of products sold to retailers in the event of default by the retailer on their agreement to pay the financial institution. The risk of loss from these agreements is spread over numerous retailers. The repurchase price is generally determined by the original sales price of the product less contractually defined curtailment payments. The Company accounts for the guarantee under its repurchase agreements with the retailers' financing institutions by estimating and deferring a portion of the related product sale that represents the estimated fair value of the guarantee.

**Accrued Self-Insurance:** The Company is self-insured for a significant portion of its workers' compensation, general and product liability, auto liability, health, and property insurance. Insurance coverage is maintained for catastrophic exposures and those risks required to be insured by law. Estimated self-insurance costs are accrued for incurred claims and estimated claims incurred but not yet reported. At April 1, 2023 and April 2, 2022, the Company had gross reserves for estimated losses related to workers' compensation obligations of \$23.8 million and \$19.8 million, respectively. The Company also recorded expected reimbursements for



the portion of those losses above respective program limits of \$11.0 million and \$7.4 million at April 1, 2023 and April 2, 2022, respectively.

**Equity-Based Compensation:** Stock-based compensation is measured at the grant date based on the fair value of the award and is generally recognized as expense ratably on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award. Forfeitures are recognized in the period in which they occur.

**Comprehensive Income and Loss:** Components of comprehensive income and loss are changes in equity other than those resulting from investments by owners and distributions to owners. The aggregate amount of such changes to equity that have not yet been recognized in net income or loss are reported in the equity section of the accompanying consolidated balance sheets as accumulated other comprehensive income or loss, net of tax.

**Income Taxes:** The provision for income taxes is calculated using the asset and liability method, under which deferred tax assets and liabilities are determined based on temporary differences between the financial statement amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is primarily dependent upon the generation of future taxable income. In determining the future tax consequences of events that have been recognized in the financial statements or tax returns, judgment is required.

**Recently Issued Accounting Pronouncements Pending Adoption:** There were no accounting standards recently issued that are expected to have a material impact on the Company's financial position or results of operations.

## 2. Inventories, net

The components of inventory, net of reserves for obsolete inventory, were as follows:

(Dollars in thousands)	April 1, 2023	April 2, 2022
Raw materials	\$ 100,379	\$ 141,238
Work in process	23,157	26,523
Finished goods and other	78,702	73,573
Total inventories	<u>\$ 202,238</u>	<u>\$ 241,334</u>

At April 1, 2023 and April 2, 2022, reserves for obsolete inventory were \$7.9 million and \$4.8 million, respectively.

## 3. Property, Plant, and Equipment

The components of property, plant, and equipment were as follows:

(Dollars in thousands)	April 1, 2023	April 2, 2022
Land and improvements	\$ 41,749	\$ 39,815
Buildings and improvements	119,226	104,085
Machinery and equipment	91,007	69,518
Construction in progress	30,010	10,280
Property, plant, and equipment, at cost	281,992	223,698
Less accumulated depreciation	(104,867)	(90,713)
Property, plant, and equipment, net	<u>\$ 177,125</u>	<u>\$ 132,985</u>

Depreciation expense for the fiscal years ended April 1, 2023, April 2, 2022, and April 3, 2021 was \$16.1 million, \$13.4 million, and \$12.1 million, respectively.

## 4. Goodwill, Intangible Assets, and Cloud Computing Arrangements

### Goodwill

Goodwill represents the excess of the cost of an acquired business over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed in a business combination. At April 1, 2023 and April 2, 2022, the Company had goodwill of \$196.6 million and \$192.0 million, respectively. Goodwill is allocated to reporting units included in the U.S. Factory-built Housing segment, which include the Company's U.S. manufacturing and retail operations. The change in the goodwill balance for fiscal 2023 was the result of acquisitions during the period. At April 1, 2023 there are no accumulated impairment losses related to goodwill.



### Intangible Assets

The components of amortizable intangible assets were as follows:

(Dollars in thousands)	April 1, 2023			April 2, 2022		
	Customer Relationships & Other	Trade Names	Total	Customer Relationships & Other	Trade Names	Total
Gross carrying amount	\$ 66,013	\$ 21,497	\$ 87,510	\$ 61,986	\$ 21,419	\$ 83,405
Accumulated amortization	(32,103)	(10,064)	(42,167)	(23,819)	(8,303)	(32,122)
Amortizable intangibles, net	\$ 33,910	\$ 11,433	\$ 45,343	\$ 38,167	\$ 13,116	\$ 51,283
Weighted average remaining amortization period, in years	5.4	6.3	5.6	6.8	6.9	6.8

Amortization of intangible assets for the fiscal years ended April 1, 2023, April 2, 2022, and April 3, 2021 was \$10.6 million, \$7.6 million, and \$5.6 million respectively. Estimated amortization expense of intangible assets over the next five years is estimated to be (dollars in thousands):

Fiscal 2024	\$	8,613
Fiscal 2025		7,388
Fiscal 2026		7,388
Fiscal 2027		7,346
Fiscal 2028		7,317

### Cloud Computing Arrangements

The Company capitalizes costs associated with the development of cloud computing arrangements in a manner consistent with internally developed software. At April 1, 2023 and April 2, 2022, the Company had capitalized cloud computing costs of \$25.0 million and \$20.5 million, respectively. Cloud computing costs are included in other noncurrent assets in the accompanying consolidated balance sheets. Amortization of capitalized cloud computing costs was \$0.8 million and \$0.2 million for the fiscal year ended April 1, 2023 and April 2, 2022.

### 5. Other Current Liabilities

The components of other current liabilities were as follows:

(Dollars in thousands)	April 1, 2023	April 2, 2022
Customer deposits	\$ 69,285	\$ 67,396
Accrued volume rebates	25,084	23,505
Accrued warranty obligations	28,576	25,806
Accrued compensation and payroll taxes	41,422	64,888
Accrued insurance	15,075	13,569
Other	24,773	27,329
Total other current liabilities	\$ 204,215	\$ 222,493

### 6. Accrued Warranty Obligations

Changes in the accrued warranty obligations were as follows:

(Dollars in thousands)	Year Ended	
	April 1, 2023	April 2, 2022
Balance at the beginning of the period	\$ 32,832	\$ 30,469
Warranty expense	54,021	43,314
Cash warranty payments	(50,892)	(40,951)
Balance at end of period	35,961	32,832
Less noncurrent portion in other long-term liabilities	(7,385)	(7,026)
Total current portion	\$ 28,576	\$ 25,806



## 7. Debt and Floor Plan Payable

Long-term debt consisted of the following:

(Dollars in thousands)	April 1, 2023	April 2, 2022
Obligations under industrial revenue bonds due 2029	\$ 12,430	\$ 12,430
Revolving credit facility maturing in 2026	—	—
Total long-term debt	\$ 12,430	\$ 12,430

On July 7, 2021, the Company entered into an Amended and Restated Credit Agreement with a syndicate of banks that provides for a revolving credit facility of up to \$200.0 million, including a \$45.0 million letter of credit sub-facility ("Amended Credit Agreement"). The Amended Credit Agreement replaced the Company's previously existing \$100.0 million revolving credit facility. Outstanding borrowings of \$26.9 million on the Company's previous revolving credit facility were repaid in July 2021. The Amended Credit Agreement allows the Company to draw down, repay and re-draw loans on the available funds during the term, subject to certain terms and conditions, matures in July 2026 and has no scheduled amortization. The Company capitalized \$1.1 million of deferred financing fees associated with the Amended Credit Agreement, which is included in other noncurrent assets on the accompanying consolidated balance sheets. The Company wrote off \$0.3 million of deferred financing fees associated with the previously existing credit facility, which is included in interest expense, net in fiscal 2022.

The interest rate on borrowings under the Amended Credit Agreement is based on either LIBOR, or SOFR plus a Replacement Rate, plus an interest rate spread. The interest rate spread adjusts based on the consolidated total net leverage of the Company from a high of 1.875% when the consolidated total net leverage ratio is equal to or greater than 2.25:1.00, to a low of 1.125% when the consolidated total net leverage ratio is below 0.50:1.00. Alternatively for same day borrowings, the interest rate is based on ABR plus an interest rate spread that ranges from a high of 0.875% to a low of 0.125% based on the consolidated total net leverage ratio. In addition, the Company is obligated to pay an unused line fee ranging between 0.15% and 0.3% depending on the consolidated total net leverage ratio, in respect of unused commitments under the Amended Credit Agreement. At April 1, 2023 the interest rate under the Credit Agreement was 6.04% and letters of credit issued under the Credit Agreement totaled \$32.1 million. Total available borrowings under the Credit Agreement were \$167.9 million.

Obligations under industrial revenue bonds are supported by letters of credit and bear interest based on a municipal bond index rate. The weighted-average interest rate at April 1, 2023 and April 2, 2022, including related costs and fees, was 5.76% and 2.18%, respectively. The industrial revenue bonds require lump-sum payments of principal upon maturity in 2029 and are secured by the assets of certain manufacturing facilities.

The Amended Credit Agreement contains covenants that restrict the amount of additional debt, liens and certain payments, including equity buybacks, investments, dispositions, mergers and consolidations, among other restrictions as defined. The Company was in compliance with all covenants of the Amended Credit Agreement as of April 1, 2023.

### Floor Plan Payable

The Company's retail operations historically utilized floor plan financing to fund the acquisition of manufactured homes for display or resale. At April 2, 2022, the Company had outstanding borrowings on floor plan financing agreements of \$35.5 million. All outstanding borrowings were repaid in the third quarter of fiscal 2023 and there were no outstanding borrowings at April 1, 2023. The financing arrangements allow for borrowings up to \$43.0 million. Borrowings are secured by the homes and are required to be repaid when the Company sells the home to a customer.

## 8. Revenue Recognition

The Company's revenue is recognized when performance obligations under the terms of a contract are satisfied which generally occurs with the transfer of control of products. The Company enters into contracts with its customers to provide manufactured homes, modular homes, park model RVs, ADUs, commercial structures and transportation services. Generally, the Company's contracts may be terminated by the Company's customers at any time prior to initiation of construction of the respective home. Historically, terminations of these contracts have been minimal. The Company receives signed sales quotes from its customers, which provide the terms for a specific home, including price. The Company also has agreements with certain customers that provide for certain variable consideration, such as volume discounts, that are deducted from the contract price and accrued at the time of sale. In certain situations, the Company may receive payment in advance of completion of its contractual obligations. In these situations, the arising contract liability is classified within customer deposits and receipts in excess of revenues. Following the receipt of the customer deposit, the Company typically completes its performance obligation within a twelve-month period.



For sales to independent wholesale customers, revenue is recognized at the point in time when wholesale floor plan financing or retailer credit approval has been received, the home has shipped and title has transferred, which occurs when the Company has satisfied its contractual obligations and the control of its products has been transferred. The Company does not have an enforceable right to payment prior to shipment. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to in exchange for those products. The Company's customers pay for products received in accordance with payment terms that are customary within the industry. As is customary in the factory-built housing industry, a significant portion of the Company's sales to independent retailers are financed under floor plan financing programs with certain third-party lenders. Floor plan financing arrangements are generally identified prior to shipment of products and payment for sales financed under floor plan programs is generally received 5 to 10 business days from the date of invoice.

For retail sales to consumers from Company-owned retail sales centers, revenue is recognized when the home has been delivered, set up and accepted by the consumer, and title has transferred.

The Company recognizes revenue and related cost of sales for long-term construction contracts ("Commercial") over time as performance obligations are satisfied using the percentage-of-completion method (input method). Management estimates the stage of completion on each construction project based on progress and costs incurred. Unbilled revenue on long-term construction contracts are classified as a contract asset in accounts receivable. Receipts in excess of billings are classified as contract liabilities and included in other current liabilities. At April 2, 2022 uncollected billings related to long-term construction contracts totaled \$1.4 million. There were no uncollected billings related to long-term construction contracts at April 1, 2023 and no unbilled revenue or receipts in excess of billings for long-term contracts at either April 1, 2023 or April 2, 2022.

Revenue for the Company's transportation operations is recognized when a shipment has been delivered to its final destination. Amounts billed to customers related to shipping and handling costs are included in net sales. Shipping and handling costs are accounted for as fulfillment costs and are included in cost of sales.

The following tables disaggregate the Company's revenue by sales category:

(Dollars in thousands)	Year ended April 1, 2023			
	U.S. Factory-Built Housing	Canadian Factory-built Housing	Corporate/ Other	Total
Manufacturing and retail	\$ 2,409,994	\$ 144,289	\$ —	\$ 2,554,283
Commercial	1,348	—	—	1,348
Transportation	—	—	50,929	50,929
Total	<u>\$ 2,411,342</u>	<u>\$ 144,289</u>	<u>\$ 50,929</u>	<u>\$ 2,606,560</u>

(Dollars in thousands)	Year ended April 2, 2022			
	U.S. Factory-Built Housing	Canadian Factory-built Housing	Corporate/ Other	Total
Manufacturing and retail	\$ 1,980,794	\$ 159,124	\$ —	\$ 2,139,918
Commercial	10,272	—	—	10,272
Transportation	—	—	57,039	57,039
Total	<u>\$ 1,991,066</u>	<u>\$ 159,124</u>	<u>\$ 57,039</u>	<u>\$ 2,207,229</u>

(Dollars in thousands)	Year ended April 3, 2021			
	U.S. Factory-Built Housing	Canadian Factory-built Housing	Corporate/ Other	Total
Manufacturing and retail	\$ 1,254,505	\$ 101,328	\$ —	\$ 1,355,833
Commercial	11,803	—	—	11,803
Transportation	—	—	53,245	53,245
Total	<u>\$ 1,266,308</u>	<u>\$ 101,328</u>	<u>\$ 53,245</u>	<u>\$ 1,420,881</u>

## 9. Leases

The Company has operating leases for land, manufacturing and office facilities, and equipment. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such option. The Company's leases do not contain material residual value guarantees or material restrictive covenants. Operating lease expense is recognized on a straight-line basis over the lease terms. Lease expense included in selling, general, and administrative expenses in the accompanying consolidated statement of operations is shown below:

(Dollars in thousands)	Year ended	
	April 1, 2023	April 2, 2022
Operating lease expense	\$ 7,237	\$ 6,621
Short-term lease expense	2,543	1,197
Total lease expense	<u>\$ 9,780</u>	<u>\$ 7,818</u>

Operating lease assets and obligations included in the accompanying consolidated balance sheet are shown below:

(Dollars in thousands)	April 1, 2023	April 2, 2022
Right-of-use assets under operating leases:		
Other long-term assets	<u>\$ 30,290</u>	<u>\$ 11,171</u>
Lease obligations under operating leases:		
Other current liabilities	6,917	4,618
Other long-term liabilities	23,373	6,553
Total lease obligation	<u>\$ 30,290</u>	<u>\$ 11,171</u>

Maturities of operating lease obligations as of April 1, 2023 are shown below:

(Dollars in thousands)	April 1, 2023
Fiscal 2024	\$ 8,675
Fiscal 2025	8,018
Fiscal 2026	7,093
Fiscal 2027	6,586
Fiscal 2028	4,052
Thereafter	1,292
Total undiscounted cash flows	35,716
Less: imputed interest	(5,426)
Lease obligations under operating leases	<u>\$ 30,290</u>

The weighted average lease term and discount rate for operating leases are shown below:

	April 1, 2023
Weighted average remaining lease term (in years)	4.8
Weighted average discount rate (as percent)	6.7

Other information related to leases is as follows:

(Dollars in thousands)	Year ended	
	April 1, 2023	April 2, 2022
Non-cash activity:		
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 19,908</u>	<u>\$ 4,817</u>
Operating cash flows:		
Cash paid related to operating lease obligations	<u>\$ 7,305</u>	<u>\$ 6,643</u>



## 10. Income Taxes

Pretax income for the fiscal years ended April 1, 2023, April 2, 2022, and April 3, 2021 was attributable to the following tax jurisdictions:

(Dollars in thousands)	Year Ended		
	April 1, 2023	April 2, 2022	April 3, 2021
Domestic	\$ 499,715	\$ 300,675	\$ 92,832
Foreign	34,181	29,754	18,568
Income before income taxes	<u>\$ 533,896</u>	<u>\$ 330,429</u>	<u>\$ 111,400</u>

The income tax provision by jurisdiction for the fiscal years ended April 1, 2023, April 2, 2022, and April 3, 2021 was as follows:

(Dollars in thousands)	Year Ended		
	April 1, 2023	April 2, 2022	April 3, 2021
Current:			
U.S. federal	\$ 98,242	\$ 55,983	\$ 13,094
Foreign	8,560	7,907	4,738
State	24,000	15,476	5,081
Total current	<u>\$ 130,802</u>	<u>\$ 79,366</u>	<u>\$ 22,913</u>
Deferred			
U.S. federal	\$ 78	\$ 2,367	\$ 2,853
Foreign	1,440	1,118	851
State	(226)	(466)	(116)
Total deferred	<u>\$ 1,292</u>	<u>\$ 3,019</u>	<u>\$ 3,588</u>
Total income tax expense	<u>\$ 132,094</u>	<u>\$ 82,385</u>	<u>\$ 26,501</u>

Income tax expense differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to income before income taxes as a result of the following differences:

(Dollars in thousands)	Year Ended		
	April 1, 2023	April 2, 2022	April 3, 2021
Tax expense at U.S. federal statutory rate	\$ 112,118	\$ 69,390	\$ 23,394
Increase (decrease) in rate resulting from:			
State taxes, net of U.S. federal benefit	\$ 18,956	\$ 11,908	\$ 3,969
Foreign tax rate differences	1,566	1,417	900
Recognition of foreign investment basis difference	1,249	1,076	616
Change in deferred tax valuation allowance	(703)	189	1,343
U.S. tax credits	(2,694)	(2,296)	(3,096)
Other	1,602	701	(625)
Total income tax expense	<u>\$ 132,094</u>	<u>\$ 82,385</u>	<u>\$ 26,501</u>

The U.S. income tax rate for fiscal 2023, 2022, and 2021 was 21%.



Deferred tax assets and liabilities at April 1, 2023 and April 2, 2022 consisted of the following:

(Dollars in thousands)	April 1, 2023	April 2, 2022
<b>ASSETS</b>		
Warranty reserves	\$ 8,889	\$ 8,043
Intangible assets	8,763	9,833
Lease assets	7,487	2,774
Employee compensation	7,320	12,042
Foreign net operating loss carryforwards	6,343	6,470
Self-insurance reserves	5,851	5,396
Equity-based compensation	3,258	2,206
Dealer volume discounts	2,749	2,077
Inventory reserves and impairments	2,599	1,750
Other	3,987	6,032
Gross deferred tax assets	\$ 57,246	\$ 56,623
<b>LIABILITIES</b>		
Property, plant, and equipment	\$ 13,367	\$ 9,901
Lease liabilities	7,487	2,774
Intangible assets	5,974	7,834
Foreign tax basis difference in investments	5,964	5,124
Other	958	5,623
Gross deferred tax liabilities	33,750	31,256
Valuation allowance	(12,038)	(12,741)
Net deferred tax assets	\$ 11,458	\$ 12,626

The Company anticipates periodically repatriating the earnings of its Netherlands and Canadian subsidiaries. A deferred tax liability is recognized for income tax withholding which may be incurred upon the reversal of basis differences in investments in its foreign subsidiaries.

The Company periodically evaluates the realizability of its deferred tax assets based on whether it is “more likely than not” that some portion of the deferred tax assets will not be realized. Our evaluation considers available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The Company’s valuation allowance principally consists of valuation allowances for certain state NOL carryforwards, certain Canadian deferred tax assets, and the Company’s deferred tax assets in the Netherlands.

As of April 1, 2023, the Company has state NOL carryforwards in various jurisdictions which expire primarily in 2023 through 2042.

Unrecognized tax benefits represent the differences between tax positions taken or expected to be taken on a tax return and the benefits recognized for financial statement purposes. There were no unrecognized tax benefits at April 1, 2023 and April 2, 2022.

The Company is no longer subject to foreign tax examinations by tax authorities for years prior to fiscal 2019. The Company’s U.S. subsidiaries are subject to U.S. federal tax examinations for fiscal 2020 through fiscal 2023, and U.S. state tax examinations by tax authorities for fiscal 2019 through fiscal 2023.

#### 11. Equity-Based Compensation

The Company has equity incentive plans under which the Company has been authorized to grant share-based awards to key employees and non-employee directors. Equity-based compensation expense of \$14.2 million, \$9.8 million, and \$6.0 million, was recognized in fiscal 2023, 2022, and 2021, respectively. Equity-based compensation expense is included in SG&A expenses in the accompanying consolidated statements of operations. The total associated income tax benefit recognized was \$3.3 million, \$2.8 million, and \$1.0 million in fiscal 2023, 2022, and 2021, respectively. Total unrecognized equity-based compensation for all share-based awards was \$29.8 million at April 1, 2023, of which \$13.1 million is expected to be recognized in fiscal 2024, \$10.4 million in fiscal 2025, and \$6.3 million thereafter, or a weighted-average period of 1.77 years.



### Time-Vesting and Performance-Vesting Restricted Share Awards

The Company granted awards to its officers, management employees, and certain members of the Board of Managers under an equity-classified management incentive plan (the "MIP"). In accordance with the provisions of the MIP, as modified on June 1, 2018, unvested units granted under the MIP were exchanged for unregistered, time-vesting restricted shares and performance-vesting restricted shares of the Company subject to stock restriction agreements (the "SRAs"). The exchange was accounted for as a modification. The fair value of the awards that vested during fiscal 2021 was \$4.2 million.

A summary of the activity associated with these awards is as follows, there was no activity in fiscal 2022 or 2023.

(amounts in thousands)	Time Based Restricted Share Awards
Outstanding at March 28, 2020	145
Vested	(145)
Outstanding at April 3, 2021	—

On September 26, 2018, the Company's shareholders approved the Company's 2018 Equity Incentive Plan (the "Equity Plan") which provides for grants of options, stock appreciation rights, restricted and unrestricted stock and stock units, performance awards, and other awards convertible into or otherwise based on shares of the Company's common stock. General terms and methods of valuation for the Company's share-based awards granted under the Equity Plan are described below.

### Stock Options

Stock options generally have terms of 10 years, with one-third of each grant vesting each year for three years, and are assigned an exercise price that is equal to or greater than the closing market price of a share of the Company's common stock on the date of grant. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. When determining expected volatility, the Company considered volatility of guideline public companies. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant, based on the options' expected term. The expected term of the options is based on the time period to exercise for each vesting tranche, which is calculated based on the average of: (i) the full option contractual term; and (ii) the starting vest date. There were no stock options granted in fiscal 2023. A summary of the activity associated with these awards is as follows:

	Shares (in thousands)	Weighted Average Exercise Price Per Share	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at March 28, 2020	403	\$ 26.29		
Granted	138	\$ 31.21		
Exercised	(5)	\$ 15.00		
Outstanding at April 3, 2021	536	\$ 27.50		
Granted	13	\$ 53.06		
Exercised	(61)	\$ 25.04		
Forfeitures	(1)	\$ 31.68		
Outstanding at April 2, 2022	487	\$ 28.50		
Exercised	(89)	\$ 27.64		
Outstanding at April 1, 2023	398	\$ 28.68	6.7	\$ 18,525
Vested and expected to vest at April 1, 2023	398	\$ 28.68	6.7	\$ 18,525
Exercisable at April 1, 2023	343	\$ 27.97	6.5	\$ 16,223



The assumptions used in the Black-Scholes option-pricing model along with the weighted average grant date fair value for awards granted in the periods presented are as follows:

Option Award Assumptions	Fiscal 2022		Fiscal 2021	
Weighted-average assumptions used:				
Expected volatility	50.0 %		45.0 %	
Dividend yield	—		—	
Risk-free interest rate	1.0 %		0.5 %	
Expected term, in years	6.00		6.00	
Weighted average grant date fair value per share	\$	25.29	\$	12.48

#### Performance Share Units

In fiscal 2023 and 2022, the Company issued performance share units that contain market vesting conditions, performance vesting conditions, and service conditions. The performance condition is based on the Company's market share of single family home completions ("SFC Market Share"). The SFC Market Share component of the awards are valued at the market price of a share of the Company's common stock on the date of grant. The market condition is based on the Company's total shareholder return ("TSR") compared to the median TSR of certain companies over a three year performance period. The Company used a Monte-Carlo simulation to determine the grant date fair value for the awards, which takes into consideration the possible outcomes pertaining to the TSR market condition. Per the terms of the awards, 0% to 200% of the Company's performance share units vest on the third anniversary of the vesting commencement date based upon achievement of the performance and market conditions as specified in the performance share unit agreement. In fiscal 2021, the Company issued performance share units that contain market vesting conditions and service conditions. The market condition is based on the Company's TSR compared to the median TSR of certain companies over a three year performance period. The Company used a Monte-Carlo simulation to determine the grant date fair value for the awards. Per the terms of the awards, 0% to 150% of the Company's performance share units vest on the third anniversary of the vesting commencement date based upon achievement of the market condition as specified in the performance share unit agreement. A summary of the activity associated with these awards based on the maximum potential achievement is as follows:

	Shares (in thousands, at maximum achievement)	Weighted Average Grant Date Fair Value Per Unit, (at maximum achievement)	
Outstanding at March 28, 2020	345	\$	9.23
Granted	92	\$	18.92
Outstanding at April 3, 2021	437	\$	11.27
Granted	188	\$	42.23
Vested	(84)	\$	6.38
Forfeitures	(134)	\$	3.01
Outstanding at April 2, 2022	407	\$	29.26
Granted	254	\$	42.17
Vested	(128)	\$	33.22
Forfeitures	(3)	\$	35.88
Outstanding at April 1, 2023	530	\$	26.20

The assumptions used in the Monte-Carlo simulation for the performance condition of performance share units along with the weighted-average grant date fair value for awards granted in the periods presented are as follows:

Performance Unit Assumptions	Fiscal 2023		Fiscal 2022		Fiscal 2021	
Weighted-average assumptions used:						
Expected volatility	57.6 %		54.8 %		50.0 %	
Dividend yield	—		—		—	
Risk-free interest rate	3.7 %		1.1 %		2.0 %	
Expected term, in years	3.00		2.98		3.00	
Weighted average grant date fair value per share	\$	84.34	\$	83.04	\$	28.38

#### Restricted Stock Units

Restricted stock units are valued at the market price of a share of the Company's common stock on the date of grant. In general, these awards have graded vesting conditions in which a portion of awards vest ratably in three equal installments on the anniversary of



the vesting commencement date. The total fair value of restricted stock which vested was approximately \$4.9 million, \$8.0 million, and \$2.5 million during fiscal 2023, 2022, and 2021, respectively.

The weighted average grant date fair value for restricted stock units granted in fiscal 2023, 2022, and 2021 was \$61.92, \$67.90, and \$28.33, respectively.

(units and shares in thousands)	Restricted Stock Units
Outstanding at March 30, 2019	194
Granted	87
Forfeitures	(98)
Outstanding at April 3, 2021	183
Granted	109
Vested	(126)
Forfeitures	(1)
Outstanding at April 2, 2022	165
Granted	267
Vested	(91)
Forfeitures	(11)
Outstanding at April 1, 2023	330

## 12. Earnings Per Share

Basic net income per share ("EPS") attributable to the Company was computed by dividing net income attributable to the Company by the average number of common shares outstanding during the period. Certain of the Company's time-vesting restricted share awards are considered participating securities. Diluted earnings per common share is computed based on the more dilutive of: (i) the two-class method, assuming the participating securities are not exercised or converted; or (ii) the treasury stock method. During fiscal 2021, the two-class method was more dilutive. The two-class method was not applicable to the computation for fiscal 2023 or 2022 as the time-vested restricted share awards were fully vested and no longer considered participating securities.

The following table sets forth the computation of basic and diluted earnings per common share:

(Dollars and shares in thousands, except per share data)	Year Ended		
	April 1, 2023	April 2, 2022	April 3, 2021
Numerator:			
Net income	\$ 401,802	\$ 248,044	\$ 84,899
Undistributed earnings allocated to participating securities	—	—	(77)
Net income attributable to the Company's common shareholders	\$ 401,802	\$ 248,044	\$ 84,822
Denominator:			
Basic weighted average shares outstanding	56,987	56,816	56,648
Dilutive securities	408	490	325
Diluted weighted average shares outstanding	57,395	57,306	56,973
Basic net income per share:	\$ 7.05	\$ 4.37	\$ 1.50
Diluted net income per share:	\$ 7.00	\$ 4.33	\$ 1.49

Securities that could potentially dilute basic EPS in the future that were considered antidilutive in the periods presented are shown below:

Type of security (in thousands)	April 1, 2023	April 2, 2022	April 3, 2021
Stock options	13	11	358
Restricted share units	-	20	-
Performance share units	93	20	-
Total dilutive securities	106	51	358

## 13. Retirement Plans

The Company's U.S. subsidiary sponsors a defined contribution savings plan covering most U.S. employees. Full-time employees covered by the plan are eligible to participate. Participating employees may contribute from 1% to 25% of their

compensation to the plan, with the Company matching 50% of the first 6% of pay contributed. The Company match vests after three years of employment or immediately for employees age 50 and over. The Company recognized expense of \$5.9 million, \$4.2 million, and \$2.6 million related to this plan during fiscal 2023, 2022, and 2021, respectively.

Full-time employees of the Company's subsidiaries in Canada are generally covered by employer-sponsored defined contribution plans that require employee contributions and employer matching contributions. The Company recognized expense of \$0.7 million in both fiscal 2023 and 2022 and \$0.5 million in fiscal 2021.

#### **14. Segment Information**

Financial results for the Company's reportable segments have been prepared using a management approach, which is consistent with the basis and manner in which financial information is evaluated by the Company's chief operating decision maker in allocating resources and in assessing performance. The Company's chief operating decision maker, the Chief Executive Officer, evaluates the performance of the Company's segment primarily based on net sales, before elimination of inter-company shipments, earnings before interest, taxes, depreciation and amortization ("EBITDA") and operating assets.

The Company operates in two reportable segments: (i) U.S. Factory-built Housing, which includes manufacturing and retail housing operations and (ii) Canadian Factory-built Housing. Corporate/Other includes the Company's transportation operations, corporate costs directly incurred for all segments and intersegment eliminations. Segments are generally determined by geography. Segment data includes intersegment revenues and corporate office costs that are directly and exclusively incurred for each segment. Total assets for Corporate/Other primarily include cash and certain deferred tax items not specifically allocated to another segment.



Selected financial information by reportable segment was as follows:

(Dollars in thousands)	Year Ended		
	April 1, 2023	April 2, 2022	April 3, 2021
Net sales:			
U.S. Factory-built Housing	\$ 2,411,342	\$ 1,991,066	\$ 1,266,308
Canadian Factory-built Housing	144,289	159,124	101,328
Corporate/Other	50,929	57,039	53,245
Consolidated net sales	<u>\$ 2,606,560</u>	<u>\$ 2,207,229</u>	<u>\$ 1,420,881</u>
Operating income:			
U.S. Factory-built Housing EBITDA	\$ 558,988	\$ 360,978	\$ 142,699
Canadian Factory-built Housing EBITDA	32,937	31,692	19,564
Corporate/Other EBITDA	(46,280)	(38,793)	(29,911)
Other income	(634)	(36)	(5,889)
Depreciation	(16,085)	(13,384)	(12,087)
Amortization	(10,641)	(7,552)	(5,617)
Consolidated operating income	<u>\$ 518,285</u>	<u>\$ 332,905</u>	<u>\$ 108,759</u>
Depreciation:			
U.S. Factory-built Housing	\$ 13,624	\$ 10,823	\$ 9,620
Canadian Factory-built Housing	1,228	1,111	860
Corporate/Other	1,233	1,450	1,607
Consolidated depreciation	<u>\$ 16,085</u>	<u>\$ 13,384</u>	<u>\$ 12,087</u>
Amortization of U.S. Factory-built Housing intangible assets:	<u>\$ 10,641</u>	<u>\$ 7,552</u>	<u>\$ 5,617</u>
Capital expenditures:			
U.S. Factory-built Housing	\$ 47,328	\$ 29,133	\$ 6,261
Canadian Factory-built Housing	4,189	1,419	1,034
Corporate/Other	727	1,427	721
Consolidated capital expenditures	<u>\$ 52,244</u>	<u>\$ 31,979</u>	<u>\$ 8,016</u>

(Dollars in thousands)	April 1, 2023	April 2, 2022
Total Assets:		
U.S. Factory-built Housing (1)	\$ 708,573	\$ 695,500
Canadian Factory-built Housing (1)	124,673	107,459
Corporate/Other (1)	729,478	431,660
Consolidated total assets	<u>\$ 1,562,724</u>	<u>\$ 1,234,619</u>

(1) Deferred tax assets for the Canadian operations are reflected in the Canadian Factory-built Housing segment. U.S. deferred tax assets are presented in Corporate/Other because an allocation between segments is not practicable.



## **15. Commitments, Contingencies, and Concentrations**

### ***Repurchase Contingencies and Guarantees***

The Company is contingently liable under terms of repurchase agreements with lending institutions that provide wholesale floor plan financing to retailers. These arrangements, which are customary in the manufactured housing industry, provide for the repurchase of products sold to retailers in the event of default by the retailer on their agreement to pay the financial institution. The risk of loss from these agreements is significantly reduced by the potential resale value of any products that are subject to repurchase and is spread over numerous retailers. The repurchase price is generally determined by the original sales price of the product less contractually defined curtailment payments. Based on these repurchase agreements and our historical loss experience, we establish an associated loss reserve which was \$2.5 million and \$2.3 million at April 1, 2023 and April 2, 2022, respectively. Excluding the resale value of the homes, the contingent repurchase obligation as of April 1, 2023 was estimated to be approximately \$386.6 million. Losses incurred on homes repurchased were immaterial during each of the fiscal years ended April 1, 2023, April 2, 2022, and April 3, 2021.

At April 1, 2023, the Company was contingently obligated for approximately \$32.1 million under letters of credit, primarily consisting of \$12.6 million to support long-term debt, \$19.2 million to support the casualty insurance program, and \$0.3 million to support bonding agreements. The letters of credit are issued under a sub-facility of the Credit Agreement. The Company was also contingently obligated for \$31.0 million under surety bonds, which generally support performance on long-term construction contracts and license and service bonding requirements.

The Company has received claims for damage related to water intrusion in homes built in one of its manufacturing facilities. The Company is investigating the cause of the damage and assessing its responsibility to remediate. While it is reasonably possible that the Company will receive future claims that could result in additional costs to repair that could be significant in the aggregate, the Company is unable to estimate the number of such claims or the amount or range of any potential losses associated with such claims at this time.

In the normal course of business, the Company's former subsidiaries that operated in the United Kingdom historically provided certain guarantees to two customers. Those guarantees provide contractual liability for proven construction defects up to 12 years from the date of delivery of certain products. The guarantees remain a contingent liability of the Company which declines over time through October 2027. As of the date of this report, the Company expects few, if any, claims to be reported under the terms of the guarantees.

### ***Legal Proceedings***

The Company has agreed to indemnify counterparties in the ordinary course of its business in agreements to acquire and sell business assets and in financing arrangements. The Company is subject to various legal proceedings and claims that arise in the ordinary course of its business. As of the date of this filing, the Company believes the ultimate liability with respect to these contingent obligations will not have, either individually or in the aggregate, a material adverse effect on the Company's financial condition, results of operations, or cash flows.

### ***Concentrations***

The components and products used in the factory-built housing operations are presently available from a variety of vendors, and the Company is not dependent upon any single supplier. Prices of certain materials, such as lumber, insulation, steel and drywall, can fluctuate significantly due to changes in demand and supply. Additionally, availability of certain materials, such as drywall and insulation, has sometimes been limited, resulting in higher prices and/or the need to find alternative suppliers. The Company generally has been able to pass higher material costs on to its customers in the form of surcharges and price increases.

Sales from the Company's Canadian operations were approximately 6% of consolidated sales for fiscal 2023, and 7% in fiscal 2022, 2021. The Company's net assets in Canada totaled approximately \$124.7 million and \$107.5 million at April 1, 2023 and April 2, 2022, respectively. The Company has approximately 7,700 employees. The Company's manufacturing facilities in Canada employ approximately 750 workers, and most of the workers belong to trade associations that operate under collective bargaining agreements. There are five collective bargaining agreements (one for each Canadian manufacturing facility) and each have separate expiration dates. The agreements are set to expire at various dates between November 2023 and December 2025.

**Skyline Champion Corporation**

**Schedule II—Valuation and Qualifying Accounts**  
*(Dollars in millions)*

	<b>Balance at Beginning of Period</b>	<b>Additions</b>	<b>Deductions</b>	<b>Other</b>	<b>Balance at End of Period</b>
<b><u>Fiscal Year Ended April 1, 2023:</u></b>					
Allowance for doubtful accounts	\$ 1.7	\$ 0.3	\$ (0.3)	\$ -	\$ 1.7
Valuation allowance for deferred taxes	12.7	(0.3)	(0.2)	(0.2)	12.0
<b><u>Fiscal Year Ended April 2, 2022:</u></b>					
Allowance for doubtful accounts	\$ 0.4	\$ 1.4	\$ (0.1)	\$ -	\$ 1.7
Valuation allowance for deferred taxes	12.6	0.2	(0.1)	-	12.7
<b><u>Fiscal Year Ended April 3, 2021:</u></b>					
Allowance for doubtful accounts	\$ 0.4	\$ 0.2	\$ (0.2)	\$ -	\$ 0.4
Valuation allowance for deferred taxes	11.2	1.4	-	-	12.6

## SUBSIDIARIES OF THE REGISTRANT

Name	Jurisdiction of Incorporation
Champion Home Builders, Inc.	Delaware
CHB Holdings B.V.	Netherlands
Champion Retail Housing, Inc.	Delaware
Star Fleet Trucking, Inc.	Delaware
Titan Factory Direct Homes, Inc.	Delaware
Champion Canada International ULC	Alberta, Canada
Champion Modular, Inc.	Delaware
TFDH Insurance Agency, Inc.	Delaware
Star FT, LLC	Delaware
Champion Belle Meadow LLC	Delaware



**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-226176) of Skyline Champion Corporation, and
  - (2) Registration Statement (Form S-8 No. 333-227539) pertaining to the 2018 Equity Incentive Plan of Skyline Champion Corporation;
- of our reports dated May 30, 2023, with respect to the consolidated financial statements and schedule of Skyline Champion Corporation and the effectiveness of internal control over financial reporting of Skyline Champion Corporation included in this Annual Report (Form 10-K) of Skyline Champion Corporation for the year ended April 1, 2023.

/s/ Ernst & Young  
Detroit, Michigan  
May 30, 2023

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**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark Yost, certify that:

1. I have reviewed this Annual Report on Form 10-K of Skyline Champion Corporation;
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(s) 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(s) 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: May 30, 2023

By: /s/ Mark Yost  
Mark Yost  
President and Chief Executive Officer (Principal Executive Officer)

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Laurie Hough, certify that:

1. I have reviewed this Annual Report on Form 10-K of Skyline Champion Corporation;
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(s) 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(s) 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: May 30, 2023

By: /s/ Laurie Hough  
 Laurie Hough  
 Executive Vice President, Chief Financial Officer, and  
 Treasurer (Principal Financial Officer)



**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. §1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Annual Report on Form 10-K of Skyline Champion Corporation (the “Registrant”) for the period ending April 1, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Registrant hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to his or her knowledge:

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

May 30, 2023

/s/ Mark Yost

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Mark Yost

President and Chief Executive Officer (Principal Executive Officer)

/s/ Laurie Hough

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Laurie Hough

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

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# **2024 ANNUAL REPORT**

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 30, 2024

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE PERIOD FROM  
TO

Commission File Number 001-04714

### Skyline Champion Corporation

(Exact name of registrant as specified in its charter)

Indiana

(State of Incorporation)

35-1038277

(I.R.S. Employer Identification No.)

755 West Big Beaver Road, Suite 1000

Troy, Michigan

(Address of Principal Executive Offices)

48084

(Zip Code)

(248) 614-8211

(Registrant's telephone number, including area code)

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

Title of each class

Common Stock

Trading Symbol(s)

SKY

Name of each exchange on which registered

New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

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 filers," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the Registrant's common stock, par value \$0.0277 per share, held by non-affiliates was \$3,409,976,416 (computed by reference to the closing sales price of the Registrant's common stock as of September 30, 2023, the last business day of the Registrant's most recently completed second fiscal quarter). Solely for purposes of this disclosure, shares of common stock held by executive officers and directors of the Registrant as of such date have been excluded because such persons may be deemed to be affiliates. This determination of executive officers and directors as affiliates is not necessarily a conclusive determination for any other purposes.

Number of shares of common stock outstanding as of May 16, 2024: 57,861,613



## FORM 10-K

### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement used in connection with its 2024 Annual Meeting of Shareholders to be held on August 1, 2024, and which will be filed within 120 days after the end of the registrant's fiscal year, are incorporated by reference into this Annual Report on Form 10-K in response to Part III, Items 10, 11, 12, 13, and 14.

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## PART I

### Cautionary Statement About Forward-Looking Statements

Some of the statements in this Annual Report on Form 10-K (this “Annual Report”) that are not historical in nature are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements about our expectations regarding our future liquidity, earnings, expenditures, and financial condition. These statements are often identified by the words “will,” “could,” “should,” “anticipate,” “believe,” “expect,” “intend,” “estimate,” “hope,” or similar expressions. These statements reflect management’s current views with respect to future events and are subject to risks and uncertainties. There are risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from those in our forward-looking statements, including regional, national and international economic, financial, public health and labor conditions, and the following:

- Supply-related issues, including prices and availability of materials;
- labor-related issues;
- inflationary pressures in the North American economy;
- the cyclical and seasonality of the housing industry and its sensitivity to changes in general economic or other business conditions;
- demand fluctuations in the housing industry, including as a result of actual or anticipated increases in homeowner borrowing rates;
- the possible unavailability of additional capital when needed;
- competition and competitive pressures;
- changes in consumer preferences for our products or our failure to gauge those preferences;
- quality problems, including the quality of parts sourced from suppliers and related liability and reputational issues, including those related to the remediation of the water intrusion claims;
- data security breaches, cybersecurity attacks, and other information technology disruptions;
- the potential disruption of operations caused by the conversion to new information systems;
- the extensive regulation affecting the production and sale of factory-built housing and the effects of possible changes in laws with which we must comply;
- the potential impact of natural disasters on our supply chain, sales and raw material costs;
- the risks associated with mergers and acquisitions, including integration of operations and information systems;
- periodic inventory adjustments by, and changes to relationships with, independent retailers;
- changes in interest and foreign exchange rates;
- insurance coverage and cost issues;
- the possibility that all or part of our intangible assets, including goodwill, might become impaired;
- the possibility that all or part of our investment in ECN Capital Corp. (“ECN”) might become impaired;
- the possibility that our risk management practices may leave us exposed to unidentified or unanticipated risks;
- the potential disruption to our business caused by public health issues, such as an epidemic or pandemic, and resulting government actions; and
- other risks described in Part I — Item 1A, “Risk Factors,” as well as the risks and information provided from time to time in our other periodic reports filed with the Securities and Exchange Commission (the “SEC”).

If any of the risks or uncertainties referred to above materializes or if any of the assumptions underlying our forward-looking statements proves to be incorrect, then differences may arise between our forward-looking statements and our actual results, and such differences may be material. Investors should not place undue reliance on our forward-looking statements, which speak only as of the date of this report. We assume no obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof, except as required by law.

## ITEM 1. BUSINESS

### General Overview

Skyline Champion Corporation, an Indiana corporation, and its consolidated subsidiaries are referred to herein as "Skyline Champion," "us," "we," "our," the "Company," and any other similar terms, unless otherwise indicated in this Annual Report.

We are a leading producer of factory-built housing in North America with net sales for the year ended March 30, 2024 ("fiscal 2024") of approximately \$2.0 billion. We have more than 70 years of homebuilding experience, approximately 8,600 employees and 48 manufacturing facilities located in 20 states across the United States and three provinces in western Canada. We offer a leading portfolio of manufactured and modular homes, park model RVs, accessory dwelling units ("ADUs") and modular buildings for the multi-family market. Our facilities are strategically located to serve strong regions in the United States and western Canada. We operated 19 manufacturing facilities in the top ten states with the highest number of manufactured homes shipped in fiscal 2024. We believe that we maintained the following leading positions in the factory-built housing industry in the United States and western Canada (based on units) in calendar year 2023:

- Number two position in the manufactured housing segment in the United States
- Number one modular builder in the United States
- A leading position in western Canada
- A leading position in park model RV sales

We believe our leading positions are driven by our comprehensive product offering, strong brand reputation, broad manufacturing footprint, and our complementary retail, construction services, and logistics businesses. Our market share in the United States total housing market is approximately 2.1% in fiscal 2024.

We design and build a range of manufactured and modular homes, park model RVs and cabins, ADUs, and commercial structures. We believe that the high quality and broad scope of our product and service offerings provide us a competitive advantage relative to other factory-built and certain site-built homes. With our award-winning product designs, we seek to meet the needs of our localized customers, while also providing them with an array of pre-designed options. Our products are marketed and distributed through a network of independent and company-owned retail sales centers, community operators, government agencies, and builder/developers. We build homes under some of the most well-known brand names in the factory-built housing industry including Skyline Homes, Champion Homes, Genesis Homes, Regional Homes, Athens Park, Dutch Housing, Atlantic Homes, Excel Homes, Homes of Merit, All American Homes, New Era, Redman Homes, ScotBilt Homes, Shore Park, Silvercrest, and Titan Homes in the U.S., and Moduline and SRI Homes in western Canada.

In addition to our core home-building business, we provide construction services to install and set-up factory-built homes; we operate a factory-direct manufactured home retail business, marketed under the Regional Homes, Titan Factory Direct and Champion Homes Center brands, with 74 sales centers spanning the United States at the end of fiscal 2024; and we operate Star Fleet Trucking, which provides transportation services to the manufactured housing and other industries from several dispatch locations across the United States.

Our principal executive offices are located at 755 West Big Beaver Road, Suite 1000, Troy, Michigan 48084. Our website is located at [www.skylinechampion.com](http://www.skylinechampion.com). Our website and the information contained on our website is not incorporated by reference and is not a part of this Annual Report. We make available on our website, as soon as reasonably practicable, all of the reports required to be filed with the SEC. Our SEC filings are also available to the public on the SEC's website at [www.sec.gov](http://www.sec.gov).

### Business Strategy

We will continue to pursue opportunities to grow revenue and earnings by constructing quality-built, sustainable, and innovatively designed homes and other modular structures in an environmentally friendly factory setting. In connection with executing this business strategy, we are focused on the following four initiatives:

- Increasing the operating capacity and profitability of our existing facilities;
- implementing production automation and enterprise-wide digital technology;
- continuing a balanced organic and acquisition-based growth strategy; and
- broadening our offerings to include certain financing products to customers.

### *Increasing the Operating Capacity and Profitability of our Existing Facilities*

We are currently focused on a number of ongoing operational initiatives to further enhance our operating margins and increase production capacity including:

- Refining our product floor plan designs and options to offer “designed flexibility” to our customers;
- executing continuous improvement initiatives related to production, procurement and labor cost saving opportunities;
- enhancing the efficiency and sustainability of our products through value-adding material substitution; and
- standardizing our manufacturing processes and employing metrics-driven accountability measures across all of our facilities.

### *Implementing Production Automation and Enterprise-wide Digital Technology*

The Company continues to invest in the design and implementation of an enhanced digital customer experience. We are expanding an end-to-end platform where consumers can shop, design, configure, and price their homes online, which we believe will further drive revenue growth for Skyline Champion and our channel partners. Over that last several years, we have experienced tremendous online interest from consumers and believe a digital platform to enhance the buying experience will continue to grow as home buying trends evolve. The platform is complemented by our digital marketing and social engagement initiatives that are attracting new consumers to our brands. We also believe these tools will extend the relationship with our customers after the home buying process is complete, resulting in increased customer satisfaction and expanding revenue opportunities.

In addition to the online experience, we are also using technology for:

- Investing in production automation technology to mitigate reliance on direct labor, reduce material waste, and improve the precision of our manufacturing processes;
- in conjunction with our enhanced digital offering for the customer experience, we are moving to an enterprise-wide, cloud based integrated platform. This enhanced technology will offer real-time analytics for improved decision making and will facilitate additional improvements in our manufacturing operations.

During the year, we launched our first automated cabinet construction center. We believe this is a step toward our goal of enhancing our manufacturing process and leveraging opportunities to standardize certain components of our homes, lower certain input costs and improve the quality of what we build for consumers.

### *Continuing a Balanced Organic and Acquisition-Based Growth Strategy*

We continue to focus on growing in strong markets through a combination of business acquisitions and plant start-ups. In October 2023, we acquired Regional Homes, which at the time of the acquisition, operated three manufacturing facilities in Alabama and 43 retail sales centers across the Southeast U.S. Regional's strong presence in large HUD markets in the Southeast U.S. expanded our captive retail and manufacturing distribution in the region. In July 2022, we acquired 12 Factory Expo retail sales centers from Alta Cima Corporation, which expanded our internal retail network across a broader portion of the U.S. In May 2022, we acquired Manis Custom Builders, Inc. ("Manis"), which operated a manufacturing facility and retail sales center in North Carolina, in order to expand our manufacturing footprint and further streamline our product offerings in the Southeast U.S. region.

The acquisitions of retail sales centers allows us to expand the way we attract customers. We expect manufactured home buying preferences to continue to evolve over time and believe our investments in retail sales centers, in conjunction with the digital tools discussed above, will help us create a stronger, multifaceted approach to buyer engagement. We also will be able to leverage the information systems, selling tools and experience of Regional, which facilitated their growth to become the largest independent manufactured home retailer in the U.S. prior to the acquisition.

We are also focused on streamlining our U.S. manufacturing production capacity through various plant start-ups. We began production in previously idled facilities in Decatur, Indiana and Bartow, Florida in fiscal 2024. In the fourth quarter of fiscal 2023 and fiscal 2022, we began production in a facility in Pembroke, North Carolina and Navasota, Texas, respectively. We currently have six idle facilities that could be used to further expand our manufacturing capacity.

We have demonstrated our ability to broaden our manufacturing and retail presence through the successful execution of a balance of organic growth and acquisition-based strategy. As demand for affordable housing grows, we will continue to execute on this growth strategy. We continue to explore opportunities to acquire value-enhancing retail locations, manufacturing facilities, and factory-built housing competitors to supplement our organic growth initiatives. We have a proven track-record of executing and integrating acquisitions.



### *Broadening our Offerings to Include Certain Financing Products to Customers*

In September 2023, we entered into a share subscription agreement with ECN in which we made a \$137.8 million equity investment in ECN on a private placement basis to purchase 33.6 million common shares, representing approximately 12% of the total outstanding common shares of ECN, and 27.5 million mandatory convertible preferred shares. Following the private placement, and assuming conversion of the preferred shares, our ownership interest in ECN was approximately 19.9%.

In conjunction with the investment, the Company and Triad Financial Services, Inc. ("Triad"), a subsidiary of ECN that is a leading factory-built home finance and loan servicing company, established Champion Financing, a captive finance company which allows us to leverage Triad's knowledge and systems to develop tailored dealer floor plan and retail consumer lending products. We believe those product offerings will facilitate further growth and help us capture a greater share of the market.

### **Environmental, Social and Governance ("ESG")**

We demonstrate our commitment to ESG through company-wide and plant-specific programs and through our everyday business practices when providing high-quality, yet affordable homes to U.S. and Canadian homebuyers. As part of this commitment, we have partnered with a third party to inform, develop, and formalize our ESG strategy and we have completed our first Sustainability Report, which is published on our website at [www.skylinechampion.com](http://www.skylinechampion.com). Manufactured and modular homes cost up to 50% less per square foot than conventional site-built homes, expanding the opportunity for individuals to own a home despite an ever-growing housing affordability gap.

The Board of Directors has formal responsibility for the oversight and integration of all of the Company's sustainability programs and policies, and the Audit Committee, Compensation Committee, and Nominating and Governance Committee have lead responsibility for the Company's strategy, policies and practices with respect to environmental sustainability, social and human capital matters, and governance, respectively. Our five ESG tenets include: (1) Environmental Focus, (2) Health & Safety, (3) Human Capital, (4) Community Outreach, and (5) Governance.

Skyline Champion manages its operations to minimize resource consumption and environmental impacts. We continue to identify opportunities to reduce our environmental impact across our operations by reducing raw material waste, designing and constructing energy efficient homes, conserving our natural resources through recycling programs and reducing our carbon footprint by producing our homes in factories close to where our customers and employees live. Many of our U.S. manufacturing facilities are certified to produce Energy Star® energy efficient rated homes through a special EPA program for manufactured housing. Environmental sustainability is at the forefront of what we do every day.

We construct manufactured homes in controlled environments. Our efficient construction process results in less energy usage and material waste compared to traditional site-built construction. In many of our plants, we have transitioned to LED lighting, and we recycle insulation material, lumber, metals, plastics, paper and many other products. In the course of executing our expansion plans, we have repurposed older buildings, both revitalizing the local community and preserving vacant land. This reduces the need for new building materials and extensive deployment of construction equipment, and thus reduces carbon emissions.

We participate in a reforestation program with Arbor Day Foundation. With forestry products central to the construction of homes, we participate in a program to plant one tree for every tree used in construction of our homes. Through this partnership, we have planted more than one million trees since 2021. Reforestation contributes to the environment by replenishing forests, reducing greenhouse gases ("GHG") emissions, and protecting local watersheds.

As a nationwide provider of affordable housing, we have a social responsibility to not only the buyers of our homes, our retail and community customers and our employees, but also to the communities in which they live and work. Many of our manufacturing facilities participate locally to support programs such as Habitat for Humanity and other local charities as well as work-study programs with local community colleges and high schools.

Skyline Champion is committed to ensuring sound corporate governance. We strive to maintain strong governance practices that protect and enhance accountability for the benefit of Skyline Champion, its shareholders, customers, employees and other business stakeholders. We regularly review and refine our governance practices and policies to align with evolving issues. Our internal risk management team oversees compliance with applicable laws and regulations and coordinates with subject matter experts throughout the business to identify, monitor and mitigate risk including information security risk management and cyber defense programs. Skyline Champion's Corporate Governance Guidelines, the charters of committees of our Board and our Code of Conduct can be found in the Governance Documents section under the Governance tab on our website at [www.skylinechampion.com](http://www.skylinechampion.com). Additional information on our Corporate Governance policies can be found in our Proxy Statement filed with the SEC.

## Human Capital and Diversity

The Skyline Champion team manages our business in accordance with the Company's Core Operating Principles:

- Build and develop exceptional teams
- Create a safe work environment
- Build strong relationships
- Take pride in our craftsmanship
- Act with integrity and respect
- Be open and honest
- Run the business like it is your own

We appreciate each member of the Skyline Champion team and the unique skills and diversity of thought that each employee contributes to the overall success of the Company. We maintain an Affirmative Action Plan and strive for an inclusive work environment, rewarding individual contributions that foster innovative ideas for improving our work product and workplace. We strive for an inclusive environment and reward individual contributions that foster innovative ideas for improving our products and workplace. We do not tolerate discrimination or harassment of any kind including but not limited to discrimination or harassment on the basis of gender identity, race, religion, age or disabilities. We are committed to the development of our employees. The Company follows standard onboarding and training protocols for our direct labor team members and also offers management and OSHA training for our supervisors. We are committed to improving employee engagement and reducing turnover through these onboarding, training and mentoring activities. Depending on availability, our plants participate in local outreach programs and hire disadvantaged members of the local community.

In furtherance of our commitments to our employees and communities, the Company has adopted an internal Anti-Human Trafficking Policy applicable to all of our operations and further engaged a third-party vendor to audit our supply chain annually to identify potential human trafficking risks. A copy of our Anti-Human Trafficking Policy is available within the Governance section of our website at [www.skylinechampion.com](http://www.skylinechampion.com).

We have built a diverse team with a wide range of experiences. As of March 30, 2024, we employed approximately 8,600 full and part time employees. Our human capital resource objectives include identifying, recruiting, training, retaining and incentivizing our employees. We are proud of the strong relationship we maintain with our employees and seek to support them through competitive compensation packages and a comprehensive suite of benefits. As of March 30, 2024, our manufacturing facilities in Canada employed approximately 700 workers of which the majority belong to trade associations that operate under collective bargaining agreements. There are five collective bargaining agreements (one for each Canadian manufacturing facility) and each has separate expiration dates. The agreements are set to expire at various dates between May 2024 and November 2026.

We are committed to conducting our business with integrity and in compliance with all applicable laws of the cities, states and countries in which we operate. We have adopted a written Code of Business Conduct and have a company wide training program to train and assist employees in this regard. We encourage employees to report concerns through a variety of channels, including a compliance and ethics line which allows for anonymous reporting. All reports are investigated and resolved. We also maintain an anti-retaliation policy such that any employee who reports a concern in good faith is protected from harassment, retaliation or adverse employment consequences.

We take the health and safety of our employees seriously. We provide a variety of Company sponsored healthcare programs, including health, dental, and vision, that allow employees to manage their and their family's health and wellbeing. We expect each employee to follow our safety standards and protocols. Our Environmental Health and Safety ("EHS") team works to benchmark and implement EHS best practices across our plants. Each of our locations performs regular safety audits to ensure that proper safety policies are in place and appropriate safety training is provided. In addition to training and development, we measure and report monthly safety metrics and regularly review our safety performance with our Board of Directors.

## Factory-Built Housing

A majority of our manufactured products are constructed in accordance with the regulations and rules of the U.S. Department of Housing and Urban Development ("HUD") and the National Manufactured Housing Construction and Safety Standards Act of 1974, as amended ("HUD code"). We produce a broad range of manufactured and modular homes under a variety of brand names and in a variety of floor plans and price ranges. While most of the homes we build are single-family, multi-section, ranch-style homes, we also build two-story and single-section homes, as well as multi-family units such as town homes, apartments, duplexes, and triplexes. The

single-family homes that we manufacture generally range in size from 400 to 4,000 square feet and typically include two to four bedrooms, a living room or family room, a dining room, a kitchen and typically two full bathrooms. We also build park model RVs and cabins for resorts and campgrounds, and ADUs for backyard or recreational living. We believe our portfolio of brands and home offerings, and our ability to quickly shift production gives us the ability to adapt as consumer preferences change or demand in certain markets change.

We regularly introduce homes with new floor plans, exterior designs and elevations, decors and features. Our corporate architecture, marketing, and engineering departments work with our manufacturing facilities to design homes that appeal to consumers' changing tastes at appropriate price points for their respective markets. We design and build homes with a traditional residential or site-built appearance through the use of, among other features, dormers and higher pitched roofs. We are also very active in the design and construction of energy-efficient homes and built over 1,600 homes last year that met the Energy Star® certification standards.

We offer our Genesis brand of homes which have features similar to site-built home amenities such as porches and garages. These homes are designed to be eligible for financing programs with terms similar to traditional mortgages which make them attractive to the builder/developer segment of the housing market. We expect our builder/developer customer base to continue to grow as those customers realize the value proposition these homes provide compared to other site-built alternatives.

The components and products used in factory-built housing are generally of the same quality as those used by other homebuilders, including conventional site-builders. The primary components include lumber, plywood, OSB, drywall, steel, floor coverings, insulation, exterior siding (vinyl, composites, wood and metal), doors, windows, shingles, kitchen appliances, furnaces, plumbing and electrical fixtures and hardware. These components are presently available from a variety of sources and we are not dependent upon any single supplier. Prices of certain materials such as lumber, insulation, steel, and drywall can fluctuate significantly due to changes in demand and supply. We endeavor to mitigate the impact of supply chain challenges through sourcing alternative materials, where appropriate, and exploring alternative supply options. We generally have been able to pass higher material costs on to customers in the form of surcharges and price increases, although that ability fluctuates over time and by market depending on demand trends. Typically, a one to three-week supply of raw materials is maintained at our manufacturing facilities.

Most completed factory-built homes have components consistent with conventional site-builders, such as cabinets, wall and floor coverings, appliances, and electrical, heating and plumbing systems. Optional factory installed features include fireplaces, dormers, entertainment centers and skylights. Upon completion of the home at the factory, homes sold to retailers are transported to a retail sales center or directly to the home site. Homes sold to builders and developers are generally transported directly to the home site. At the home site, the home is placed on a foundation or otherwise affixed to the property and readied for occupancy, either by our employee set crews or third-party contractors. The sections (also referred to as floors) of a multi-section home are joined and the interior and exterior seams are finished at the home site. The consumer purchase of the home may also include retailer or contractor supplied items such as additional appliances, air conditioning, furniture, porches, decks, and garages.

We construct homes in indoor facilities using an assembly-line process employing approximately 100 to 200 production employees at each facility. Factory-built HUD code homes are constructed in one or more sections affixed to a steel support frame that allows the sections to be moved through the assembly line and transported upon sale. The sections of many of the modular homes we produce are built on wooden floor systems and transported on carriers that are removed upon placement of the home at the home site. Each section or floor is assembled in stages, beginning with the construction of the frame and the floor, then adding the walls, ceiling and roof assembly, and other constructed and purchased components, and ending with a final quality control inspection. The efficiency of the assembly-line process, protection from the weather, and favorable pricing of materials resulting from our substantial purchasing power enables us to produce homes more quickly, with less material waste and often at a lower cost than a conventional site-built home of similar quality.

The production schedules of our homebuilding facilities are based upon customer orders. Orders are generally subject to cancellation at any time up to the commencement of production without penalty and are not necessarily an indication of future business. Retailers place orders for retail stocking (inventory) purposes and for homebuyer orders. Before scheduling homes for production, orders and availability of financing are confirmed with our customer and, where applicable, their customer's lender. Because we produce homes to fulfill wholesale orders, our factories generally do not carry finished goods inventories, except for homes awaiting delivery. We manage our production levels, capacity and workforce size based upon current market demands. In typical demand and economic environments, orders are generally filled within 90 days of receipt. At March 30, 2024, we had a manufacturing backlog of home orders with wholesale sales value of approximately \$315.8 million. After production of a particular home has commenced, the order becomes noncancelable and the customer is obligated to take delivery of the home.

Although factory-built homes can be produced throughout the year in indoor facilities, demand for homes is usually affected by inclement weather and by the cold winter months in northern areas of the U.S. and in Canada. Charges to transport homes increase with the distance from the factory to the retailer or home site. As a result, most of the retailers and builders/developers we sell to are

located within a 500-mile radius of our manufacturing plants. In addition to our traditional channels of distribution, we are one of a limited number of manufactured homebuilders that have been approved for contracts with the Federal Emergency Management Agency (“FEMA”) and have historically provided housing assistance requirements following natural disasters and other housing emergencies. In February 2022, we received a Delivery Disaster Relief Order from FEMA for approximately \$200 million in revenue which was completed in the first half of fiscal 2023.

We offer a wide selection of manufactured and modular homes as well as park model RVs at company-owned retail locations marketed under the Regional Homes, Titan Factory Direct and Champion Homes Center brands. We maintain our company-owned retail presence through 74 retail sales centers across the U.S. Our captive retail distribution enhances the reach of our factory-built housing products directly to homebuyers.

Each of our full-service retail sales centers has a sales office and a variety of model homes of various sizes, floor plans, features, and prices that are displayed in a residential setting with sidewalks and landscaping. Customers may purchase a home from an inventory of homes maintained at the location, including a model home, or may order a home that will be built to their specifications. Our retail organization provides industry leadership with the expertise to be responsive to local economic conditions and ultimately provide affordable homes to value-conscious homebuyers.

During fiscal 2024, the average selling price of our factory-built homes in the U.S. was \$90,000 and in Canada was \$122,400. Manufactured home wholesale prices generally ranged from \$30,000 to over \$350,000. Retail sales prices of the homes, without land, generally ranged from \$40,000 to over \$400,000, depending upon size, floor plan, features, and options.

## **Logistics**

We operate a logistics business, Star Fleet Trucking, specializing in the transportation of manufactured homes and recreational vehicles from manufacturing facilities to retailers. Star Fleet’s delivery logistics are coordinated through dispatch terminals located throughout the U.S. Star Fleet has strong relationships with its customer base, which includes some of the largest manufactured housing companies (including our own factory-built housing operations) and recreational vehicle manufacturers in the U.S.

## **Market Overview**

*General.* Since July 2020, U.S. and Canadian housing demand has generally been robust. The limited availability of existing homes for sale and the broader need for newly built affordable, single-family housing has continued to drive demand for new homes in those markets. In fiscal 2023, the demand environment slowed in response to a higher inflationary environment and rising interest rates. As a result, home ownership became less affordable and incoming orders began to decrease. As interest rates stabilized in fiscal 2024, we saw a corresponding increase in our customer orders.

In inflationary and higher interest rate environments, factory-built housing provides an affordable alternative to other types of housing such as site-built housing and condominiums, and to existing housing such as pre-owned homes and apartments. According to statistics published by the Institute for Building Technology and Safety (“IBTS”) and the United States Department of Commerce, Bureau of the Census, for the 2023 calendar year, manufactured housing wholesale shipments of homes constructed in accordance with the HUD code accounted for an estimated 9% of all new single-family homes starts.

According to data reported by the Manufactured Housing Institute (“MHI”), industry manufactured home shipments were 92,288, 104,374, and 108,964 units during fiscal 2024, 2023, and 2022, respectively. While shipments of HUD-coded manufactured homes have improved modestly in recent years, manufactured housing’s most recent annual shipment levels still operate at lower levels than the long-term historical average of over 200,000 units annually. The market for factory-built housing is affected by a number of factors, including the availability, cost and credit underwriting standards of consumer financing, consumer confidence, employment levels, general housing market, interest rates and other economic conditions and the overall affordability of factory-built housing versus other forms of housing. In the past, a number of factors have restricted demand for factory-built housing, including, in some cases, less-favorable financing terms compared to site-built housing, the effects of restrictive zoning on the availability of certain locations for home placement and, in some cases, an unfavorable public image. Certain of these adverse factors have lessened considerably in recent years with the improved quality and appearance of factory-built housing.

*Home Buyer Demographics.* We believe the segment of the housing market in which manufactured housing is most competitive includes consumers with household incomes under \$60,000. This segment has a high representation of young single persons and married couples, first time home buyers, and homebuyers age 55 and older. The comparatively low cost of manufactured homes is attractive to these consumers. People in rural areas, where fewer housing alternatives exist, and those who presently live in factory-built homes, also make up a significant portion of the demand for new factory-built housing. We believe higher-priced, multi-section manufactured and modular homes are attractive to households with higher incomes as an alternative to rental housing and condominiums and are well suited to meet the needs of the retiree buyer in many markets.



The two largest manufactured housing consumer demographics are Millennials (generally defined as those born between 1981 – 1996) and Baby Boomers (generally defined as those born between 1946 – 1964). Millennials are generally first-time home buyers who may be attracted by the affordability and diversity of style choices of factory-built homes. Baby Boomers are similarly interested in the value proposition; however, they are also motivated by the energy efficiency and low maintenance requirements of factory-built homes, and by the lifestyle offered by planned communities that are specifically designed for homeowners that fall into this age group. Recently, we have seen market trends pointing to increased sales of ADUs as well as people seeking rent-to-own single-family options.

## Financing

*Commercial Financing.* Independent retailers of factory-built homes generally finance their inventory purchases from manufacturers with floor plan financing provided by third-party lending institutions and secured by a lien on the homes. The availability and cost of floor plan financing can affect the amount of retailer new home inventory, the number of retail sales centers and related wholesale demand. Under a typical floor plan financing arrangement, an independent financial institution specializing in this line of business provides the retailer with a loan for the purchase price of the home and maintains a security interest in the home as collateral. The financial institution customarily requires us, as the manufacturer of the home, to enter into a separate repurchase agreement with the financial institution that, upon default by the retailer and under certain other circumstances, obligates us to repurchase the financed home at declining prices over the term of the repurchase agreement (which, in most cases, is 24 months but under certain circumstances can be until the home is sold by the retailer). The price at which we may be obligated to repurchase a home under these agreements is based upon the amount financed, plus certain administrative and shipping expenses. Our obligation under these repurchase agreements ceases upon the purchase of the home by the retail customer. The maximum amount of our contingent obligations under such repurchase agreements was approximately \$296.3 million as of March 30, 2024. The risk of loss under these agreements is spread over many retailers and is further reduced by the resale value of the homes. During fiscal 2024, approximately 35% of our sales to independent retailers were financed under floor plan agreements with national lenders, while the remaining 65% were financed under various arrangements with local or regional banks or paid in cash. We generally receive payment from the lending institution 5 to 10 days after a home is sold and invoiced.

*Consumer Financing.* Sales of factory-built homes are significantly affected by the availability, credit underwriting standards, and cost of consumer financing. There are three basic types of consumer financing in the factory-built housing industry: 1) conforming mortgage loans which comply with the requirements of the Federal Housing Administration (“FHA”), Department of Veterans Affairs, Department of Agriculture or Government-Sponsored Enterprise (“GSE”) loans which include Fannie Mae and Freddie Mac loans; 2) non-conforming mortgage loans for purchasers of the home and the land on which the home is placed; and 3) personal property loans (often referred to as home-only or chattel loans) for consumers where the home is the sole collateral for the loan (generally HUD-coded homes).

Industry trade associations are working towards favorable legislative and GSE action to address the mortgage financing needs of potential buyers of affordable homes, and some progress has been achieved. Many moderate-income families cannot afford to buy a home due to the increasing costs of newly constructed homes, rising interest rates, and decreasing supply of existing, affordable homes. Federal law required the GSEs to issue a regulation to implement the Duty to Serve (“DTS”) requirements specified in the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008. Fannie Mae and Freddie Mac released their final Underserved Markets Plan for 2022 – 2024 that describes, with specificity, the actions they will take over that three-year period to fulfill the DTS obligation. These plans became effective on January 1, 2022. The GSEs' Underserved Markets Plan's current areas of focus are as follows: 1) purchase more loans used to finance manufactured homes titled as real property; 2) enhance current products and create new offerings; and 3) enhance tenant protections in manufactured housing communities. In 2020, the GSEs rolled out financing programs specifically for homes built to the HUD code, which include CHOICEHome® from Freddie Mac and MH Advantage® from Fannie Mae. HUD-coded homes manufactured for these programs have features comparable to site-built homes, including, drywall throughout, higher-pitch roof line, energy-efficient features, lower profile foundation, plus additional options such as a garage or carport. These products aim to promote quality manufactured homes as an acceptable alternative to site-built homes and will allow moderate-income families to purchase a manufactured home with lending terms similar to those for site-built homes. Our Genesis brand of homes is built to these specifications. We continue to work with builder/developers to cultivate strategies to bring these products to the marketplace.

The DTS plans also explored the potential for the GSEs to provide liquidity to the chattel lending market. The GSEs could potentially serve as additional sources of funding as there is unmet demand in the chattel loan industry, and GSE involvement could increase volume substantially. Freddie Mac has indicated that it plans to develop requirements and a process to support loan purchases of manufactured homes titled as real property. The Fannie Mae DTS plan includes a provision indicating that it is exploring a pilot to establish a secondary market for chattel or home-only loans and an objective to explore ways to manage risks in the market. The Fannie Mae DTS plan also includes an objective to explore opportunities to facilitate financing of loans secured by manufactured

homes titled as real property in certain manufactured housing communities. Expansion of the secondary market for home-only lending through the GSEs could provide further demand for housing, as lending options would likely become more available to homebuyers. Separate from the GSE involvement in chattel markets, there have been several secondary market chattel private placement offerings over the last three years. Although some limited progress has been made in this area, a meaningful positive impact in the form of increased home orders has yet to be realized.

### **Competition**

The housing industry is highly competitive based upon several factors, including price, product features, reputation for service and quality, depth of distribution or location, and financing. Capital requirements for entry into the industry are relatively low.

Factory-built housing is also very competitive. According to MHI, in March 2024, there were 36 producers of manufactured homes in the U.S. operating an estimated 148 production facilities. For calendar 2023, the top three companies had a combined market share for HUD code homes of approximately 80%. We estimate that there were approximately 3,000 industry retail locations operating throughout the U.S. during calendar 2023.

Based on industry data reported by IBTS, in fiscal 2024 our U.S. wholesale market share of HUD code homes sold was 19.9%, compared to 20.4% in fiscal 2023. We compete with the other producers of manufactured homes, as well as companies selling homes repossessed from wholesalers or consumers. In addition, manufactured homes compete with new and existing site-built homes, as well as apartments, townhouses, and condominiums. Collectively, manufactured housing represents approximately 9% of annual U.S. single family home starts.

There are a number of other national and regional manufacturers competing for a significant share of the manufactured housing market in the U.S. Certain of these competitors may possess greater financial, manufacturing, distribution, and marketing resources.

### **Government Regulation**

Our manufactured homes are subject to numerous federal, state and local laws, codes and regulations. The majority of our homes are built to comply with the HUD code which includes regulations that cover all aspects of manufactured home construction and installation, including structural integrity, fire safety, wind loads, thermal protection and ventilation. To the extent state and local regulations conflict with the HUD code, they are pre-empted. Our modular homes are built to comply with applicable state and local building codes. Our park model RVs are built in conformity with the applicable standards approved by the American National Standards Institute, a private, non-profit organization that administers and coordinates voluntary standards and conformity programs.

A variety of laws affect the financing of the homes we manufacture. The Federal Consumer Credit Protection Act and Regulation Z promulgated thereunder require written disclosure of information relating to such financing, including the amount of the annual percentage interest rate and the finance charge. A variety of state laws also regulate the form of financing documents and the allowable deposits, finance charge and fees charged. Federal laws permit manufactured housing retailers to assist home buyers with securing financing for the purchase of homes; however, they are prohibited from negotiating the financing terms.

Governmental authorities enforcing these numerous laws and regulations can impose fines and/or seek injunctive relief for violations. We believe that our operations are in compliance with the requirements of the applicable laws and regulations.

### **Seasonality**

The housing industry is subject to seasonal fluctuations based on home buyer purchasing patterns. We typically experience decreased home buyer traffic during holidays and popular vacation periods. Demand for our core single-family new home products typically peaks each spring and summer before declining in the winter, consistent with the overall housing industry.

### **Available Information**

Our website address is [www.skylinechampion.com](http://www.skylinechampion.com) and we make available, free of charge, on or through our website all of our periodic reports, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and current reports on Form 8-K, as soon as reasonably practicable after we file such reports with the SEC.

## ITEM 1A. RISK FACTORS

*Our business involves a number of risks and uncertainties. You should carefully consider the following risks, together with the information provided elsewhere in this Annual Report. The items described below are not the only risks facing us. Additional risks that are currently unknown to us or that we currently consider to be immaterial may also impair our business or adversely affect our financial condition or results of operations.*

### **Market, Industry and Supply Chain Risks**

***Raw material shortages and price increases could delay or increase the cost of construction of our products which could materially and adversely impact our results of operations and our cash flows.***

Certain materials used in the construction of homes such as lumber, insulation, steel, drywall, oil-based products and fuel, among others, can become scarce during periods of high demand for new home construction as well as renovation and remodeling of existing homes. We depend on timely and sufficient delivery of raw materials from our suppliers. In addition, a few key components of our products are produced by a small group of quality suppliers that have the capacity to supply large quantities. Disruption to the supply chain of these key components could have an adverse impact on our production output. Raw material shortages from these and other suppliers can be more severe during periods following natural disasters or broader economic disruptions.

Pricing for raw materials can also be affected by the factors mentioned above as well as national, regional, local, economic and political factors, including tariffs and periods of high inflation. As a result, we may continue to see raw material cost pressures in future periods. We may attempt to pass the higher material costs on to customers, but it is not certain that we will be able to achieve this without adversely affecting demand. Raw material shortages and price increases could cause delays in and increases to our costs of construction which in turn could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***The factory-built housing industry is cyclical, is affected by seasonality and is sensitive to changes in general economic or other business conditions.***

The factory-built housing industry is affected by seasonality. Sales during the period from March to November are typically higher than in other months. As a result, our sales and operating results sometimes fluctuate and may continue to fluctuate in the future.

The factory-built housing industry is also sensitive to changes in economic conditions and other factors, such as pandemics, employment rates, job growth, population growth, consumer confidence, consumer income, availability of financing, interest rate levels, and an oversupply of homes for sale. Changes in any of these conditions generally, or in the markets where we operate, could reduce demand and constrain pricing for new factory-built homes in these areas or result in customer cancellations of pending shipments. Reductions in the number of homes shipped by us, or constraints on the prices we can charge, could result in a decrease in our net sales and earnings, which could adversely affect our financial condition.

***We are subject to demand fluctuations in the housing industry. Changes in demand could adversely affect our business, results of operations, and financial condition.***

Demand for our homes is subject to fluctuations in the housing market generally. In a housing market downturn, our sales and results of operations could be adversely affected; there might be significant inventory impairments and other write-offs; our gross margins could decline significantly from historical levels; and we might incur losses from operations. We cannot predict the future demand for housing. If it were to decline significantly, our financial condition could be adversely affected.

Rapid or significantly increasing demand can also adversely affect our business. Longer periods of time between order acceptance and production introduce a risk that we may not be able to construct homes profitably if material and labor costs increase. Although we have generally been able to pass along price increases to our customers in periods of rising costs, we may not be able to in the future, or the price increases may cause consumers to explore other housing alternatives and/or exit the home buying process, negatively impacting demand for our homes.

***Factory-built housing operates in the highly competitive housing industry, and, if other homebuilders are more successful or offer better value to our customers, then our business could decline.***

We operate in a very competitive environment and face competition from a number of other homebuilders in each market in which we operate. We compete with large national and regional home building companies and with smaller local homebuilders for financing, raw materials, and skilled management and labor resources. Some of our manufacturing competitors have captive retail distribution systems and consumer finance and insurance operations. In addition, there are independent factory-built housing retail locations that sell competitors' products in most areas where our homes are sold and in most areas where we have Company-owned retail operations. Because barriers to entry to the industry at both the manufacturing and retail levels are low, we believe that it is

relatively easy for new competitors to enter our markets. In addition, our products compete within the housing industry more broadly with other forms of low to moderate-cost housing, including site-built homes, panelized homes, apartments, townhouses, condominiums, and repossessed homes. We also compete with resale homes, also referred to as “previously owned” or “existing” homes, as well as rental housing alternatives.

An oversupply of homes available for sale or the heavy discounting of home prices by our competitors could adversely affect demand for our homes and the results of our operations. An increase in competitive conditions could have any of the following impacts on us: sale of fewer homes or higher cancellations by our homebuyers; an increase in selling incentives or reduction of prices; and realization of lower gross margins due to lower selling prices or an inability to increase selling prices to offset increased costs of the homes delivered. If we are unable to compete effectively in our markets, then our business could decline disproportionately to that of our competitors. As a result, our sales could decline and our results of operations and cash flows could suffer.

***Changes in consumer preferences for our products or our failure to gauge those preferences could lead to reduced sales.***

We cannot be certain that historical consumer preferences for factory-built homes in general, and for our products in particular, will remain unchanged. Our ability to remain competitive depends heavily on our ability to provide a continuing and timely introduction of innovative product offerings. We believe that the introduction of new features, designs, and models will be critical to the future success of our operations. Managing frequent product introductions poses inherent risks. Delays in the introduction or market acceptance of new models, designs, or product features could have a material adverse effect on our business. Products may not be accepted for a number of reasons, including changes in consumer preferences or our failure to properly gauge consumer preferences. Further, we cannot be certain that new product introductions will not reduce net sales from existing models and adversely affect our results of operations. In addition, our net sales may be adversely affected if our new models and products are not introduced to the market on time or are not successful when introduced. Finally, our competitors’ products may obtain better market acceptance despite our efforts to lead the market.

***Increases in tax rates or fees on developers by local government authorities could deter potential customers from buying our products and adversely affect our business or results of operations.***

Increases in property tax rates or fees on developers by local governmental authorities, as experienced in response to reduced federal and state funding or to fund local initiatives, such as funding schools or road improvements, or increases in home insurance premiums, can adversely affect the ability of potential customers to obtain financing or their desire to purchase new homes, and in turn can have adverse impacts on our business and results of operations. Any changes to individual tax rules concerning the deductibility of mortgage interest expenses and real estate taxes could deter customers from home ownership.

***Natural disasters and severe weather conditions could delay deliveries, increase costs, and decrease demand for new factory-built homes in affected areas.***

Our operations are located in many areas that are subject to natural disasters and severe weather. The occurrence of natural disasters or severe weather conditions can delay factory-built home deliveries, increase costs by damaging inventories, reduce the availability of materials, and negatively impact the demand for new factory-built homes in affected areas. Furthermore, if our insurance does not fully cover business interruptions or losses resulting from these events, then our earnings, liquidity, or capital resources could be adversely affected.

***Increased attention to environmental, social and governance matters may impact our business, financial results or stock price.***

Increased attention continues to be directed to publicly traded companies and their activities related to environmental, social and governance (“ESG”) matters, including recently issued rules by the SEC regarding climate-related disclosures. Advocacy groups have campaigned for action to promote change at public companies related to ESG matters. These activities include increasing action related to climate change and the use of energy efficient building products. A failure, or perceived failure, to respond to investor or customer expectations related to ESG concerns could cause harm to our business and reputation. In addition, organizations that provide information to investors on corporate governance and other matters have developed ratings systems for evaluating companies on their approach to ESG. Unfavorable ESG ratings may lead to negative investor sentiment which could have a negative impact on our stock price.

***Our results of operations may be adversely affected by public health issues, such as an epidemic or pandemic, and resulting governmental actions.***

An epidemic, pandemic or other public health issue, or fear of such an event, and the actions taken by governmental authorities to address it, could significantly disrupt or prevent us from operating our business and, along with any associated economic factors, have a material adverse effect on our business. The United States and Canada have experienced, and may experience in the future, outbreaks of contagious diseases that affect public health and have necessitated government intervention. The COVID-19 pandemic and the measures undertaken by governmental authorities to address it, initially disrupted or prevented us from operating parts of our



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business in the ordinary course. The extent to which public health issues impact our results will depend on future developments, which cannot be predicted. If an epidemic, pandemic or similar public health issue has a significant adverse effect on the U.S. or Canadian economies, our business, results of operations, and cash flows could be materially adversely affected.

### **Regulatory Risks**

***Environmental laws and regulations relating to climate change and energy efficiency can have an adverse impact on our business and results of operations.***

Federal, state, and local government regulations proposed or enacted in response to climate change could result in raw material and other cost increases as well as impact the availability of raw materials necessary to manufacture our products. In 2021, the U.S. Department of Energy proposed regulations to enact new energy efficiency building specifications for manufactured homes. If adopted, these proposed regulations would result in changes to the HUD-code requiring more robust energy efficiency specifications and require the use of energy-saving construction material in our products. New building code requirements that impose stricter energy efficiency standards could significantly increase our costs. Compliance with these new standards may also cause an increase in our costs, including investments in testing equipment and the use of human capital resources. As climate change and energy efficiency remains a global focus, energy-related initiatives will impact many companies including our raw material suppliers. The initiatives undertaken by our suppliers could adversely impact our results of operations to the extent our suppliers raise their prices to cover energy and climate related initiatives. Increases in costs may make our products less affordable and as a result, negatively impact demand for those products.

***If the factory-built housing industry is not able to secure favorable local zoning ordinances, our sales could decline and our results of operations and cash flows could suffer.***

Limitations on the number of sites available for placement of factory-built homes or on the operation of factory-built housing communities could reduce the demand for factory-built homes and, as a result, our sales. Factory-built housing communities and individual home placements are subject to local zoning ordinances and other local regulations relating to utility service and construction of roadways. In the past, some property owners have resisted the adoption of zoning ordinances permitting the use of factory-built homes in residential areas, which we believe has restricted the growth of the industry. Factory-built homes may not receive widespread acceptance and localities may not adopt zoning ordinances permitting the development of factory-built home communities. If the factory-built housing industry is unable to secure favorable local zoning ordinances, then our sales could decline and our results of operations and cash flows could suffer.

***We are subject to extensive regulation affecting the production and sale of factory-built housing, which could adversely affect our business, financial condition, and results of operations.***

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

***The transportation industry is subject to government regulation, and regulatory changes could have a material adverse effect on our results of operations or financial condition.***

Our Star Fleet Trucking subsidiary provides transportation services. The transportation industry is subject to legislative or regulatory changes, including potential limits on carbon emissions under climate change legislation and Department of Transportation regulations regarding, among other things, driver breaks, classification of independent drivers, “restart” rules, and the use of electronic logging devices that can affect the economics of the industry by requiring changes in operating practices or influencing the demand for, and cost of providing, transportation services. We may become subject to new or more restrictive regulations relating to fuel emissions or limits on vehicle weight and size. Future laws and regulations may be more stringent and require changes in operating practices, influence the demand for transportation services or increase the cost of providing transportation services, any of which could adversely affect our business and results of operations.

### **Operational Risks**

***Our results of operations can be adversely affected by labor shortages, turnover and labor cost inflation.***

The homebuilding industry has from time-to-time experienced labor shortages and other labor-related issues. These labor shortages can be more severe during periods of strong demand for housing, during periods following natural disasters or as a result of

broader economic disruptions. A number of factors may adversely affect the labor force available to us and our subcontractors in one or more of our markets, including high employment levels, federal unemployment subsidies, changing work preferences of the labor force, and other government regulations, which include laws and regulations related to workers' health and safety, wage and hour practices and immigration. These factors can also increase the cost of labor. We have historically experienced high turnover rates among our direct labor employees, which can lead to increased spending on training and retention and, as a result, increased costs of production. An overall labor shortage or lack of skilled labor, increased turnover or labor inflation could cause significant increases in costs or delays in construction and delivery of homes, which could have a material adverse effect on our net sales and results of operations.

***Increased costs of transportation may adversely affect our operating results and cash flows.***

We rely on qualified drivers to deliver homes from our manufacturing facilities to retail centers and customer home sites. A lack of qualified drivers to deliver manufactured homes could result in an increase in our cost of goods sold and operating expenses. Additionally, delays in the shipment of completed homes due to lack of qualified drivers could impact our ability to meet customer demand on a timely basis.

***Customer cancellations could have a negative impact on our revenue and margins.***

Our backlog represents home orders from customers that will be produced in future periods. Orders in the backlog may be cancelled by customers at any time without penalty. Orders in the backlog may be impacted by rising interest rates as retailers utilize floor plan financing arrangements to purchase stock inventory. Orders in backlog may also be impacted by inflation since customers obtain financing approval prior to ordering a home. Significant increases in prices may prevent customers from being able to qualify for financing at the time the home is ready to be produced causing the customer to cancel their order in our backlog which would negatively impact our revenue and margins.

***Complications with the implementation of our new enterprise-wide information system could adversely impact our business and operations.***

We rely on information systems and technology to manage our business and summarize and report our operating results. In fiscal 2022, we began a multi-year replacement of our current information systems with a suite of cloud-based functionality. With the new system, we expect to improve decision-making capabilities through real-time data and analytics, simplify and standardize business processes, reduce manual effort, improve value-added activities, and improve transparency and accountability all while enhancing the customer experience making our company easier to do business with. The system selection and implementation process has required, and will continue to require, a significant investment of personnel and financial resources. We may not be able to successfully implement the new system without experiencing delays, increased costs, interruption to operations, or other difficulties. If we are unable to successfully implement the system as planned, our business, results of operations and financial condition could be negatively impacted. We have capitalized significant costs related to the development of the new system. A write-off of all or part of our capitalized costs could adversely affect our results of operations and financial condition. Additionally, if we do not effectively implement the system as planned or it does not operate as intended, the effectiveness of our internal controls over financial reporting could be adversely affected or our ability to assess those controls adequately could be delayed.

***If we are unable to establish or maintain relationships with independent distributors that sell our homes, our sales could decline and our results of operations and cash flows could suffer.***

Although we maintain our own factory direct retail business in select markets, we conduct a majority of our business through independent distributors. Over 80% of our shipments of homes in fiscal 2024 were made to independent distributors throughout the U.S. and western Canada. We may not be able to establish relationships with new independent distributors or maintain good relationships with independent distributors that sell our homes. Even if we establish and maintain relationships with independent distributors, these customers are not obligated to sell our homes exclusively and may choose to sell competitors' homes instead. The independent distributors with whom we have relationships can cancel these relationships on short notice. In addition, these customers may not remain financially solvent, as they are subject to industry, economic, demographic, and seasonal trends similar to those faced by us. If we do not establish and maintain relationships with solvent independent distributors in the markets we serve, sales in those markets, if we cannot offset by sales through an expanded factory-direct retail business, could decline and our results of operations and cash flows could suffer.

***When we introduce new products into the marketplace, we may incur expenses that we did not anticipate, which, in turn, can result in reduced earnings.***

The introduction of new models, floor plans, and features are critical to our future success, but we may incur unexpected expenses when we make such introductions. For example, we may experience unexpected engineering or design flaws that may cause increased warranty costs. The costs resulting from these types of problems could be substantial and could have a significant adverse

effect on our earnings. Estimated warranty costs are accrued at the time of product sale to reflect our best estimate of the amounts necessary to settle existing and future claims on products. An increase in actual warranty claims costs as compared to our estimates could result in increased warranty reserves and expense, which could have adverse impacts on our earnings.

***Product liability claims and litigation and warranty claims that arise in the ordinary course of business may be costly, which could adversely affect our results of operations.***

As a homebuilder, we are subject to construction defect and home warranty claims arising in the ordinary course of business. These claims are common in the homebuilding industry and can be costly. In addition, the costs of insuring against construction defect and product liability claims are high. There can be no assurance that this coverage will not be restricted and become more costly. If the limits or coverages of our current and former insurance programs prove inadequate, or we are unable to obtain adequate or reasonably priced insurance against these types of claims in the future, or the amounts currently provided for future warranty or insurance claims are inadequate, then we may experience losses that could negatively impact our results of operations.

We record expenses and liabilities based on the estimated costs required to cover our self-insured liability under our insurance policies, and estimated costs of potential claims and claim adjustment expenses that are above our coverage limits or that are not covered by our insurance policies. For instance, during fiscal 2024, we identified an issue with certain construction materials that resulted in water intrusion-related issues. These estimated costs are based on an analysis of our historical claims and industry data and include an estimate of claims incurred but not yet reported. Due to the degree of judgment required and the potential for variability in the underlying assumptions when deriving estimated liabilities, our actual future costs could differ from those estimated, and the difference could be material to our results of operations.

***Our products and services may experience quality problems from time to time that can result in decreased sales and gross margin and can harm our reputation.***

Our products contain thousands of parts, many of which are supplied by a network of approved vendors. Product defects may occur, including components purchased from material vendors. There is no assurance that all such defects will be detected prior to the distribution of our products. In addition, although we endeavor to compel suppliers to maintain appropriate levels of insurance coverage, there is no assurance that if a defect in a vendor-supplied part were to occur that the vendor would have the financial ability to rectify the defect. Failure to detect defects in our products, including vendor-supplied parts, could result in lost revenue, increased warranty and related costs, and could harm our reputation.

***We may not be able to manage our business effectively if we cannot retain current management team members or if we are unable to attract and motivate key personnel.***

Our success depends upon the skills, experience, and active participation of our senior management and key employees, many of whom have been with us for a significant number of years. Changes in our senior management team or other key employees may result in operational disruptions and changes to the strategy of our business, and our business might be harmed as a result. Our business could be further disrupted and harmed if we were unable to find appropriate replacements on a timely basis following future departures.

We may not be able to attract or motivate qualified management and operations personnel in the future. Inability to do so would result in constraints that would significantly impede the achievement of our objectives. We may also have difficulty attracting experienced personnel and may be required to expend significant financial resources in our employee recruitment efforts.

***Data security breaches, cybersecurity attacks, and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.***

In the ordinary course of our business, we collect, use, and store sensitive data, including intellectual property, our proprietary business information and that of our suppliers and business partners, as well as personally identifiable information of our customers and employees. We also have outsourced elements of our information technology structure and, as a result, we are managing independent vendor relationships with third parties who may or could have access to our confidential information. Similarly, our business partners and other third-party providers possess certain of our sensitive data. The secure maintenance of this information is critical to our operations and business strategy. Our ability to conduct our business may be negatively impacted if our or our service providers' computer resources or connectivity are compromised, degraded, damaged, or if they fail.

Despite our security measures, our information technology and infrastructure may be vulnerable to cybersecurity attacks by hackers or breached due to employee error, malfeasance, or other disruptions, particularly with employees and others on data networks working increasingly from home. We, our partners, vendors, and other third-party providers could be susceptible to third-party attacks on our and their information security systems, which attacks are of ever-increasing levels of sophistication and are made by groups and individuals with a wide range of motives and expertise, including criminal groups. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost, or stolen. Any such access, disclosure, or other

loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, and damage our reputation, any of which could adversely affect our business.

***Engaging in mergers, acquisitions, and start-up operations involves risks that could adversely affect our business.***

As part of our growth strategy, we may choose to engage in discussions and negotiations regarding mergers, acquisitions, start-ups, and other business combinations. The purchase price for possible acquisitions of businesses and assets might be paid from cash, borrowings, or through the issuance of common stock or other securities, or a combination of these methods. Business combinations and start-up operations entail numerous risks, including:

- difficulties in the integration of acquired operations and products, which can impact the retention of customer accounts;
- failure to achieve expected synergies, implement appropriate internal controls or integrate information systems;
- diversion of management's attention from other business concerns;
- assumption of unknown material liabilities of acquired companies, which could become material or subject us to litigation or regulatory risks;
- amortization of acquired intangible assets, which could reduce future reported earnings;
- potential loss of customers or key employees; and
- not adequately anticipating customer demands in new markets.

We cannot be certain that we will be able to identify, consummate and successfully integrate business combinations, and no assurance can be given with respect to the timing, likelihood or business effect of any possible transaction. For example, we could begin negotiations that we subsequently decide to suspend or terminate for a variety of reasons. Also, business combinations are typically subject to closing conditions, including regulatory approvals and the absence of a material adverse change. Therefore, if and when we enter into a business combination agreement, there can be no guarantee that the transaction will close when expected, or at all. If a material transaction does not close, then our stock price could decline.

Nevertheless, opportunities arise from time to time that we choose to evaluate. Any transactions that we pursue and consummate would involve these risks and uncertainties, as well as others. The risks of a business combination or startup of a greenfield or idled facility could result in the failure of the anticipated benefits of that particular transaction to be realized, which in turn could have adverse effects on our business, financial condition, results of operations and prospects.

***Our risk management practices may leave us exposed to unidentified or unanticipated risk.***

Our management team is responsible for managing risk, subject to oversight by our Board of Directors. Our risk management methods may not identify all future risk exposures and may not be completely effective in mitigating all key risks. Furthermore, our risk management methods may not properly identify and mitigate the aggregation of risks across the Company or the interdependency of our risk mitigation efforts. In addition, some of our risk management methods may be based on assumptions that will prove to be inaccurate. Failure to manage risk effectively could adversely affect our business, financial condition, and results of operations.

**Financial Risks**

***Further increases in interest rates, more stringent credit standards, tightening of financing terms, or other increases in the effective costs of owning a factory-built home (including those related to regulation or other government actions) have limited and could continue to limit the purchasing power of our potential customers and could continue to adversely affect our business and financial results.***

A large portion of the people who buy our homes finance their home purchases through third-party lenders. Increases in interest rates or decreases in the availability of consumer financing have affected and could continue to adversely affect the market for homes. Interest rates were near historical lows for several years, which made purchasing new factory-built homes more affordable. However, since early 2022, the U.S. Federal Open Market Committee has continuously raised the target rate for the federal funds rate and could effectuate additional increases in that rate in response to inflation. Potential manufactured housing customers have been and may continue to be less willing or able to pay the increased monthly costs that result from higher loan rates. In addition, recent increases in the prices of homes resulting from inflation, combined with higher loan rates, have limited and may continue to limit consumers' ability to obtain financing to purchase a home. In addition, lenders may increase the qualifications needed for financing or adjust their terms to address any increased credit risk. These factors could continue to adversely affect the sales or pricing of our factory-built homes. These developments have historically had, and may once again have, an adverse effect on the overall demand for factory-built housing and its competitiveness with other forms of housing and could continue to adversely affect our results of operations and financial condition.



The liquidity provided by the GSEs and the FHA is also critical in insuring or purchasing home mortgages and creating or insuring investment securities that are either sold to investors or held in their portfolios. Any limitations or restrictions on the availability of financing by these agencies could adversely affect interest rates, financing, and our sales of new homes.

***Inflation has and could continue to adversely affect our business and financial results.***

Inflation adversely affects us by increasing costs of raw materials, labor and transportation. Inflation also adversely affects our customers by decreasing purchasing power and ability to afford a new home. The U.S. economy has been experiencing periods of higher inflation, stemming from efforts by the U.S. government to stimulate the economy and other factors. The increased rate of inflation has also lead to higher interest rates, which has had and continue to have a negative impact on the housing industry, as well as increases in our borrowing rates. While we have historically been able to pass along price increases to our customers, in a persistently inflationary environment, we may not be able to raise prices sufficiently in order to maintain our margins.

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

Factory-built housing retailers generally finance their inventory purchases with wholesale floor plan financing provided by lending institutions. The availability of wholesale financing is significantly affected by the number of floor plan lenders and their lending limits. Limited availability of floor plan lending negatively affects the inventory levels of our independent retailers, the number of retail sales center locations and related wholesale demand, and adversely affects the availability of and access to capital on an ongoing basis. As a result, if the availability of wholesale financing is reduced, we could experience sales declines or a higher level of customer defaults and our operating results and cash flows could suffer.

***We have contingent repurchase obligations related to wholesale financing provided to industry retailers.***

As is customary in the factory-built housing industry, a significant portion of our manufacturing sales to independent retailers are financed under floor plan agreements with financing companies. In connection with those floor plan financing programs, we generally have separate agreements with the financing companies that require us to repurchase homes upon default by the retailer and repossession of the homes by the financing companies. These repurchase agreements are applicable for various periods of time, generally up to 24 months after the sale of the home to the retailer. However, certain homes are subject to repurchase until the home is sold by the retailer. We may be required to honor contingent repurchase obligations in the future and may incur additional expense and reduced cash flows because of these repurchase agreements.

***Industry conditions and future operating results could limit our sources of capital. If we are unable to locate suitable sources of capital when needed, we may be unable to maintain or expand our business.***

We depend on our cash balances, cash flows from operations, and our revolving credit facility (the "Credit Facility") to finance our operating requirements, capital expenditures, and other needs. If our cash balances, cash flows from operations, and availability under the Credit Facility are insufficient to finance our operations and alternative capital is not available, then we may not be able to expand our business and make acquisitions, or we may need to curtail or limit our existing operations.

***Changes in foreign exchange rates could adversely affect the value of our investments in Canada and cause foreign exchange losses.***

We have substantial investments in businesses in Canada. Unfavorable changes in foreign exchange rates could adversely affect the value of our investments in these businesses.

***An impairment of all or part of our goodwill could adversely affect our operating results and net worth.***

As of March 30, 2024, 18.6% of our total assets consisted of goodwill, all of which is allocated to reporting units included in the U.S. Factory-built Housing segment. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, Intangibles—Goodwill and Other ("ASC 350"), we test goodwill at least annually for impairment or more often than annually if an event or circumstance indicates that an impairment is more likely than not to have occurred. If goodwill has become impaired, we charge the impairment as an expense in the period in which the impairment occurs. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 1 to the Consolidated Financial Statements. A write-off of all or part of our goodwill could adversely affect our results of operations and financial condition.

***An impairment of all or part of our investment in ECN Capital Corporation could adversely affect our operating results and net worth.***

As of March 30, 2024, our investment in ECN Capital Corporation ("ECN") was \$136.4 million. We assess our investment in ECN for impairment when events or circumstance indicate that a decline in value below the carrying amount of the investment is other than temporary. If our investment in ECN has become impaired, we would charge the impairment as an expense in the period in which

the impairment occurs. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 1 to the Consolidated Financial Statements. A write-off of all or part of our investment in ECN could adversely affect our results of operations and financial condition.

***Our failure to maintain effective internal control over financial reporting could harm our business and financial results.***

Our management is responsible for maintaining effective internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud.

***We anticipate paying no cash dividends for the foreseeable future.***

We currently intend to retain our future earnings, if any, for the foreseeable future, to fund the development and growth of our business. As a result, capital appreciation in the price of our common stock, if any, will be investors' only source of gain on an investment in our common stock. Any future determination to pay dividends to shareholders will be at the sole discretion of our Board of Directors and will depend upon many factors, including general economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, the implications of the payment of dividends by us to our shareholders or by our subsidiaries to us, and any other factors that the Board of Directors may deem relevant.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 1C. CYBERSECURITY

Our Board of Directors views the identification and effective management of cybersecurity threats as a critical component of overall risk management and oversight responsibility and has delegated responsibility for oversight of this risk to the Audit Committee of the Board of Directors (the "Audit Committee"). The Audit Committee oversees the management of risks arising from cybersecurity threats and regularly reports to the Board of Directors regarding cybersecurity. The Audit Committee oversees our enterprise risk assessment process, and cybersecurity represents an important component of our overall approach to risk assessment. Our cybersecurity policies, standards, processes and practices are based on recognized frameworks established by the National Institute of Standards and Technology and other applicable industry standards. In general, we seek to address cybersecurity risks through a comprehensive, cross-functional approach that is focused on identifying, assessing, preventing and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur.

### Risk Management and Strategy

Our cybersecurity program is focused on the following key areas:

*Governance:* As discussed in more detail under the heading "Governance" below, the Board of Directors' oversight of cybersecurity risk management is supported by the Audit Committee, our Vice President ("VP") of Global Technology, and other members of management.

*Technical Safeguards:* We deploy technical safeguards that are designed to protect our information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through vulnerability assessments and cybersecurity threat intelligence.

*Incident Response Planning:* We have established and maintain an incident response plan that outlines our response in the event of a cybersecurity incident.

*Third-Party Assessments:* We periodically assess and test our policies, standards, processes and practices that are designed to address cybersecurity threats and incidents. These efforts include a wide range of activities, including audits, assessments, tabletop exercises, threat modeling, vulnerability testing and other exercises focused on evaluating the effectiveness of our cybersecurity measures and planning. In addition, we regularly engage third parties to perform assessments on our cybersecurity measures. The results of such assessments, audits and reviews are reported to the Audit Committee and, if warranted, the Board of Directors, and we adjust our cybersecurity processes and practices as necessary based on the information provided by these assessments, audits and reviews.

*Third-Party Risk Management:* We review and evaluate material cybersecurity risks related to the use of third parties, including vendors, service providers and other external users of our systems.

*Education and Awareness:* We provide regular training regarding cybersecurity threats as a means to equip our employees with effective tools to address cybersecurity threats, and to communicate our evolving information security policies, standards, processes and practices.

### Governance

The Audit Committee receives regular presentations and reports from our VP of Global Technology on cybersecurity risks, which address a wide range of topics including recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends and information security considerations. The Audit Committee then provides regular reports to the Board of Directors. The Audit Committee also receives timely updates on material and potentially material cybersecurity matters from management as part of the risk assessment process. The Audit Committee and the Board of Directors also receive timely information regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been resolved.

The VP of Global Technology, working together with a team of cybersecurity professionals and third-party consultants, monitors the prevention, detection, mitigation and remediation of cybersecurity threats and incidents, and reports such threats and incidents to the senior leadership team when appropriate.

Cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected and are not reasonably likely to materially affect our business strategy, results of operations or financial condition. See "Risks Related to Information Technology" in Item 1A. Risk Factors.

## ITEM 2. PROPERTIES

The following table sets forth certain information with respect to our operating facilities as of March 30, 2024:

Location	Owned/Leased
<b>United States</b>	
Double Springs, Alabama	Owned
Hamilton, Alabama	Owned
Lynn, Alabama	Owned
Chandler, Arizona	Leased *
Corona, California	Leased
Lindsay, California	Owned
San Jacinto, California	Owned
Woodland, California	Owned
Bartow, Florida	Leased *
Lake City, Florida (two facilities)	Leased *
Ocala, Florida	Owned
Millen, Georgia	Leased**
Waycross, Georgia	Owned
Weiser, Idaho	Owned
Decatur, Indiana	Owned
Topeka, Indiana (three facilities)	Owned
Arkansas City, Kansas	Owned
Benton, Kentucky	Leased
Leesville, Louisiana	Leased
Worthington, Minnesota	Owned
York, Nebraska	Owned
Sangerfield, New York	Owned
Laurinburg, North Carolina	Owned
Lillington, North Carolina	Owned
Pembroke, North Carolina	Owned
Sugar Creek, Ohio	Owned
McMinnville, Oregon	Owned
Claysburg, Pennsylvania	Owned
Ephrata, Pennsylvania	Owned
Leola, Pennsylvania (two facilities)	Owned
Liverpool, Pennsylvania	Owned
Strattanville, Pennsylvania	Owned
Dresden, Tennessee	Leased
Athens, Texas	Owned
Burleson, Texas (two facilities)	Owned
Mansfield, Texas	Owned
Navasota, Texas	Owned
Lancaster, Wisconsin	Owned
<b>Canada</b>	
Lethbridge, Alberta	Leased *
Medicine Hat, Alberta	Owned
Kelowna, British Columbia	Leased
Penticton, British Columbia	Owned
Estevan, Saskatchewan	Owned

\* -- land only leased; facility owned

\*\* -- the land and operating facility in Millen, Georgia are maintained under a lease, however, we retain an option to purchase throughout the lease period





Our corporate headquarters is in Troy, Michigan and we have an administrative office in Elkhart, Indiana. We also have 74 retail sales centers located across the U.S. and eight terminals for our logistics operations across four states in the U.S. The corporate offices, some of our retail sales centers, and logistics terminals are leased properties. The contractual lease for our Troy, Michigan office expires in December 2027 and the contractual lease for our Elkhart, Indiana office expires in September 2028. Two of the manufacturing facilities are encumbered by industrial revenue bonds and two are encumbered by notes payable. In the opinion of management, our properties have been well maintained, are in sound operating condition, and contain all equipment and facilities necessary to operate at present levels.

We also own or lease six idle manufacturing facilities which could be utilized for additional production capacity. Those facilities would likely require capital investments in order to secure and equip them for operations.

### **ITEM 3. LEGAL PROCEEDINGS**

We are party to certain legal proceedings that arise in the ordinary course and are incidental to our business. Certain of the claims pending against us in these proceedings allege, among other things, breach of express and implied warranties, and in various governmental agency proceedings arising from occupational safety and health, wage and hour, and similar employment and workplace regulations. Although litigation is inherently uncertain, based on past experience and the information currently available, management does not believe that the currently pending and threatened litigation or claims will have a material adverse effect on the Company's consolidated financial position, liquidity or results of operations. However, future events or circumstances, currently unknown to us, 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.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

The Company's common stock is traded on the New York Stock Exchange ("NYSE") under the symbol SKY.

#### Holders

As of May 16, 2024, the Company had approximately 266 holders of record of our common stock. The actual number of shareholders is greater than this number of record holders and includes shareholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include shareholders whose shares may be held in trust by other entities.

#### Dividend Policy

The Company does not currently pay dividends on our common stock and intends to retain all available funds and any future earnings for general corporate purposes. However, in the future, subject to the factors described below and our future liquidity and capitalization, the Company may change this policy and choose to pay dividends. Any future determination to pay dividends to shareholders will be at the sole discretion of the Company's Board of Directors and will depend upon many factors, including general economic conditions, our financial position and results of operations, available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, the implications of the payment of dividends by the Company to its shareholders or by the Company's subsidiaries and any other factors that the Board of Directors may deem relevant.

#### Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities during the period covered by this Annual Report.

#### Issuer Purchases of Securities

There were no stock repurchases that were part of a publicly announced plan during the period covered by this Annual Report.

#### Securities Authorized for Issuance Under Equity Compensation Plans

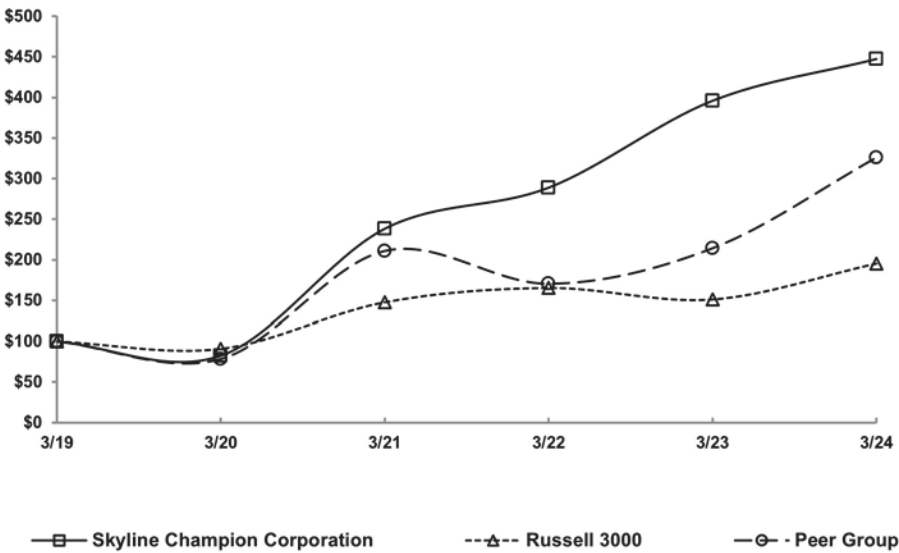
Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," of this Annual Report contains certain information relating to the Company's equity compensation plans.

#### Stock Performance

The following graph shows the cumulative total stockholder return on our common stock over the period spanning March 31, 2019 to March 31, 2024, as compared with that of the Russell 3000 Index and a selected peer group of comparable, publicly traded companies in the housing segment, based on an initial investment of \$100 on March 31, 2019.

Total stockholder return is measured by dividing share price change plus dividends, if any, for each period by the share price at the beginning of the respective period and assumes reinvestment of dividends. This stock performance graph shall not be deemed “filed” with the SEC or subject to Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference in any of our filings under the Securities Act of 1933, as amended.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\***  
Among Skyline Champion Corporation, the Russell 3000 Index,  
and a Peer Group



\*\$100 invested on 3/31/19 in stock or index, including reinvestment of dividends.  
Fiscal year ending March 31.

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	3/31/2019	3/31/2020	3/31/2021	3/31/2022	3/31/2023	3/31/2024
Skyline Champion Corporation	\$ 100.00	\$ 82.53	\$ 238.21	\$ 288.84	\$ 395.95	\$ 447.42
Russell 3000	100.00	90.87	147.70	165.31	151.13	195.39
Peer Group*	100.00	78.35	210.92	170.45	214.24	326.11

\*The peer group consists of Beazer Homes USA, Cavco Industries, Century Communities, LGI Homes, MDC Holdings, M/I Homes, Meritage Homes, Quanex Building Products Corp, and Tri Pointe Group.

**ITEM 6. RESERVED**

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following should be read in conjunction with Skyline Champion Corporation's consolidated financial statements and the related notes that appear elsewhere in this Annual Report.

Certain statements set forth below under this caption constitute forward-looking statements. See Part I, "Cautionary Statement About Forward-Looking Statements," of this Annual Report on Form 10-K for additional factors relating to such statements, and see Item 1A, "Risk Factors," of this Annual Report for a discussion of certain risks applicable to our business, financial condition, results of operations and cash flows. See also Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Form 10-K for the year ended April 1, 2023, which provides additional information on comparisons of fiscal years 2023 and 2022.

### *Overview*

The Company is a leading producer of factory-built housing in the U.S. and Canada. The Company serves as a complete solutions provider across complementary and vertically integrated businesses including manufactured construction, company-owned retail locations, construction services, and transportation logistics. The Company is the largest independent publicly traded factory-built solutions provider in North America based on revenue, and markets its homes under several nationally recognized brand names including Skyline Homes, Champion Homes, Genesis Homes, Regional Homes, Athens Park Models, Dutch Housing, Atlantic Homes, Excel Homes, Homes of Merit, All American Homes, New Era, Redman Homes, ScotBilt Homes, Shore Park, Silvercrest, and Titan Homes in the U.S. and Moduline and SRI Homes in western Canada. The Company operates 43 manufacturing facilities throughout the U.S. and 5 manufacturing facilities in western Canada that primarily construct factory-built, timber-framed manufactured and modular houses that are sold primarily to independent retailers, builders/developers, and manufactured home community operators. The Company's retail operations consist of 74 sales centers that sell manufactured homes to consumers across the U.S. while the construction services business installs and sets up factory-built homes. The Company's transportation business engages independent owners/drivers to transport manufactured homes, recreational vehicles, and other products throughout the U.S. and Canada.

### *Acquisitions and Expansions*

The Company is focused on operational improvements to increase capacity utilization and profitability at its existing manufacturing facilities as well as measured expansion of its manufacturing and retail footprint through facility and equipment investments and acquisitions. Those investments will help improve the Company's ability to satisfy demand for affordable housing. During fiscal 2023, robust demand for housing began to slow as inflation and higher interest rates made housing less affordable. Because the Company offers a more affordable price point than other housing options, the economic environment drives an even greater need for attainable housing solutions. As a result, the Company continues to focus on growing in strong housing markets across the U.S. and Canada, as well as expanding products and services to provide more holistic affordable solutions to homebuyers.

In October 2023, the Company acquired Regional Homes, which operates three manufacturing facilities in Alabama and 44 retail sales centers across the Southeast U.S. Regional's strong presence in large HUD markets in the Southeast U.S. greatly expanded our captive retail and manufacturing distribution in the region. In July 2022, the Company acquired 12 Factory Expo retail sales centers from Alta Cima Corporation, which expanded the internal retail network across a broader portion of the U.S. In May 2022, the Company acquired Manis Custom Builders, Inc. ("Manis") in order to expand its manufacturing footprint and further streamline its product offering in the Carolinas.

In addition to those acquisitions, the Company is also focused on enhancing its U.S. manufacturing production capacity through various plant start-ups in strategic locations. As a result, the Company began production in previously idled or acquired facilities in Decatur, Indiana and Bartow, Florida in fiscal 2024, a facility in Pembroke, North Carolina in the fourth quarter of fiscal 2023 and a facility in Navasota, Texas in the fourth quarter of fiscal 2022. The Company owns six idle manufacturing facilities that could be used for further manufacturing capacity expansion in future periods.

During fiscal 2024, the Company made an equity investment in ECN. The investment, in part, facilitated the creation of a captive finance company in partnership with Triad. The captive finance company, Champion Financing, provides factory-built home floor plan and consumer loans to retailers and homebuyers. The Company believes this offering will provide customers needed financing solutions and improve the Company's market share.

The Company's acquisitions and investments are part of a strategy to grow and diversify revenue with a focus on increasing the Company's homebuilding presence in the U.S. as well as improving the results of operations through streamlining production of similar product categories. These acquisitions and investments are included in the Company's consolidated results for periods subsequent to their respective acquisition dates.

### ***Industry and Company Outlook***

Limited availability of existing homes for sale and the broader need for newly built affordable, single-family housing has continued to drive demand for new homes in the U.S. and Canadian markets. In recent years, manufactured home construction experienced revenue growth due to a number of favorable demographic trends and demand drivers in the United States, including underlying growth trends in key homebuyer groups, such as the population over 55 years of age, the population of first-time home buyers, and the population of households earning less than \$60,000 per year. More recently, we have seen a number of market trends pointing to increased sales of ADUs and rent-to-own single-family options.

Inflation and higher interest rates have continued to impact demand for the Company's products in both the U.S. and Canada. However, as interest rates stabilized in fiscal 2024, the Company saw an increase in orders from customers over the prior year. Although orders were higher, sales during fiscal 2023 outpaced those in fiscal 2024 as a result of higher production to fill elevated backlog carried over from prior years. The Company's backlog at the end of fiscal 2024 was \$315.8 million compared to \$308.1 million at the end of fiscal 2023 and \$1.6 billion at the end of fiscal 2022.

For fiscal 2024, approximately 88% of the Company's U.S. manufacturing sales were generated from the manufacture of homes that comply with the Federal HUD code construction standard in the U.S. According to data reported by MHI, HUD-code industry home shipments were 92,288, 104,374, and 108,964 units during fiscal 2024, 2023, and 2022, respectively. Based on industry data, the Company's U.S. wholesale market share of HUD code homes sold was 19.9%, 20.4%, and 19.3% in fiscal 2024, 2023, and 2022, respectively. Annual industry shipments have generally increased each year since calendar year 2009 when only 50,000 HUD-coded manufactured homes were shipped, the lowest level since the industry began recording statistics in 1959. While shipments of HUD-coded manufactured homes have improved modestly in recent years, current manufactured housing shipments are still at lower levels than the long-term historical average of over 200,000 units per year. Manufactured home sales represent approximately 9% of all U.S. single family home starts.



## RESULTS OF OPERATIONS FOR FISCAL 2024 VS. 2023

(Dollars in thousands)	Year Ended	
	March 30, 2024	April 1, 2023
<b>Results of Operations Data:</b>		
Net sales	\$ 2,024,823	\$ 2,606,560
Cost of sales	1,539,029	1,787,879
Gross profit	485,794	818,681
Selling, general, and administrative expenses	310,589	300,396
Operating income	175,205	518,285
Interest (income), net	(28,254)	(14,977)
Other expense (income), net	2,604	(634)
Income from operations before income taxes	200,855	533,896
Income tax expense	47,136	132,094
Net income before equity in net loss of affiliate	153,719	401,802
Equity in net loss of affiliate	7,023	—
Net income	<u>\$ 146,696</u>	<u>\$ 401,802</u>
<b>Reconciliation of Adjusted EBITDA:</b>		
Net income	\$ 146,696	\$ 401,802
Income tax expense	47,136	132,094
Interest (income), net	(28,254)	(14,977)
Depreciation and amortization	34,910	26,726
Transaction costs	3,253	338
Equity in net loss of affiliate	7,023	—
Product liability - water intrusion	34,500	—
Other	—	(972)
Adjusted EBITDA	<u>\$ 245,264</u>	<u>\$ 545,011</u>
<b>As a percent of net sales:</b>		
Gross profit	24.0 %	31.4 %
Selling, general and administrative expenses	15.3 %	11.5 %
Operating income	8.7 %	19.9 %
Net income	7.2 %	15.4 %
Adjusted EBITDA	12.1 %	20.9 %

## FISCAL PERIODS

The Company's fiscal year is a 52- or 53-week period that ends on the Saturday nearest March 31. Fiscal 2024 and 2023 were each 52-week periods.

## NET SALES

The following table summarizes net sales for fiscal 2024 and 2023:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	March 30, 2024	April 1, 2023		
Net sales	\$ 2,024,823	\$ 2,606,560	\$ (581,737)	(22.3 %)
U.S. manufacturing and retail net sales	\$ 1,885,507	\$ 2,411,342	\$ (525,835)	(21.8 %)
U.S. homes sold	20,954	24,736	(3,782)	(15.3 %)
U.S. manufacturing and retail average home selling price	\$ 90.0	\$ 97.5	\$ (7.5)	(7.7 %)
Canadian manufacturing net sales	\$ 109,089	\$ 144,289	\$ (35,200)	(24.4 %)
Canadian homes sold	891	1,174	(283)	(24.1 %)
Canadian manufacturing average home selling price	\$ 122.4	\$ 122.9	\$ (0.5)	(0.4 %)
Corporate/Other net sales	\$ 30,227	\$ 50,929	\$ (20,702)	(40.6 %)
U.S. manufacturing facilities in operation at year end	43	38	5	13 %
U.S. retail sales centers in operation at year end	74	31	43	139 %
Canadian manufacturing facilities in operation at year end	5	5	—	— %

Net sales for fiscal 2024 were \$2.0 billion, a decrease of \$581.7 million, or 22.3%, over fiscal 2023. The following is a summary of the change by operating segment.

### *U.S. Factory-built Housing:*

Fiscal 2024 net sales for the Company's U.S. manufacturing and retail operations decreased by \$525.8 million, or 21.8%, from fiscal 2023. The decrease was primarily due to a 15.3% decrease in the number of homes sold during the period, as well as a 7.7% decrease in the average home selling price. The decrease in the number of homes sold was due to lower customer demand, lower production volume and the lack of disaster relief housing sales to FEMA compared to the prior year. The average selling price decrease was due, in part, to customers choosing smaller homes with fewer or lower cost options, generally as a result of pressure on consumers caused by higher borrowing costs, and the lack of disaster relief housing sales to FEMA which were \$200.3 million in fiscal 2023. FEMA units generally have more specifications than our typical products and therefore drive a higher average selling price per home. The overall decline in sales was partially offset by contributions from the start-up of new plants and the addition of Regional Homes which contributed \$227.8 million in net sales in the period since the completion of the acquisition.

### *Canadian Factory-built Housing:*

The Canadian Factory-built Housing segment net sales decreased by \$35.2 million, or 24.4% in fiscal 2024 compared to the prior year, primarily due to a 24.1% decrease in homes sold. The decrease in homes sold is due to lower customer demand caused by inflation and rising interest rates. Net sales for the Canadian segment were also unfavorably impacted by approximately \$2.8 million as the Canadian dollar weakened relative to the U.S. dollar during fiscal 2024 as compared to the prior year.

### *Corporate/Other:*

Net sales for Corporate/Other includes the Company's transportation business and the elimination of intersegment sales. During fiscal 2024, net sales for the segment decreased by \$20.7 million, or 40.6%, compared to fiscal 2023. The decrease was primarily attributable to the decrease in recreational vehicle shipments, in part a function of lower demand in that industry, and in part a shift in focus of this business unit on expanding shipments for manufactured housing.

## GROSS PROFIT

The following table summarizes gross profit for fiscal 2024 and 2023:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	March 30, 2024	April 1, 2023		
Gross profit:				
U.S. Factory-built Housing	\$ 440,162	\$ 757,521	\$ (317,359)	(41.9%)
Canadian Factory-built Housing	30,479	44,640	(14,161)	(31.7%)
Corporate/Other	15,153	16,520	(1,367)	(8.3%)
Total gross profit	<u>\$ 485,794</u>	<u>\$ 818,681</u>	<u>\$ (332,887)</u>	<u>(40.7%)</u>
Gross profit as a percent of net sales	24.0%	31.4%		

Gross profit as a percent of sales during fiscal 2024 was 24.0% compared to 31.4% during fiscal 2023. The following is a summary of the change by operating segment.

### *U.S. Factory-built Housing:*

Gross profit for the U.S. Factory-built Housing segment decreased by \$317.4 million, or 41.9%, during fiscal 2024 compared to the prior year. As a percent of net sales, gross profit was 23.3% for fiscal 2024 compared to 31.4% in the prior fiscal year. The decrease in gross profit is primarily a factor of the decrease in sales as discussed above. Additionally, the Company incurred a charge of \$34.5 million in fiscal 2024 for estimated costs to remediate water intrusion in certain homes built in one of its manufacturing facilities from fiscal 2016 through fiscal 2021. The decrease in gross profit as a percent of net sales is being driven by changes in product mix to smaller homes with less options, the decrease in FEMA sales which are generally at higher prices than our core products, increased pricing pressure caused by a decrease in orders, and the impact of the water intrusion charge. The Company is attempting to recover costs from the manufacturer of the product found to be the cause of the water intrusion, but did not record any offset to future costs as of March 30, 2024. The acquisition of Regional Homes also negatively impacted gross profit in fiscal 2024 since that business has historically generated lower margins than the legacy Skyline Champion operations, coupled with certain fair value adjustments of assets required under purchase accounting.

### *Canadian Factory-built Housing:*

Gross profit for the Canadian Factory-built Housing segment decreased by \$14.2 million, or 31.7%, during fiscal 2024 compared to the prior year. The decrease in gross profit was due to lower sales volumes. Gross profit decreased to 27.9% as a percent of segment net sales from 30.9% in the prior year due to decreased leverage of fixed manufacturing costs.

### *Corporate/Other:*

Gross profit for the Corporate/Other segment decreased by \$1.4 million, or 8.3%, during fiscal 2024 compared to the same period in the prior year.

## SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative (“SG&A”) expenses include foreign currency transaction gains and losses, equity compensation, and intangible amortization expense. The following table summarizes SG&A expenses for fiscal 2024 and 2023:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	March 30, 2024	April 1, 2023		
Selling, general, and administrative expenses:				
U.S. Factory-built Housing	\$ 232,356	\$ 221,498	\$ 10,858	4.9%
Canadian Factory-built Housing	10,592	12,932	(2,340)	(18.1%)
Corporate/Other	67,641	65,966	1,675	2.5%
Total selling, general, and administrative expenses	<u>\$ 310,589</u>	<u>\$ 300,396</u>	<u>\$ 10,193</u>	<u>3.4%</u>
Selling, general, and administrative expenses as a percent of net sales	15.3%	11.5%		

SG&A expenses were \$310.6 million during fiscal 2024, an increase of \$10.2 million compared to the prior year. The following is a summary of the change by operating segment.

#### *U.S. Factory-built Housing:*

SG&A expenses for the U.S. Factory-built Housing segment increased by \$10.9 million, or 4.9%, during fiscal 2024 as compared to the prior year. SG&A expenses, as a percent of segment net sales, increased to 12.3% in fiscal 2024 compared to 9.2% during fiscal 2023. The acquisition of Regional Homes was the primary driver of the increase in SG&A expenses. Regional Homes contributed \$42.6 million of SG&A expenses since the date of acquisition. Absent the effect of the Regional Homes acquisition, SG&A expenses for the segment would have been lower by \$31.8 million, which was a result of a decline in commissions and incentive compensation that is driven by sales and profitability. SG&A as a percent of sales was negatively impacted by less absorption of certain fixed costs and the expansion of company-owned retail sales centers, which historically operate at a higher percentage of SG&A expenses compared to manufacturing operations.

#### *Canadian Factory-built Housing:*

SG&A expenses for the Canadian Factory-built Housing segment decreased \$2.3 million, or 18.1% compared to the prior year, primarily due to lower incentive compensation which is based on sales volume or profitability and reductions in wages due to staffing adjustments. SG&A expenses, as a percent of segment net sales, were 9.7% during fiscal 2024 compared to 9.0% in fiscal 2023. The increase in SG&A as a percent of net sales is a the result of less absorption of certain fixed costs.

#### *Corporate/Other:*

SG&A expenses for Corporate/Other includes the Company's transportation operations, corporate costs incurred for all segments, and intersegment eliminations. SG&A expenses for Corporate/Other increased by \$1.7 million, or 2.5%, during fiscal 2024 as compared to the prior year. The increase is mainly due to increased equity compensation and investments made to enhance our online customer experience and support systems, offset in part by lower corporate incentive compensation which is measured against sales and profitability targets.

### **INTEREST (INCOME) EXPENSE, NET**

The following table summarizes the components of interest (income), net for fiscal 2024 and 2023:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	March 30, 2024	April 1, 2023		
Interest expense	\$ 4,613	\$ 3,276	\$ 1,337	40.8 %
Interest (income)	(32,867)	(18,253)	(14,614)	80.1 %
Interest (income) expense, net	<u>\$ (28,254)</u>	<u>\$ (14,977)</u>	<u>\$ (13,277)</u>	<u>88.6 %</u>
Average outstanding floor plan payable	\$ 42,751	\$ 25,756		
Average outstanding long-term debt	\$ 18,162	\$ 12,430		

Interest income, net was \$28.3 million during fiscal 2024, compared to \$15.0 million in the prior year. The change was primarily due to higher interest income from higher average invested cash balances and higher interest rates in fiscal 2024 compared to fiscal 2023, offset in part by higher interest expense related to floor plan payables and long-term debt acquired in conjunction with the purchase of Regional Homes in fiscal 2024.

### **OTHER (EXPENSE) INCOME, NET**

The following table summarizes other income, net for fiscal 2024 and 2023:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	March 30, 2024	April 1, 2023		
Other expense (income), net	\$ 2,604	\$ (634)	\$ 3,238	(510.7 %)

Other expense (income), net increased \$3.2 million during fiscal 2024 compared to the prior year. In fiscal 2024, the Company incurred \$3.3 million of acquisition costs associated with the purchase of Regional Homes and the investment in ECN, partially offset by dividend income of \$0.6 million from the investment in ECN Preferred Shares. During the first quarter of fiscal 2023, the Company received insurance proceeds for partial settlement of certain Champion Homes Builders' pre-bankruptcy workers' compensation claims, which was partially offset by transaction costs incurred for the acquisition of Manis.

## INCOME TAX EXPENSE

The following table summarizes income tax expense for fiscal 2024 and 2023:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	March 30, 2024	April 1, 2023		
Income tax expense	\$ 47,136	\$ 132,094	\$ (84,958)	(64.3 %)
Effective tax rate	23.5 %	24.7 %		

Income tax expense during fiscal 2024 was \$47.1 million, representing an effective tax rate of 23.5%, compared to income tax expense of \$132.1 million, representing an effective tax rate of 24.7%, in fiscal 2023. The rate change from fiscal 2023 to fiscal 2024 is due to lower income before tax and an increase in tax credits in fiscal 2024.

The Company's effective tax rate for both fiscal 2024 and 2023 differs from the federal statutory income tax rate of 21.0%, due primarily to the effect of non-deductible expenses, state and local income taxes, and foreign rate differential, partially offset by tax credits.

## ADJUSTED EBITDA

The following table reconciles net income, the most directly comparable U.S. GAAP measure, to Adjusted EBITDA, a non-GAAP financial measure, for fiscal 2024 and 2023:

(Dollars in thousands)	Year Ended		\$ Change	% Change
	March 30, 2024	April 1, 2023		
Net income	146,696	\$ 401,802	\$ (255,106)	(63.5 %)
Income tax expense	47,136	132,094	(84,958)	(64.3 %)
Interest (income), net	(28,254)	(14,977)	(13,277)	88.6 %
Depreciation and amortization	34,910	26,726	8,184	30.6 %
Transaction costs	3,253	338	2,915	*
Equity in net loss of affiliate	7,023	—	7,023	*
Product liability - water intrusion	34,500	—	34,500	*
Other	—	(972)	972	*
Adjusted EBITDA	245,264	\$ 545,011	\$ (299,747)	(55.0 %)

\* indicates that the calculated percentage is not meaningful

Adjusted EBITDA for fiscal 2024 was \$245.3 million, a decrease of \$299.7 million from fiscal 2023. The decrease is primarily a result of lower operating income due to decreases in sales volume, average selling prices, gross margins and higher SG&A expenses, partially offset by the incremental operating income generated by Regional Homes for the period after the acquisition. See the definition of Adjusted EBITDA under "Non-GAAP Financial Measures" below for additional information regarding the definition and use of this metric in evaluating the Company's results.

## BACKLOG

Although orders from customers can be cancelled at any time without penalty, and unfilled orders are not necessarily an indication of future business, the Company's unfilled U.S. and Canadian manufacturing orders at March 30, 2024 totaled \$315.8 million compared to \$308.1 million at April 1, 2023. The increase in backlog was primarily driven by higher net orders and the acquisition of Regional Homes.



## LIQUIDITY AND CAPITAL RESOURCES

The following table presents summary cash flow information for fiscal 2024 and 2023:

(Dollars in thousands)	Year Ended	
	March 30, 2024	April 1, 2023
Net cash provided by (used in):		
Operating activities	\$ 222,704	\$ 416,225
Investing activities	(485,678)	(61,179)
Financing activities	10,864	(37,019)
Effect of exchange rate changes	(280)	(5,987)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(252,390)	312,040
Cash, cash equivalents, and restricted cash at beginning of period	747,453	435,413
Cash, cash equivalents, and restricted cash at end of period	\$ 495,063	\$ 747,453

The Company's primary sources of liquidity are cash flows from operations and existing cash balances. Cash balances and cash flows from operations for the next year are expected to be adequate to cover working capital requirements, capital expenditures, and strategic initiatives and investments. The Company does not have any scheduled long-term debt maturities in the next twelve months. The Company has an Amended and Restated Credit Agreement which provides for a \$200.0 million revolving credit facility, including a \$45.0 million letter of credit sub-facility ("Amended Credit Agreement"). At March 30, 2024, there were no borrowings under the Amended Credit Agreement and letters of credit issued under the Credit Agreement totaled \$34.0 million. Total available borrowings under the Credit Agreement as of March 30, 2024 were \$166.0 million. The Company's revolving credit facility includes (i) a maximum consolidated total net leverage ratio of 3.25 to 1.00, subject to an upward adjustment upon the consummation of a material acquisition, and (ii) a minimum interest coverage ratio of 3.00 to 1.00. The Company anticipates compliance with its debt covenants and projects its level of cash availability to be in excess of cash needed to operate the business for the next year and beyond. In the event operating cash flow and existing cash balances were deemed inadequate to support the Company's liquidity needs, and one or more capital resources were to become unavailable, the Company would revise its operating strategies.

Cash provided by operating activities was \$222.7 million in fiscal 2024 compared to \$416.2 million in fiscal 2023. The decrease was primarily driven by lower net income in fiscal 2024, partially offset by more favorable changes in working capital items.

Cash used in investing activities was \$485.7 million in fiscal 2024 versus \$61.2 million in fiscal 2023. The increase in cash used for investing activities was primarily related to the Company's acquisition of Regional Homes, net of cash acquired, totaling \$283.2 million, and the Company's investment in ECN common and preferred stock of \$143.4 million in fiscal 2024.

In fiscal 2024, cash provided by financing activities was \$10.9 million, versus \$37.0 million used for financing activities in the prior fiscal year. The year over year increase was primarily related to net borrowings under floor plan financing arrangements. Fiscal 2024 included a \$15.4 million increase in floor plan borrowings while fiscal 2023 included a \$35.5 million net repayment. The change is a result of the Company's strategic utilization of floor plan borrowings and cash available to finance working capital.

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

### Credit Facility

The Amended Credit Agreement matures in July 2026 and has no scheduled amortization. The interest rate on borrowings under the Amended Credit Agreement is based on the Secured Overnight Financing Rate ("SOFR") plus a benchmark Replacement Rate Adjustment ("Replacement Rate"), plus an interest rate spread. The interest rate spread adjusts based on the consolidated total net leverage of the Company from a high of 1.875% when the consolidated total net leverage ratio is equal to or greater than 2.25:1.00, to a low of 1.125% when the consolidated total net leverage is below 0.50:1.00. Alternatively for same day borrowings, the interest rate is based on an Alternative Base Rate ("ABR") plus an interest rate spread that ranges from a high of 0.875% to a low of 0.125% based on the consolidated total net leverage ratio. In addition, the Company is obligated to pay an unused line fee ranging between 0.15% and 0.30% depending on the consolidated total net leverage ratio, in respect of unused commitments under the Amended Credit Agreement.

### Letter of Credit Facility

The Company has a letter of credit sub-facility under the Amended Credit Agreement. At March 30, 2024, letters of credit issued under the sub-facility totaled \$34.0 million.

### ***Industrial Revenue Bonds***

Obligations under industrial revenue bonds are supported by letters of credit and bear interest based on a municipal bond index rate. The industrial revenue bonds require lump-sum payments of principal upon maturity in 2029.

### ***Notes Payable***

As part of the acquisition of Regional Homes, the Company assumed notes payable to Romeo Juliet, LLC, a subsidiary of Wells Fargo Community Investment Holdings, Inc. ("WFC") of \$7.3 million, which mature at various dates from 2026 through 2039. The notes have a fixed rate of 5.42% and are secured by certain assets of Regional Homes. In addition, the Company assumed a note payable to United Bank of \$4.9 million with a fixed interest rate of 3.85% that is secured by a Note Receivable from HHB Investment Fund, LLC, a subsidiary of WFC.

### ***Floor Plan Payable***

At March 30, 2024, the Company had outstanding borrowings on floor plan financing arrangements of \$91.3 million. The Company's retail operations utilize floor plan financing to fund the acquisition of manufactured homes for display or resale. The arrangements provide for borrowings up to \$248.0 million. Floor plan payables are secured by the homes acquired and are required to be repaid when the Company sells the financed home to a customer.

### ***Contingent Obligations***

The Company has contingent liabilities and obligations at March 30, 2024, including surety bonds and letters of credit totaling \$15.1 million and \$34.0 million, respectively. Additionally, the Company is contingently obligated under repurchase agreements with certain lending institutions that provide floor plan financing to independent retailers. The contingent repurchase obligation as of March 30, 2024 is approximately \$296.3 million, without reduction for the resale value of the homes collateralizing the potential repurchases. The Company has the ability to resell the repurchased collateral to other retailers, and losses incurred on repurchased homes have been insignificant in recent periods. The reserve for estimated losses under repurchase agreements was \$1.8 million at March 30, 2024. See "Critical Accounting Policies and Estimates – Reserve for Repurchase Commitments" below.

The Company has provided various representations, warranties, and other standard indemnifications in the ordinary course of its business in agreements to acquire and sell business assets and in financing arrangements. The Company is subject to various legal proceedings and claims that arise in the ordinary course of its business.

In the normal course of business, the Company's subsidiaries historically provided certain parent company guarantees to two U.K. customers. These guarantees provided contractual liability for proven construction defects up to 12 years from the date of delivery of the units. The guarantees remain a contingent liability subsequent to the fiscal 2017 disposition of the U.K. operations, which declines over time through October 2027. As of the date of this report, no claims have been reported under the terms of the guarantees.

### ***Product Liability - Water Intrusion***

The Company has received consumer complaints for damages related to water intrusion in homes built in one of its manufacturing facilities prior to fiscal 2022. The Company has investigated, and believes, the cause of the damage is the result of materials that did not perform in accordance with the manufacturer's contractual obligations. The Company has identified that certain homes constructed over that period that may be affected. Based on the results of ongoing investigation and repair efforts, the Company has developed a remediation plan under Subpart I of the HUD code and has submitted that plan to HUD for approval. The plan calls for inspection and repair of affected homes if there is evidence of damage, or procedures to mitigate the opportunity for future damage. As a result of the proposal, the Company recorded charges to execute the remediation plan of \$34.5 million during the fourth quarter of fiscal 2024. The Company estimated the charges by establishing a range of total expected costs determined by an actuary using a Monte Carlo simulation. The analysis resulted in a range of losses between \$34.5 million and \$85.0 million. The Company was not able to determine a value in the range that was more likely than any other value, and as prescribed by U.S. GAAP, recorded the charge for remediation based on the low end of the range of potential losses. The Company will monitor the results of the inspection and repair activities, including actual repair costs, and may revise the amount of the estimated liability, which could result in an increase or decrease in the estimated liability in future periods. The liability is included in Other current liabilities in the accompanying consolidated balance sheets.

Based on the Company's investigation into the cause of the water intrusion, including third-party testing of the material at issue, the Company believes it is possible that it will recover some or all of the estimated remediation costs. The Company will attempt to recover those costs from the manufacturer of the material, the distributor of the material, their related insurance providers or from the Company's insurance providers. However, the Company is unable to record an offset for any estimated costs at this time in accordance with U.S. GAAP.

## **NON-GAAP FINANCIAL MEASURES - ADJUSTED EBITDA**

The Company defines Adjusted Earnings Before Interest Taxes and Depreciation and Amortization ("Adjusted EBITDA") as net income or loss plus expenses or minus income for: (a) the provision for income taxes; (b) interest income or expense, net; (c) depreciation and amortization; (d) gain or loss from discontinued operations; (e) non-cash restructuring charges and impairment of assets; (f) equity in net earnings or losses of affiliates; (g) charges related to the remediation of the water intrusion product liability claims; and (h) other non-operating income or expense including but not limited to those costs for the acquisition and integration or disposition of businesses and idle facilities. Adjusted EBITDA is not a measure of earnings calculated in accordance with U.S. GAAP and should not be considered an alternative to, or more meaningful than, net income or loss prepared on a U.S. GAAP basis. Adjusted EBITDA does not purport to represent cash flow provided by, or used in, operating activities as defined by U.S. GAAP, which is presented in the Statement of Cash Flows. In addition, Adjusted EBITDA is not necessarily comparable to similarly titled measures reported by other companies.

Adjusted EBITDA is presented as a supplemental measure of the Company's financial performance that management believes is useful to investors, because the excluded items may vary significantly in timing or amounts and/or may obscure trends useful in evaluating and comparing the Company's operating activities across reporting periods. Management believes Adjusted EBITDA is useful to an investor in evaluating operating performance for the following reasons: (i) Adjusted EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest income and expense, taxes, depreciation and amortization and equity-based compensation, which can vary substantially from company to company depending upon accounting methods and the book value of assets, capital structure and the method by which assets were acquired; and (ii) analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies in the industry.

Management uses Adjusted EBITDA for planning purposes, including the preparation of internal annual operating budget and periodic forecasts: (i) in communications with the Board of Directors and investors concerning financial performance; (ii) as a factor in determining bonuses under certain incentive compensation programs; and (iii) as a measure of operating performance used to determine the ability to provide cash flows to support investments in capital assets, acquisitions and working capital requirements for operating expansion.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Our significant accounting policies are more fully described in Note 1, "Summary of Significant Accounting Policies," to the consolidated financial statements included in this Report. Certain of our accounting policies require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Assumptions and estimates of future earnings and cash flow are used in the periodic analyses of the recoverability of goodwill, intangible assets, deferred tax assets and property, plant, and equipment. Historical experience and trends are used to estimate reserves, including reserves for self-insured risks, warranty costs, and wholesale repurchase losses. The Company considers an accounting estimate to be critical if it requires us to make assumptions about matters that were uncertain at the time the estimate was made and changes in the estimate would have had a significant impact on our consolidated financial position or results of operations. The Company believes that the following discussion addresses the Company's critical accounting estimates.

### ***Acquisitions***

We allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. We use all available information to estimate fair values. We typically engage outside appraisal firms to assist in the fair value determination of identifiable intangible assets and any other significant assets or liabilities. We adjust the preliminary purchase price allocation, as necessary, up to one year after the acquisition closing date as we obtain more information regarding asset valuations and liabilities assumed. Our estimates of fair value are based upon assumptions believed to be reasonable, but that are inherently uncertain, and therefore, may not be realized. Unanticipated events or circumstances may occur which could affect the accuracy of our fair value estimates, including assumptions regarding industry economic factors and business strategies. Accordingly, there can be no assurance that the estimates, assumptions, and values reflected in the valuations will be realized, and actual results could vary materially.

### ***Reserves for Self-Insured Risks***

The Company is self-insured for a significant portion of its general insurance, product liability, workers' compensation, auto, health, and property insurance. Insurance coverage is maintained for catastrophic exposures and those risks required to be insured by law. The Company is liable for the first \$150,000 of incurred losses for each workers' compensation and auto liability claim and is responsible for losses up to the first \$500,000 per occurrence for general, product liability, and property insurance. Generally catastrophic losses are insured up to \$80 million. The Company establishes reserves for reported and unreported losses and insurance company reimbursements under these programs using an actuarial determined value which takes into consideration prior claim

experience, estimates of losses for known occurrences and the respective volume of business activity for a given period. The health plan is currently subject to a stop-loss limit of \$700,000 per occurrence. Estimated self-insurance costs are accrued for all expected future expenditures for reported and unreported claims based on historical experience.

#### ***Impairment of Long-Lived Assets***

It is the Company's policy to evaluate the recoverability of property, plant, and equipment whenever events and changes in circumstances indicate that the carrying amount of assets may not be recoverable, primarily based on estimated selling price, appraised value, or projected undiscounted future cash flows.

#### ***Impairment of Goodwill***

Goodwill is not amortized but is tested for impairment at least annually. Impairment testing is required more often if an event or circumstance indicates that an impairment is more likely than not to have occurred. In conducting its annual impairment testing, the Company may first perform a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount. If not, no further goodwill impairment testing is required. If it is more likely than not that a reporting unit's fair value is less than its carrying amount, or if the Company elects not to perform a qualitative assessment of a reporting unit, the Company then compares the fair value of the reporting unit to the related net book value. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized. As the analysis depends upon judgments, estimates and assumptions, such testing is subject to inherent uncertainties, which could cause the fair value to fluctuate from period to period.

In fiscal 2024, the Company performed qualitative assessments of its reporting units. The annual assessment was completed on or of the first day of fiscal March. The assessments indicated that it was more likely than not that the fair value of each of the reporting units exceeded its respective carrying value. The Company does not believe that any reporting units are at risk for impairment.

#### ***Income Taxes and Deferred Tax Assets***

Deferred tax assets and liabilities are determined based on temporary differences between the financial statement amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is provided when the Company determines that it is more likely than not that some or all of the deferred tax assets will not be realized.

#### ***Reserve for Repurchase Commitments***

As is customary in the factory-built housing industry, a significant portion of the home sales to independent retailers are made pursuant to repurchase agreements with lending institutions that provide wholesale floor plan financing to the retailers. Certain homes sold pursuant to repurchase agreements are subject to repurchase, generally up to 24 months after the sale of the home to the retailer. Certain other homes sold pursuant to repurchase agreements are subject to repurchase until the home is sold by the retailer. For those homes with an unlimited repurchase period, the Company's risk of loss upon repurchase declines due to required monthly principal payments by the retailer. After 18 to 36 months from the date of the Company's sale of the home, the risk of loss on these homes is low, and by the 46th month, most programs require that the home be paid in full, at which time the Company no longer has risk of loss. Pursuant to these agreements, during the repurchase period, generally upon default by the retailer and repossession by the financial institution, the Company is obligated to repurchase the homes from the floor plan lenders. The contingent repurchase obligation as of March 30, 2024 was estimated to be approximately \$296.3 million, without reduction for the resale value of the homes. Losses under repurchase obligations represent the difference between the repurchase price and net proceeds from the resale of the homes, less accrued rebates, which will not be paid. Losses incurred on homes repurchased have been insignificant in recent periods. The reserve for estimated losses under repurchase agreements was \$1.8 million at March 30, 2024.

### **OTHER MATTERS**

#### ***Inflation***

Raw material price increases have generally been passed on to customers or mitigated through working with supply chain partners, sourcing alternative materials or other operational improvements to minimize the effect on our profitability. However, continued, frequent and sudden increases in specific costs, as well as price competition, can affect the ability to pass on costs and adversely impact results of operations. Therefore, there is no assurance that inflation or the impact of rising material costs will not have a significant impact on revenue or results of operations in the future.

***Seasonality***

The housing industry, which includes factory-built homes, is affected by seasonality. Sales during the period from March to November are traditionally higher than other months. As a result, quarterly results of a particular period are not necessarily representative of the results expected for the year.

**Recently Issued Accounting Standards**

Refer to Note 1, "Summary of Significant Accounting Policies," in our accompanying Consolidated Financial Statements for information regarding new accounting pronouncements.



## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### *Interest Rate Risk*

Debt obligations under the Amended Credit Agreement are subject to variable rates of interest based on SOFR or an ABR, at the election of the Company. Changes in interest rates will affect interest payments on outstanding debt balances. At March 30, 2024 there were no outstanding borrowings on the Amended Credit Agreement.

The Company's approach to interest rate risk is to balance borrowings between fixed rate and variable rate debt as management deems appropriate. At March 30, 2024, the Company's borrowings under the industrial revenue bonds were at variable rates, borrowings under notes payable assumed from the acquisition of Regional Homes are at fixed rates and borrowings under floor plan financing arrangements were at a combination of fixed and variable rates.

Obligations under industrial revenue bonds and certain floor plan financing arrangements are subject to variable rates of interest based on a municipal bond index rate and on terms negotiated with the floor plan lenders respectively. At March 30, 2024, there was \$91.3 million outstanding on the floor plan agreements and \$12.4 million outstanding on borrowings under industrial revenue bonds at March 30, 2024. A 100 basis point increase in the underlying interest rates would result in additional annual interest expense of approximately \$0.9 million on outstanding floor plan balances and industrial revenue bonds.

### *Foreign Exchange Risk*

The Company is exposed to foreign exchange risk with its factory-built housing operations in Canada. The Canadian operations had fiscal 2024 net sales of \$146.7 million Canadian dollars. Assuming future annual Canadian net sales equivalent to fiscal 2024, a change of 1.0% in exchange rates between the U.S. and Canadian dollars would change consolidated sales by \$1.5 million. The Company also has foreign exchange risk for cash balances maintained in Canadian dollars that are subject to fluctuating values when exchanged into U.S. dollars. The Company does not financially hedge its investment in the Canadian operations or in Canadian denominated bank deposits.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements, exhibits and schedules are filed herewith under Item 15.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### *(a) Evaluation of Disclosure Controls and Procedures*

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of March 30, 2024. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 30, 2024.

### *(b) Management's Report on Internal Control over Financial Reporting*

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, internal controls over financial reporting are designed 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. Internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.



Because of their inherent limitations, the Company's controls and procedures may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all controls systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("2013 Framework"). Management excluded Regional Homes, which was acquired on October 13, 2023, from its assessment of internal controls over financial reporting. This acquired business comprised approximately 27% of total assets as of March 30, 2024 and approximately 11% of net sales for the year ended March 30, 2024. Based on management's evaluation under the criteria in the 2013 Framework, management concluded that the Company's internal control over financial reporting was effective as of March 30, 2024.

**(c) *Attestation Report of the Independent Registered Public Accounting Firm***

Ernst & Young LLP, the Company's independent registered public accounting firm, audited the Company's consolidated financial statements set forth in this Annual Report and issued an attestation report regarding the effectiveness of our internal control over financial reporting as of March 30, 2024, and the attestation report is set forth in Item 15, "Financial Statement Schedules," under the caption "Report of Independent Registered Public Accounting Firm" and is incorporated herein by reference.

**(d) *Changes in Internal Control over Financial Reporting***

There were no changes in the Company's internal control over financial reporting during the quarter ended March 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

During the three months ended March 30, 2024, none of the Company's directors or Section 16 officers adopted or terminated a Rule 10b5-1 Trading Plan or "non-Rule 10b5-1 trading arrangement," as defined in Item 408(a) of Regulation S-K.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION**

Not applicable.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this item concerning the Company's directors, director nominees and Section 16 beneficial ownership reporting compliance will be set forth in the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders (the "2024 Proxy Statement"), which will be filed within 120 days after the end of the registrant's fiscal year, under the captions "Election of Directors," "Share Ownership of Certain Beneficial Owners," "Executive Officers" and "Corporate Governance" and is incorporated herein by reference.

The Company has adopted a written code of business conduct and ethics ("Code of Conduct") which applies to all of its directors, officers, and employees. Our Code of Conduct is available on our website, [www.skylinechampion.com](http://www.skylinechampion.com), and can be obtained by writing to Investor Relations at 755 West Big Beaver Rd., Suite 1000, Troy, Michigan 48084, or by sending an email to [investorrelations@championhomes.com](mailto:investorrelations@championhomes.com). The information contained on our website is not incorporated by reference into this Annual Report on Form 10-K.

### ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be set forth in the 2024 Proxy Statement under the captions "Compensation Discussion and Analysis," "How We Make Compensation Decisions," "What We Pay and Why: Elements of Compensation," "Compensation Tables," "Summary Compensation Table for 2024," "Grants of Plan-Based Awards in Fiscal 2024," "Outstanding Equity Awards at Fiscal 2024 Year End," "Option Exercises and Stock Vested in Fiscal 2024," "Potential Payments Upon Termination or Change in Control," "Director Compensation," "Director Compensation Program," "Non-Employee Director Compensation in Fiscal 2024," "CEO Pay Ratio," "Pay Versus Performance," "Compensation Committee Interlocks and Insider Participation," and "Compensation Committee Report," and is incorporated herein by reference.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be set forth in the 2024 Proxy Statement under the caption "Share Ownership of Certain Beneficial Owners" and is incorporated herein by reference.

#### Equity Compensation Plan Information

The following table provides information about the Company's equity compensation plans as of March 30, 2024:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights <sup>(1)</sup>	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights <sup>(2)</sup>	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))
	(A)	(B)	(C)
Equity compensation plans approved by Stockholders	1,303,053	\$ 30.08	3,202,828
Equity compensation plans not approved by Stockholders	—	—	—
<b>Total</b>	<b>1,303,053</b>	<b>\$ 30.08</b>	<b>3,202,828</b>

(1) This amount represents the following: (a) 331,183 shares subject to the vesting and/or exercise of outstanding options; (b) 601,491 shares subject to vesting of outstanding performance-based restricted stock units reflected at the maximum potential vesting; and (c) 370,379 shares subject to vesting of outstanding restricted stock units. The options, performance-based restricted stock units and restricted stock units were all granted under our 2018 Equity Incentive Plan.

(2) The weighted-average exercise price is calculated solely on the exercise prices of the outstanding options and does not reflect the shares that will be issued upon the vesting of outstanding awards of performance-based restricted stock units and time-based restricted stock units, which have no exercise price.



**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this item will be set forth in the 2024 Proxy Statement under the captions “Proposal One: Election of Directors,” “Board Composition and Director Independence,” “Meetings and Committees,” “Corporate Governance Overview,” “Compensation Committee Interlocks and Insider Participation,” and “Certain Relationships and Related Person Transactions,” and is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this item will be set forth in the 2024 Proxy Statement under the captions “Auditor Fees and Pre-Approval Policy,” “Auditor Fees and Services,” and “Pre-Approval of Auditor Fees and Services,” and is incorporated herein by reference.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### Financial Statements and Financial Statement Schedules

- (a) Financial Statements are listed in the Index to Consolidated Financial Statements on page F-1 of this Annual Report.

Financial Statement Schedules:

Schedule II — Valuation and Qualifying Accounts

All other financial statement schedules are omitted because such schedules are not required, or the information required has been presented in the aforementioned financial statements.

#### Exhibits

The documents listed below are being filed or have previously been filed on behalf of the Company and are incorporated herein by reference from the documents indicated and made a part hereof. Exhibits not identified as previously filed are filed herewith.

Exhibit Number	Exhibit Description
2.1	<a href="#"><u>Share Contribution &amp; Exchange Agreement, dated as of January 5, 2018, by and among Skyline Corporation and Champion Enterprises Holdings, LLC (incorporated by reference to Exhibit 2.1 of the registrant's Form 8-K, filed on January 5, 2018).</u></a>
3.1	<a href="#"><u>Amended and Restated Articles of Incorporation of Skyline Champion Corporation, dated June 1, 2018 (incorporated by reference to Exhibit 3.1 of the registrant's Form 8-K dated June 6, 2018).</u></a>
3.2	<a href="#"><u>Amended and Restated By-Laws of Skyline Champion Corporation, dated November 10, 2022 (incorporated by reference to Exhibit 3.1 of the registrant's Form 8-K dated November 16, 2022).</u></a>
4.1	<a href="#"><u>Registration Rights Agreement, dated as of June 1, 2018 by and among Skyline Champion Corporation, The Bain Shareholder, Sankaty Champion Holdings, LLC, Sankaty Credit Opportunities IV, L.P., CCP Champion Investors, LLC, Centerbridge Capital Partners, L.P., Centerbridge Capital Partners Strategic, L.P., Centerbridge Capital Partners SBS, L.P., Mak Champion Investment LLC, Mak-ro Capital Master Fund L.P. and Arthur J. Decio (incorporated by reference to Exhibit 4.1 of the registrant's Form 8-K dated June 6, 2018).</u></a>
4.2	<a href="#"><u>Investor Rights Agreement, dated as of June 1, 2018, by and among Skyline Champion Corporation, Champion Enterprises Holdings, LLC, Sankaty Champion Holdings, LLC, Sankaty Credit Opportunities IV, L.P., Centerbridge Capital Partners, L.P., Centerbridge Capital Partners Strategic, L.P., Centerbridge Capital Partners SBS, L.P., CCP Champion Investors, LLC, MAK Champion Investment LLC and MAK-RO Capital Master Fund, L.P. (incorporated by reference to Exhibit 4.2 of the registrant's Form 8-K dated June 6, 2018).</u></a>
4.3	<a href="#"><u>Description of Common Stock (incorporated by reference to the registrant's registration statement on Form 8-A12B filed by the Company on May 31, 2018).</u></a>
10.1	<a href="#"><u>Amended and Restated Credit Agreement, dated as of July 7, 2021 as amended May 18, 2023, by and among Skyline Champion Corporation, Champion Home Builders, Inc. and Wells Fargo Bank, National Association, as administrative agent and collateral agent, and the other financial institutions party thereto (incorporated by reference to Exhibit 10.1 of the registrant's Form 8-K filed May 22, 2023).</u></a>
10.2	<a href="#"><u>Transition Services Agreement, dated as of June 1, 2018, by and among Skyline Champion Corporation and Champion Enterprises Holdings, LLC (incorporated by reference to Exhibit 10.2 of the registrant's Form 8-K dated June 6, 2018).</u></a>
10.3	<a href="#"><u>2018 Equity Incentive Plan (incorporated by reference to Exhibit 4.3 of the registrants registration statement on Form S-8 filed on September 26, 2018).</u></a> <sup>†</sup>
10.4	<a href="#"><u>Form of Non-Statutory Stock Option Agreement for Employees (incorporated by reference to Exhibit 10.4 of the registrant's Annual Report on Form 10-K filed on May 26, 2021).</u></a>
10.5	<a href="#"><u>Form of Performance Stock Unit Agreement (incorporated by reference to Exhibit 10.5 of the registrant's Annual Report on Form 10-K filed on May 26, 2021).</u></a> <sup>†</sup>
10.6	<a href="#"><u>Form of Restricted Stock Unit Award Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.6 of the registrant's Annual Report on Form 10-K filed on May 26, 2021).</u></a> <sup>†</sup>
10.7	<a href="#"><u>Form of Restricted Stock Unit Award Agreement for Employees (incorporated by reference to Exhibit 10.7 of the registrant's Annual Report on Form 10-K filed on May 26, 2021).</u></a> <sup>†</sup>



- 10.8 [Form of Indemnification Agreement \(incorporated by reference to Exhibit 10.4 of the registrant's Form 8-K filed on June 6, 2018\).](#)
- 10.9 [Form of Non-Statutory Stock Option Agreement for Executives with written employment agreements \(incorporated by reference to Exhibit 10.9 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.10 [Form of Performance Stock Unit Agreement for Executives with written employment agreements \(incorporated by reference to Exhibit 10.10 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.11 [Form of Restricted Stock Unit Award Agreement for Executives with written employment agreements \(incorporated by reference to Exhibit 10.11 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.12 [Executive Employment Agreement, dated September 5, 2019 and effective June 1, 2019, between Mark Yost and Champion Home Builders, Inc \(incorporated by reference to Exhibit 10.12 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.13 [Amended and Restated Executive Employment Agreement, dated as of March 20, 2023, between Laurie Hough and Champion Home Builders, Inc. \(incorporated by reference to Exhibit 10.11 of the registrant's Current Report on Form 8-K filed on March 24, 2023\).†](#)
- 10.14 [Executive Employment Agreement effective June 17, 2019 between Robert Spence and Champion Home Builders, Inc. \(incorporated by reference to Exhibit 10.14 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.15 [Amended and Restated Employment Agreement, dated as of June 4, 2018, between Keith Anderson and Champion Home Builders, Inc. \(incorporated by reference to Exhibit 10.15 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.16 [Employment Agreement, dated May 3, 2021, between Champion Home Builders, Inc. and Timothy Larson \(incorporated by reference to Exhibit 10.11 of the registrant's Form 8-K filed May 5, 2021\).†](#)
- 10.17 [Form of Performance Stock Unit Agreement for Employees granted in fiscal 2022, 2023 and 2024 \(incorporated by reference to Exhibit 10.17 of the registrant's Annual Report on Form 10-K filed May 24, 2022\).†](#)
- 10.18 [Form of Performance Stock Unit Agreement for Executives with written employment agreements granted in fiscal 2022, 2023 and 2024 \(incorporated by reference to Exhibit 10.18 of the registrant's Annual Report on Form 10-K filed on May 26, 2021\).†](#)
- 10.19 [Form of Restricted Stock Unit Award Agreement for Employees granted in fiscal 2022, 2023 and 2024 \(incorporated by reference to Exhibit 10.19 of the registrant's Annual Report on Form 10-K filed May 24, 2022\).†](#)
- 10.20 [Form of Restricted Stock Unit Award Agreement for Executives with written employment agreements granted in fiscal 2022, 2023 and 2024 \(incorporated by reference to Exhibit 10.20 of the registrant's Annual Report on Form 10-K filed May 24, 2022\).†](#)
- 10.21 [Share Subscription Agreement, dated August 14, 2023 \(incorporated by reference to Exhibit 10.1 of the registrant's Form 8-K filed August 17, 2023\).](#)
- 10.22 [Securities Purchase Agreement, dated August 25, 2023, by and among Skyline Champion Corporation, Champion Retail Housing, Inc., Champion Home Builders, Inc., Regional Holdings Corporation, Heath Jenkins, Regional Underwriters, Inc., Dana Jenkins \(for the limited purposes set forth herein\), and Heath Jenkins as the Sellers' Representative \(incorporated by reference to Exhibit 2.1 of the registrant's Form 8-K filed August 31, 2023\).](#)
- 10.23 [Investor Rights Agreement, dated September 26, 2023 \(incorporated by reference to Exhibit 10.1 of the registrant's Form 8-K filed September 28, 2023\).](#)
- 10.24 [Amendment No. 1 to Securities Purchase Agreement and Company Disclosure Schedule, dated as of October 13, 2023, among Skyline Champion Corporation, Champion Retail Housing, Inc., Champion Home Builders, Inc., Regional Holdings Corporation, Heath Jenkins, Regional Underwriters, Inc., Dana Jenkins \(for the limited purposes set forth herein\), and Heath Jenkins as the Sellers' Representative \(incorporated by reference to Exhibit 2.1 of the registrant's Form 8-K filed October 19, 2023\).](#)
- 10.25 [Restrictive Covenant Agreement, dated as of October 13, 2023, among Skyline Champion Corporation, Champion Retail Housing, Inc., Champion Home Builders, Inc. and the Restricted Parties named therein \(incorporated by reference to Exhibit 10.1 of the registrant's Form 8-K filed October 19, 2023\).](#)
- 10.26 [General Release, dated as of October 13, 2023, among Regional Holdings Corporation, Regional Underwriters, Inc., Heath Jenkins and Dana Jenkins \(incorporated by reference to Exhibit 10.2 of the registrant's Form 8-K filed October 19, 2023\).](#)
- 10.27 [Restricted Stock Agreement, dated as of October 13, 2023, among Skyline Champion Corporation, Dana Jenkins and Regional Holdings Corporation \(incorporated by reference to Exhibit 10.3 of the registrant's Form 8-K filed October 19, 2023\).](#)
- 21.1 [Subsidiaries of the Registrant.\\*](#)
- 23.1 [Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.\\*](#)

- 31.1 [Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Rule 13a-14\(a\)/15d-14\(a\).](#)\*
- 31.2 [Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Rule 13a-14\(a\)/15d-14\(a\).](#)\*
- 32.1 [Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)\*
- 97 [Skyline Champion Corporation Compensation Recoupment Policy.](#)\*
- 101.INS Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document\*
- 101.SCH Inline XBRL Taxonomy Extension Schema Document with Embedded Linkbase Documents\*
- 104 Cover page formatted as Inline XBRL and contained in Exhibit 101

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\* Filed herewith.

† Management contract or compensatory plan, contract or arrangement.

#### **ITEM 16. FORM 10-K SUMMARY**

Not applicable



## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

SKYLINE CHAMPION CORPORATION

Date: May 29, 2024

/s/ Mark Yost

Mark Yost

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Mark Yost</u> Mark Yost	President, Chief Executive Officer and Director (Principal Executive Officer)	May 29, 2024
<u>/s/ Laurie Hough</u> Laurie Hough	Executive Vice President, Chief Financial Officer, and Treasurer (Principal Financial Officer)	May 29, 2024
<u>/s/ Timothy Burkhardt</u> Timothy Burkhardt	Vice President and Controller (Principal Accounting Officer)	May 29, 2024
<u>/s/ Keith Anderson</u> Keith Anderson	Director	May 29, 2024
<u>/s/ Michael Berman</u> Michael Berman	Director	May 29, 2024
<u>/s/ Eddie Capel</u> Eddie Capel	Director	May 29, 2024
<u>/s/ Erin Mulligan Helgren</u> Erin Mulligan Helgren	Director	May 29, 2024
<u>/s/ Michael Kaufman</u> Michael Kaufman	Director	May 29, 2024
<u>/s/ Tawn Kelley</u> Tawn Kelley	Director	May 29, 2024
<u>/s/ Nikul Patel</u> Nikul Patel	Director	May 29, 2024
<u>/s/ Gary E. Robinette</u> Gary E. Robinette	Director	May 29, 2024

**SKYLINE CHAMPION CORPORATION**

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**Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of  
Skyline Champion Corporation

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Skyline Champion Corporation (the Company) as of March 30, 2024 and April 1, 2023, and the related consolidated income statements, statements of comprehensive income, equity and cash flows for each of the fiscal years ended March 30, 2024, April 1, 2023, and April 2, 2022, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 30, 2024 and April 1, 2023, and the results of its operations and its cash flows for the fiscal years ended March 30, 2024, April 1, 2023, and April 2, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 30, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated May 29, 2024, expressed an unqualified opinion thereon.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

<i>Description of the Matter</i>	<i>Accounting for Business Combinations</i>
	<p>As discussed in Note 2 to the consolidated financial statements, during the year ended March 30, 2024, the Company completed its acquisition of Regional Enterprises, LLC and related companies (collectively, “Regional Homes”) for aggregate consideration of \$316.9 million. This transaction was accounted for as a business combination. The transaction resulted in the recognition of \$161.4 million of goodwill and \$41.8 million of amortizable intangible assets.</p> <p>Auditing the Company's accounting for its acquisition of Regional Homes was complex due to the significant estimation in the Company's determination of fair value of identified intangible assets. The significant estimation uncertainty was primarily due to the sensitivity of the fair value of the trade name intangible asset to certain underlying assumptions. The Company used the relief-from-royalty method to</p>



measure the fair value of the trade name intangible asset, and the significant assumptions used in estimating its fair value included the revenue growth rate and the selected royalty rate, which form the basis of the forecasted results, and the discount rate.

*How We Addressed the Matter in Our Audit* We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls that address the risk of material misstatement relating to the Company's accounting for the Regional Homes acquisition, including the estimated fair value of the identified trade name intangible asset. We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's processes with respect to estimates that impact the accounting for the Regional Homes acquisition. For example, we tested controls over the estimation process supporting the recognition and measurement of the identified intangible assets, including the trade name intangible asset, which encompassed testing controls over management's review of assumptions used in the valuation model.

To test the estimated fair value of the trade name intangible asset, our audit procedures included, among others, evaluating the appropriateness of the valuation methodologies used, the significant assumptions discussed above, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. For the revenue growth rate, we compared the assumptions to the historical financial performance of the acquired business and forecasted performance of the Company. For the royalty rate selected to value the trade name intangible asset, we compared the rate to a return on asset analysis to validate the residual profit available. We also performed sensitivity analyses to evaluate the changes in the fair value of the trade name intangible asset that would result from changes in the significant assumptions. We involved our valuation specialists to assist in evaluating the methodologies used to estimate the fair value of the trade name intangible asset and to test certain significant assumptions, including the discount rate, which included a comparison of the selected rate to benchmark data. We also evaluated the adequacy of the Company's disclosures included in Note 2 in relation to these acquisition matters.

#### ***Self-Insured Risks***

*Description of the Matter* The Company's reserves for self-insured risks, of which \$34.5 million at March 30, 2024 relates to estimated costs for planned remediation efforts associated with damages related to water intrusion in previously manufactured homes. As described in Note 17 to the consolidated financial statements, the Company's liability for costs associated with the planned remediation efforts is based on an actuarially determined range that considered a variety of factors, including the number of homes manufactured with exposure to the defect, the number of homes that will be required to be remediated, and the estimated repair costs.

Auditing the Company's accounting for its estimated costs for planned remediation efforts is complex and requires the involvement of actuarial specialists due to the measurement uncertainty associated with the estimate. The Company used a Monte Carlo simulation to measure the estimated costs for planned remediation efforts, and the significant assumptions used in estimating the range of estimated costs for planned remediation included the number of homes that will be required to be remediated and the estimated costs for planned remediation efforts.

*How We Addressed the Matter in Our Audit* We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's controls that address the risks of material misstatement relating to the measurement and valuation of the estimated range of costs for planned remediation efforts. For example, we tested controls over management's review of the significant actuarial assumptions used in the determination of the range, management's review of the appropriateness of the calculation, and controls pertaining to the completeness and accuracy of the number of homes manufactured with exposure to the defect underlying the estimated costs for planned remediation efforts.

To evaluate the estimated liability for costs for planned remediation efforts associated with water intrusion complaints, we performed audit procedures that included, among others, testing the completeness and accuracy of the underlying data supporting the number of homes with exposure to water intrusion damages, the number of homes that will be required to be remediated, and estimated repair costs per home used in the actuarial analysis. Furthermore, we involved our actuarial specialists to assist in our evaluation of methodologies and assumptions applied by management to estimate the recorded liability.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2006.

Detroit, Michigan

May 29, 2024



## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Skyline Champion Corporation

### **Opinion on Internal Control Over Financial Reporting**

We have audited Skyline Champion Corporation's internal control over financial reporting as of March 30, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Skyline Champion Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of March 30, 2024, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Regional Homes, which is included in the 2024 consolidated financial statements of the Company and constituted 27% of total assets as of March 30, 2024 and 11% of net sales for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Regional Homes.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 30, 2024 and April 1, 2023, the related consolidated income statements, statements of comprehensive income, equity and cash flows for each of the fiscal years ended March 30, 2024, April 1, 2023, and April 2, 2022, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated May 29, 2024 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP  
Detroit, Michigan  
May 29, 2024

**Skyline Champion Corporation**  
**Consolidated Balance Sheets**  
(Dollars and shares in thousands, except per share amounts)

	March 30, 2024	April 1, 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 495,063	\$ 747,453
Trade accounts receivable, net	64,632	67,296
Inventories, net	318,737	202,238
Other current assets	39,870	26,479
Total current assets	918,302	1,043,466
Long-term assets:		
Property, plant, and equipment, net	290,930	177,125
Goodwill	357,973	196,574
Amortizable intangible assets, net	76,369	45,343
Deferred tax assets	26,878	17,422
Other noncurrent assets	252,889	82,794
<b>Total assets</b>	<b>\$ 1,923,341</b>	<b>\$ 1,562,724</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Floor plan payable	\$ 91,286	\$ —
Accounts payable	50,820	44,702
Other current liabilities	247,495	204,215
Total current liabilities	389,601	248,917
Long-term liabilities:		
Long-term debt	24,669	12,430
Deferred tax liabilities	6,905	5,964
Other liabilities	79,796	62,412
Total long-term liabilities	111,370	80,806
Stockholders' Equity:		
Common stock, \$0.0277 par value, 115,000 shares authorized, 57,815 and 57,108 shares issued as of March 30, 2024 and April 1, 2023, respectively.	1,605	1,585
Additional paid-in capital	568,203	519,479
Retained earnings	866,485	725,672
Accumulated other comprehensive loss	(13,923)	(13,735)
Total stockholders' equity	1,422,370	1,233,001
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,923,341</b>	<b>\$ 1,562,724</b>

See accompanying Notes to Consolidated Financial Statements.



**Skyline Champion Corporation**  
**Consolidated Income Statements**  
(Dollars and shares in thousands, except per share amounts)

	Year Ended		
	March 30, 2024	April 1, 2023	April 2, 2022
Net sales	\$ 2,024,823	\$ 2,606,560	\$ 2,207,229
Cost of sales	1,539,029	1,787,879	1,618,106
Gross profit	485,794	818,681	589,123
Selling, general, and administrative expenses	310,589	300,396	256,218
Operating income	175,205	518,285	332,905
Interest expense	4,613	3,276	3,245
Interest (income)	(32,867)	(18,253)	(733)
Other expense (income)	2,604	(634)	(36)
Income before income taxes	200,855	533,896	330,429
Income tax expense	47,136	132,094	82,385
Net income before equity in net loss of affiliate	153,719	401,802	248,044
Equity in net loss of affiliate	7,023	—	—
Net income	\$ 146,696	\$ 401,802	\$ 248,044
Net income per share:			
Basic	\$ 2.55	\$ 7.05	\$ 4.37
Diluted	\$ 2.53	\$ 7.00	\$ 4.33

See accompanying Notes to Consolidated Financial Statements.

**Skyline Champion Corporation**  
**Consolidated Statements of Comprehensive Income**  
(Dollars in thousands)

	Year Ended		
	March 30, 2024	April 1, 2023	April 2, 2022
Net income	\$ 146,696	\$ 401,802	\$ 248,044
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(188)	(6,527)	316
Total comprehensive income	<u>\$ 146,508</u>	<u>\$ 395,275</u>	<u>\$ 248,360</u>

See accompanying Notes to Consolidated Financial Statements.

**Skyline Champion Corporation**  
**Consolidated Statements of Cash Flows**  
(Dollars in thousands)

	Year Ended		
	March 30, 2024	April 1, 2023	April 2, 2022
<b>Cash flows from operating activities</b>			
Net income	\$ 146,696	\$ 401,802	\$ 248,044
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	34,910	26,726	20,936
Equity-based compensation	19,560	14,160	9,777
Deferred taxes	(6,448)	1,127	3,019
Amortization of deferred financing fees	348	357	690
Loss (gain) on disposal of property, plant, and equipment	205	(129)	612
Foreign currency transaction loss (gain)	297	828	(83)
Equity in net loss of affiliate	7,023	—	—
Change in assets and liabilities, net of businesses acquired:			
Accounts receivable	18,910	23,090	(32,854)
Floor plan receivables	(15,391)	—	—
Inventories	22,424	49,196	(75,019)
Other assets	(14,579)	(11,930)	(28,217)
Accounts payable	(7,950)	(49,082)	34,824
Accrued expenses and other current liabilities	16,699	(39,920)	42,750
Net cash provided by operating activities	222,704	416,225	224,479
<b>Cash flows from investing activities</b>			
Additions to property, plant, and equipment	(52,915)	(52,244)	(31,979)
Cash paid for acquisitions, net of cash acquired	(283,189)	(6,810)	(207)
Cash paid for equity method investment	(4,100)	(2,500)	—
Cash paid for investment in ECN common stock	(78,858)	—	—
Cash paid for investment in ECN preferred stock	(64,520)	—	—
Investment in floor plan loans	(18,466)	—	—
Proceeds from floor plan loans	15,721	—	—
Proceeds from disposal of property, plant, and equipment	649	375	219
Net cash used in investing activities	(485,678)	(61,179)	(31,967)
<b>Cash flows from financing activities</b>			
Changes in floor plan financing, net	15,368	(35,460)	9,728
Payments on long term debt	(77)	—	—
Payments on revolving debt facility	—	—	(26,900)
Payments for deferred financing fees	—	—	(1,130)
Stock option exercises	1,456	2,473	1,405
Tax payments for equity-based compensation	(5,883)	(4,032)	(3,039)
Net cash provided by (used in) financing activities	10,864	(37,019)	(19,936)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(280)	(5,987)	256
Net (decrease) increase in cash, cash equivalents, and restricted cash	(252,390)	312,040	172,832
Cash, cash equivalents, and restricted cash at beginning of period	747,453	435,413	262,581
Cash, cash equivalents, and restricted cash at end of period	\$ 495,063	\$ 747,453	\$ 435,413
<b>Supplemental disclosures of cash flow information</b>			
Cash paid for interest	\$ 3,875	\$ 2,938	\$ 2,664
Cash paid for income taxes	\$ 59,056	\$ 143,600	\$ 73,831

See accompanying Notes to Consolidated Financial Statements.



**Skyline Champion Corporation**  
**Consolidated Statements of Equity**  
(Dollars and shares in thousands)

	<u>Common Stock</u>					
	Shares	Amount	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
<b>Balance at April 3, 2021</b>	56,640	\$ 1,569	\$ 491,668	\$ 82,898	\$ (7,524)	\$ 568,611
Net income	—	—	—	248,044	—	248,044
Equity-based compensation	—	—	9,777	—	—	9,777
Net common stock issued under equity-based compensation plans	198	4	1,401	(3,040)	—	(1,635)
Foreign currency translation adjustments	—	—	—	—	316	316
<b>Balance at April 2, 2022</b>	56,838	\$ 1,573	\$ 502,846	\$ 327,902	\$ (7,208)	\$ 825,113
Net income	—	—	—	401,802	—	401,802
Equity-based compensation	—	—	14,160	—	—	14,160
Net common stock issued under equity-based compensation plans	270	12	2,473	(4,032)	—	(1,547)
Foreign currency translation adjustments	—	—	—	—	(6,527)	(6,527)
<b>Balance at April 1, 2023</b>	57,108	\$ 1,585	\$ 519,479	\$ 725,672	\$ (13,735)	\$ 1,233,001
Net income	—	—	—	146,696	—	146,696
Equity-based compensation	—	—	19,560	—	—	19,560
Net common stock issued under equity-based compensation plans	252	7	1,325	(5,883)	—	(4,551)
Common stock issued for business acquisition	455	13	27,839	—	—	27,852
Foreign currency translation adjustments	—	—	—	—	(188)	(188)
<b>Balance at March 30, 2024</b>	<u>57,815</u>	<u>\$ 1,605</u>	<u>\$ 568,203</u>	<u>\$ 866,485</u>	<u>\$ (13,923)</u>	<u>\$ 1,422,370</u>

Components of accumulated other comprehensive loss at March 30, 2024, April 1, 2023, and April 2, 2022 consisted solely of foreign currency translation adjustments.

See accompanying Notes to Consolidated Financial Statements.



**Skyline Champion Corporation**  
**Notes to Consolidated Financial Statements**

**1. Summary of Significant Accounting Policies**

*Nature of Operations:* The Company's operations consist of manufacturing, retail, construction services, and transportation activities. At March 30, 2024, the Company operated 43 manufacturing facilities throughout the United States ("U.S.") and five manufacturing facilities in western Canada that primarily construct factory-built, timber-framed manufactured and modular houses that are sold primarily to independent retailers, builders/developers, and manufactured home community operators. The Company's retail operations consist of 74 sales centers that sell manufactured houses to consumers throughout the U.S. The Company's construction services business provides installation and set-up services of factory built homes. The Company's transportation business engages independent owners/drivers to transport recreational vehicles throughout the U.S. and Canada and manufactured houses in certain regions of the U.S. The Company also has a holding company located in the Netherlands.

*Principles of Consolidation:* The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

*Accounting Estimates:* The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("US. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes thereto. Estimates made in preparing the accompanying consolidated financial statements include, but are not limited to, business combinations, reserves for obsolete inventory, accrued warranty costs, useful lives of fixed and intangible assets, asset impairment analyses, insurance reserves, legal reserves, repurchase reserves, share-based compensation, deferred tax valuation allowances, and estimated liability for product defect claims. Actual results could differ from those estimates, making it reasonably possible that a change in these estimates could occur within one year.

*Fiscal Year:* The Company's fiscal year is a 52- or 53-week period that ends on the Saturday nearest March 31. Fiscal 2024, 2023 and 2022 include the 52-weeks ended March 30, 2024, April 1, 2023 and April 2, 2022 respectively.

*Revenue Recognition:* Revenue is recognized when performance obligations under the terms of a contract are satisfied which generally occurs at a point in time through the transfer of control of promised goods to the Company's customers. Control transfers once a customer has the ability to direct the use of, and obtain substantially all of the benefits from, the product. This includes the transfer of legal title, physical possession, the risks and rewards of ownership, and customer acceptance. Sales revenue is reported net of applicable sales tax. See Note 10, Revenue Recognition, for additional information.

*Cost of Sales:* Cost of sales includes manufacturing costs such as: (i) materials; (ii) compensation and employee benefits for direct and indirect labor; (iii) fixed and variable manufacturing overhead costs; (iv) warranty costs; (v) inbound delivery costs; and (vi) depreciation of buildings and equipment. Manufacturing overhead costs include costs such as: (i) utilities; (ii) workers' compensation and product liability self-insurance; (iii) real and personal property taxes on buildings and equipment; (iv) manufacturing supplies; (v) repairs and maintenance; and (vi) rents and leases for buildings and equipment. Cost of sales also includes certain post-manufacturing costs, to the extent such costs are the Company's responsibility. Post-manufacturing costs may include delivery and setup, foundations, craning, roofing, exterior cladding, interior finishing, utility connections and other miscellaneous site costs. Generally, subcontractors are engaged to perform post-manufacturing activities.

*Selling, General, and Administrative Expenses:* Selling, general, and administrative expenses ("SG&A") include costs such as (i) salaries, wages, incentives and employee benefits for executive, management, sales, engineering, accounting, information technology ("IT") and administrative employees; (ii) sales commissions; (iii) marketing and advertising costs; (iv) legal and professional fees; (v) depreciation, rents and leases for administrative facilities, office equipment, IT equipment and computer software; and (vi) postage, office supplies, travel and telephone expenses.

*Advertising Costs and Delivery Costs and Revenue:* Advertising costs are expensed as incurred and are included in selling, general, and administrative expenses. Total advertising expense was approximately \$6.9 million, \$3.6 million, and \$1.8 million for fiscal 2024, 2023, and 2022, respectively. Delivery costs are included in cost of sales and delivery revenue is included in net sales.

*Foreign Currency:* Translation adjustments of the Company's international subsidiaries for which the local currency is the functional currency are reflected in the accompanying consolidated balance sheets as a component of accumulated other comprehensive income or loss.

*Fair Value:* The Company estimates the fair value of its financial instruments in accordance with ASC 820, *Fair Value Measurement*, which establishes a fair value hierarchy and requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. As such, the fair value of financial instruments is estimated using available market information and other valuation methods.



The Company groups assets and liabilities at fair value in three levels, based on the inputs and assumptions used to determine fair value. These levels are:

- Level 1—Fair value determined based on quoted prices in active markets for identical assets and liabilities.
- Level 2—Fair value determined using significant observable inputs, generally either quoted prices in active markets for similar assets or liabilities or quoted prices in markets that are not active.
- Level 3—Fair value determined using significant observable inputs, such as pricing models, discounted cash flows, or similar techniques.

The Company records accounts receivable, accounts payable and other current liabilities at cost. The carrying value of these instruments approximate their fair value due to their short-term maturities.

**Cash and Cash Equivalents:** Cash and cash equivalents include highly liquid investments that have original maturities less than 90 days at the time of their purchase. These investments are carried at cost, which approximates market value because of their short maturities.

**Allowance for Credit Losses:** The Company extends credit terms on a customer-by-customer basis in the normal course of business and, as such, trade accounts receivable are subject to customary credit risk. The Company's allowance for credit losses on financial assets measured at amortized cost reflects management's estimate of credit losses over the remaining expected life of such assets, measured primarily using historical experience, as well as current economic conditions and forecasts that affect the collectability of the reported amount. Expected credit losses for newly recognized financial assets, as well as changes to expected credit losses during the period, are recognized in earnings. At March 30, 2024 and April 1, 2023, accounts receivable were reflected net of reserves of \$1.9 million and \$1.7 million, respectively.

**Floor Plan Receivables:** Floor plan receivables consist of loans the Company purchased from Triad Financial Services, Inc. ("Triad") in the first quarter of fiscal 2024 for \$18.5 million, of which approximately \$2.7 million remains outstanding at March 30, 2024, and amounts loaned by the Company through that financial institution to certain independent retailers for purchases of homes manufactured by the Company, of which \$15.3 million was outstanding at March 30, 2024, both of which are carried net of payments received and recorded at amortized cost. The Company intends to hold the floor plan receivables until maturity or payoff. These loans are serviced by the financial institution, to which we pay a servicing fee. Upon execution of the financing arrangement, the loans are generally payable at the earlier of the sale of the underlying home or two years from the origination date. At March 30, 2024, floor plan receivables are included in Other Current Assets and Other Noncurrent Assets in the Consolidated Balance Sheets.

The floor plan receivables are collateralized by the related homes, mitigating loss exposure. The Company and the financial institution evaluate the credit worthiness of each independent retailer prior to credit approval, including reviewing the independent retailer's payment history, financial condition, and the overall economic environment. We evaluate the risk of credit loss in aggregate on existing loans with similar terms, based on historic experience and current economic conditions, as well as individual retailers with past due balances or other indications of heightened credit risk. The allowance for credit losses related to floor plan receivables was not material as of March 30, 2024. Loans are considered past due if any required interest or curtailment payment remains unpaid 30 days after the due date. Receivables are placed on non-performing status if any interest or installment payments are past due over 90 days. Loans are placed on nonaccrual status when interest payments are past due over 90 days. At March 30, 2024, there were no floor plan receivables on nonaccrual status and the weighted-average age of the floor plan receivables was six months.

**Inventories:** Inventories are stated at the lower of cost or net realizable value, with cost determined under the first-in, first-out method. Capitalized manufacturing costs include the cost of materials, labor and manufacturing overhead. Retail inventories of new manufactured homes built by the Company are valued at manufacturing cost, including materials, labor and manufacturing overhead, or net purchase price if acquired from unaffiliated third parties.

**Property, Plant, and Equipment:** Property, plant, and equipment are stated at acquisition date cost or fair value when acquired in a business combination. Depreciation is provided principally on the straight-line method, generally over the following estimated useful lives: land improvements—3 to 10 years; buildings and improvements—8 to 25 years; and vehicles and machinery and equipment—3 to 8 years.

At March 30, 2024, the Company owned or leased six idle manufacturing facilities. The net book value of idle facilities was \$7.3 million at March 30, 2024. These properties are accounted for as long-lived assets to be held and used.

It is the Company's policy to evaluate the recoverability of property, plant, and equipment whenever events and changes in circumstances indicate that the carrying amount of assets may not be recoverable. If impairment indicators exist, the Company performs the required impairment analysis by comparing the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and



recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived assets. Fair value is estimated based upon a combination of market and cost approaches, as appropriate. No impairment losses were recorded in fiscal 2024, 2023, or 2022.

**Leases:** The Company has operating leases for land, manufacturing and office facilities, and equipment. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such option. The Company's leases do not contain material residual value guarantees or material restrictive covenants. Operating lease expense is recognized on a straight-line basis over the lease terms. The Company has elected not to recognize any right of use asset or lease liability for leases with an initial term of 12 months or less and has elected not to separate lease and non-lease components.

The discount rate used to measure a lease obligation should be the rate implicit in the lease; however, the Company's operating leases generally do not provide an implicit rate. Accordingly, the Company uses its incremental borrowing rate at lease commencement to determine the present value of lease payments. The incremental borrowing rate is an entity-specific rate which represents the rate of interest a lessee would pay to borrow on a collateralized basis over a similar term with similar payments.

**Assets held for sale:** Long-lived assets expected to be sold or otherwise disposed of within one year are classified as assets held for sale and included in other current assets in the consolidated balance sheets. The Company had no assets classified as held for sale at March 30, 2024 or April 1, 2023.

**Goodwill:** The Company tests goodwill for impairment in accordance with ASC 350. Goodwill is not amortized but is tested for impairment on at least an annual basis. Impairment testing is required more often than annually if an event or circumstance indicates that an impairment is more likely than not to have occurred. In conducting its annual impairment testing, the Company may first perform a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount. If not, no further goodwill impairment testing is required. If it is more likely than not that a reporting unit's fair value is less than its carrying amount, or if the Company elects not to perform a qualitative assessment of a reporting unit, the Company then compares the fair value of the reporting unit to the related net book value. If the net book value of a reporting unit exceeds its fair value, an impairment loss is measured and recognized.

In fiscal 2024, the Company performed qualitative assessments of its reporting units. The annual assessment was completed on the first day of fiscal March. The assessment indicated that it was more likely than not that the fair value of each of the reporting units exceeded its respective carrying value. The Company does not believe that any reporting units are at risk for impairment.

**Business combinations:** The Company accounts for its business combinations in accordance with the accounting guidance in ASC 805, Business Combinations. The purchase price of an acquired business is allocated to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. Determining the fair values of assets acquired and liabilities assumed requires management's judgment, the utilization of independent appraisal firms and often involves the use of significant estimates and assumptions with respect to the timing and amount of future cash flows, market rate assumptions, actuarial assumptions, and appropriate discount rates, among other items.

**Amortizable Intangible Assets:** Amortizable intangible assets consist primarily of fair values assigned to customer relationships and trade names. Trade names were valued based upon the relief-from-royalty method and customer relationships were valued based upon the multi-period excess earnings method. Amortization is provided over the useful lives of the intangible assets, generally up to ten years, using the straight-line method. The recoverability of amortizable intangible assets is evaluated whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recovered, in accordance with the recognition and measurement provisions of ASC 360.

**Unconsolidated affiliates:** The Company analyzes its investments in non-wholly owned subsidiaries to determine whether they are unconsolidated affiliates, consolidated affiliates, or variable interest entities ("VIEs") and, if so, whether the Company is the primary beneficiary in accordance with ASC 810 Consolidation. If the Company is determined to be the primary beneficiary, it must consolidate the VIE. In determining whether it is the primary beneficiary, the Company considers whether it has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. The Company also considers whether it has the obligation to absorb losses of, or the right to receive benefits from, the VIE. The Company uses the equity method to account for its investment in a variable interest entity made in fiscal 2023 in which the Company is not deemed to be the primary beneficiary. The Company's net investment in its unconsolidated affiliate was \$6.6 million and \$2.5 million at March 30, 2024 and April 1, 2023, respectively.

**Warranty Obligations:** The Company's manufactured housing operations generally provides the homebuyer with an assurance warranty from the date of respective purchase. Estimated warranty costs are accrued as cost of sales at the time of sale. Warranty provisions and reserves are based on estimates of the amounts necessary to settle existing and future claims on homes sold by the manufacturing segment as of the balance sheet date. Factors used to calculate the warranty obligation include the estimated number of homes still under warranty, the timing of workorder completion, and the historical average costs incurred to service a home.



**Dealer Volume Rebates:** The Company's manufacturing operations sponsors volume rebate programs under which sales to retailers and builder/developers can qualify for cash rebates generally based on the level of sales attained during a twelve-month period. Volume rebates are accrued at the time of sale and are recorded as a reduction of net sales.

**Repurchase Agreements:** The Company is contingently liable under terms of repurchase agreements with lending institutions that provide wholesale floor plan financing to retailers. These arrangements, which are customary in the industry, provide for the repurchase of products sold to retailers in the event of default by the retailer on their agreement to pay the financial institution. The risk of loss from these agreements is spread over numerous retailers. The repurchase price is generally determined by the original sales price of the product less contractually defined curtailment payments. The Company accounts for the guarantee under its repurchase agreements with the retailers' financing institutions by estimating and deferring a portion of the related product sale that represents the estimated fair value of the guarantee.

**Accrued Self-Insurance:** The Company is self-insured for a significant portion of its workers' compensation, general and product liability, auto liability, health, and property insurance. Insurance coverage is maintained for catastrophic exposures and those risks required to be insured by law. Estimated self-insurance costs are accrued for incurred claims and estimated claims incurred but not yet reported. At March 30, 2024 and April 1, 2023, the Company had gross reserves for estimated losses related to workers' compensation obligations of \$21.4 million and \$23.8 million, respectively. The Company also recorded expected reimbursements for the portion of those losses above respective program limits of \$10.4 million and \$11.0 million at March 30, 2024 and April 1, 2023, respectively.

**Equity-Based Compensation:** Stock-based compensation is measured at the grant date based on the fair value of the award and is generally recognized as expense ratably on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award. Forfeitures are recognized in the period in which they occur.

**Comprehensive Income and Loss:** Components of comprehensive income and loss are changes in equity other than those resulting from investments by owners and distributions to owners. The aggregate amount of such changes to equity that have not yet been recognized in net income or loss are reported in the equity section of the accompanying consolidated balance sheets as accumulated other comprehensive income or loss, net of tax.

**Income Taxes:** The provision for income taxes is calculated using the asset and liability method, under which deferred tax assets and liabilities are determined based on temporary differences between the financial statement amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is primarily dependent upon the generation of future taxable income. In determining the future tax consequences of events that have been recognized in the financial statements or tax returns, judgment is required.

**Recently Issued Accounting Pronouncements Pending Adoption:** In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which expands disclosures about a public entity's reportable segments and requires more enhanced information about a reportable segment's expenses, interim segment profit or loss, and how a public entity's chief operating decision maker uses reported segment profit or loss information in assessing segment performance and allocating resources. The update will be effective for annual periods beginning after December 15, 2023 (fiscal 2025). We are assessing the effect of this update on our consolidated financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", which expands disclosures in an entity's income tax rate reconciliation table and regarding cash taxes paid both in the U.S. and foreign jurisdictions. The update will be effective for annual periods beginning after December 15, 2024 (fiscal 2026). We are assessing the effect of this update on our consolidated financial statement disclosures.

## **2. Business Combinations**

### ***Regional Homes Acquisition***

On October 13, 2023, the Company acquired all of the outstanding equity interests in Regional Enterprises, LLC and related companies (collectively, "Regional Homes") for total purchase consideration of \$316.9 million, net of assumed indebtedness. The purchase consideration consisted of net cash of \$279.5 million, the issuance of 455,098 shares of common stock equal to approximately \$27.9 million, and contingent consideration with an estimated fair value of \$5.9 million. The contingent consideration is related to an earnout provision in the event certain conditions are met per the terms of the purchase agreement and related documents, with a maximum earnout amount of \$25.0 million. The initial fair value of the earnout was established using a Monte Carlo simulation method and the resulting liability is recorded in Other Liabilities in the accompanying consolidated balance sheets. Subsequent to the acquisition date, the Company adjusted the preliminary purchase price by \$3.6 million pursuant to the working



capital provisions included within the purchase agreement. The Company accounted for the acquisition as a business combination under the acquisition method of accounting provided by ASC 805. As such, the purchase price was allocated to the net assets acquired, inclusive of intangible assets, with the excess fair value recorded to goodwill. The purchase price allocation is based upon preliminary valuation information available to determine the fair value of certain assets and liabilities, including goodwill, and is subject to change as additional information is obtained about the facts and circumstances that existed at the valuation date. The Company expects to finalize the fair values of the assets acquired and liabilities assumed within the one-year measurement period.

The following table presents the consideration transferred and the purchase price allocation:

Description	Amount
<b>Fair value of consideration transferred</b>	
Fair value of Skyline Champion common stock issued as consideration (455,098 shares at \$61.20)	\$ 27,852
Cash consideration, net of cash acquired	279,545
Working capital adjustment	3,644
Estimated earn out consideration	5,904
<b>Total consideration</b>	<b>\$ 316,945</b>
<b>Preliminary purchase price allocations:</b>	
Trade accounts receivable	16,300
Inventories	138,933
Other current assets	3,002
Property, plant, and equipment, net	86,174
Amortizable intangible assets, net	41,800
Other noncurrent assets	10,640
Floor plan payable	(75,916)
Accounts payable	(14,427)
Other current liabilities	(35,662)
Long-term debt	(12,233)
Other liabilities	(3,065)
<b>Identifiable net assets acquired</b>	<b>155,546</b>
Goodwill	161,399
<b>Total purchase price</b>	<b>\$ 316,945</b>

Trade accounts receivable, other assets, floor plan and accounts payable, long-term debt and other liabilities are generally stated at historical carrying values as they approximate fair value. Retail inventories are reflected at manufacturer wholesale prices. Intangible assets include \$16.9 million in customer relationships and \$24.9 million in trade names and are based on an independent appraisal. The fair value of customer relationships was determined using the multi-period excess earnings method and fair value of the trade name was determined using the relief-from-royalty method. The Company estimates that each intangible asset has a weighted average useful life of ten years from the acquisition date. Fair value estimates of property, plant, and equipment were based on independent appraisals, giving consideration to the highest and best use of the assets. Key assumptions used in the appraisals were drawn from a combination of market, cost, and sales comparison approaches, as appropriate. Level 3 fair value estimates of \$86.2 million related to property, plant, and equipment and \$41.8 million related to intangible assets were recorded in the accompanying consolidated balance sheet as of the acquisition date. For further information on acquired assets measured at fair value, see Note 5, Goodwill and Intangible Assets.

The acquisition of Regional Homes was a taxable business combination. Therefore, the Company's tax basis in the assets acquired and the liabilities assumed approximate the respective fair values at the acquisition date.

The Company's consolidated net sales and net income for the year ended March 30, 2024 included \$227.8 million and \$8.5 million, respectively, from Regional Homes. The following unaudited pro forma information presents a summary of the operating results as if the acquisition of Regional Homes had been completed on April 3, 2022, which is the beginning of the comparable annual reporting period:

(Dollars in thousands)	Year Ended	
	March 30, 2024	April 1, 2023
Pro forma net sales	\$ 2,290,619	\$ 3,130,426
Pro forma net income	\$ 162,986	\$ 465,925



The unaudited pro forma results for the year ended March 30, 2024 and April 1, 2023 reflect amortization of intangible assets, depreciation of property, plant and equipment, reduction of interest expense to reflect the new capital structure, elimination of sales between the Company and Regional Homes, the impact of the fair value step up of Regional Homes' inventory, and the tax effects of the related adjustments. The unaudited pro forma financial information has been prepared for comparative purposes only and it is not necessarily indicative of the results of operations as they would have been had the acquisition occurred on the assumed date, nor is it necessarily an indication of future operating results.

#### *Other Acquisitions*

In May 2022, the Company acquired certain operating assets from Manis Custom Builders, Inc. ("Manis"). In July 2022, the Company acquired 12 Factory Expo retail sales centers from Alta Cima Corporation. The purchase price and net assets acquired for both transactions were not material to the accompanying consolidated financial statements.

### **3. Inventories, net**

The components of inventory, net of reserves for obsolete inventory, were as follows:

<b>(Dollars in thousands)</b>	<b>March 30, 2024</b>	<b>April 1, 2023</b>
Raw materials	\$ 101,429	\$ 100,379
Work in process	23,436	23,157
Finished goods and other	193,872	78,702
Total inventories, net	<u>\$ 318,737</u>	<u>\$ 202,238</u>

At March 30, 2024 and April 1, 2023, reserves for obsolete inventory were \$10.1 million and \$7.9 million, respectively.

### **4. Property, Plant, and Equipment**

The components of property, plant, and equipment were as follows:

<b>(Dollars in thousands)</b>	<b>March 30, 2024</b>	<b>April 1, 2023</b>
Land and improvements	\$ 72,188	\$ 41,749
Buildings and improvements	183,109	119,226
Machinery and equipment	142,870	91,007
Construction in progress	20,469	30,010
Property, plant, and equipment, at cost	418,636	281,992
Less accumulated depreciation	(127,706)	(104,867)
Property, plant, and equipment, net	<u>\$ 290,930</u>	<u>\$ 177,125</u>

Depreciation expense for the fiscal years ended March 30, 2024, April 1, 2023, and April 2, 2022 was \$24.1 million, \$16.1 million, and \$13.4 million, respectively.

### **5. Goodwill, Intangible Assets, and Cloud Computing Arrangements**

#### *Goodwill*

Goodwill represents the excess of the cost of an acquired business over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed in a business combination. At March 30, 2024 and April 1, 2023, the Company had goodwill of \$358.0 million and \$196.6 million, respectively. Goodwill is allocated to reporting units included in the U.S. Factory-built Housing segment, which include the Company's U.S. manufacturing and retail operations. The change in the goodwill balance for fiscal 2024 was the result of the acquisition of Regional Homes. At March 30, 2024 there were no accumulated impairment losses related to goodwill.



### Intangible Assets

The components of amortizable intangible assets were as follows:

(Dollars in thousands)	March 30, 2024			April 1, 2023		
	Customer Relationships & Other	Trade Names	Total	Customer Relationships & Other	Trade Names	Total
Gross carrying amount	\$ 82,909	\$ 46,393	\$ 129,302	\$ 66,013	\$ 21,497	\$ 87,510
Accumulated amortization	(39,825)	(13,108)	(52,933)	(32,103)	(10,064)	(42,167)
Amortizable intangibles, net	\$ 43,084	\$ 33,285	\$ 76,369	\$ 33,910	\$ 11,433	\$ 45,343
Weighted average remaining amortization period, in years	5.6	7.7	6.4	5.4	6.3	5.6

Amortization of intangible assets for the fiscal years ended March 30, 2024, April 1, 2023, and April 2, 2022 was \$10.8 million, \$10.6 million, and \$7.6 million respectively. Estimated amortization expense of intangible assets over the next five years is estimated to be (dollars in thousands):

Fiscal 2025	\$	11,568
Fiscal 2026		11,568
Fiscal 2027		11,526
Fiscal 2028		11,497
Fiscal 2029		7,158

### Cloud Computing Arrangements

The Company capitalizes costs associated with the development of cloud computing arrangements in a manner consistent with internally developed software. At March 30, 2024 and April 1, 2023, the Company had capitalized cloud computing costs of \$25.7 million and \$25.0 million, respectively. Cloud computing costs are included in other noncurrent assets in the accompanying consolidated balance sheets. Amortization of capitalized cloud computing costs was \$0.8 million for each of the fiscal years ended March 30, 2024 and April 1, 2023.

### 6. Investment in ECN Capital Corporation

In September 2023, the Company entered into a share subscription agreement with ECN Capital Corp. ("ECN") and made a \$137.8 million equity investment in ECN on a private placement basis. The Company purchased 33.6 million common shares, representing approximately 12% of the total outstanding common shares of ECN, and 27.5 million mandatory convertible preferred shares (the "Preferred Shares"). The Preferred Shares receive cumulative cash dividends at an annual rate of 4.0%. Following the private placement, the Company owns approximately 19.9% of the voting shares of ECN.

The Company's interest in the common stock investment in ECN is accounted for under the equity method and the Company's share of the earnings or losses of ECN are recorded on a three-month lag. For the year ended March 30, 2024, the Company's share of ECN's net losses was \$7.0 million. At March 30, 2024, the investment in the common stock of ECN totaled \$71.9 million, including \$3.1 million of capitalized transaction costs, and is included in Other Noncurrent Assets in the accompanying consolidated balance sheets. The aggregate value of the Company's investment in the common stock of ECN based on quoted market price of ECN's common stock at March 30, 2024 was approximately \$51.6 million.

The Company's investment in the Preferred Shares is included in Other Noncurrent Assets in the accompanying consolidated balance sheets. The investment is measured using the measurement alternative for equity investments without a readily determinable fair value. The carrying amount of \$64.5 million at March 30, 2024 represents the purchase price and capitalized transaction costs of \$2.5 million. There have been no adjustments to the carrying amount or impairment of the investment. For the year ended March 30, 2024, the Company recognized dividend income of \$0.6 million in other expense (income) on the accompanying consolidated income statements from the dividend income on the investment in ECN Preferred Shares.

ECN, a related party, through its wholly-owned subsidiary Triad Financial Services ("Triad"), provides loan servicing for the Company's floor plan receivables, for which we pay a fee that was immaterial for the period subsequent to the investment in ECN. Triad also provides floor plan financing of the Company's products to independent retailers. At March 30, 2024, the Company had repurchase commitments of \$86.7 million on independent retailer floor plan loans outstanding with Triad. See Note 17, Commitments, Contingencies, and Concentrations, for further detail regarding the Company's contingent repurchase obligations.



## 7. Other Current Liabilities

The components of other current liabilities were as follows:

(Dollars in thousands)	March 30, 2024	April 1, 2023
Customer deposits	\$ 80,833	\$ 69,285
Accrued volume rebates	21,169	25,084
Accrued warranty obligations	39,176	28,576
Accrued compensation and payroll taxes	35,063	41,422
Accrued insurance	12,772	15,075
Accrued product liability - water intrusion	34,500	—
Other	23,982	24,773
Total other current liabilities	<u>\$ 247,495</u>	<u>\$ 204,215</u>

## 8. Accrued Warranty Obligations

Changes in the accrued warranty obligations were as follows:

(Dollars in thousands)	Year Ended	
	March 30, 2024	April 1, 2023
Balance at the beginning of the period	\$ 35,961	\$ 32,832
Warranty expense	63,335	54,021
Warranty assumed in the acquisition of Regional Homes	11,043	—
Cash warranty payments	(59,470)	(50,892)
Balance at end of period	50,869	35,961
Less noncurrent portion in other long-term liabilities	(11,693)	(7,385)
Total current portion	<u>\$ 39,176</u>	<u>\$ 28,576</u>

## 9. Debt and Floor Plan Payable

Long-term debt consisted of the following:

(Dollars in thousands)	March 30, 2024	April 1, 2023
Obligations under industrial revenue bonds due 2029	\$ 12,430	\$ 12,430
Notes payable to Romeo Juliet, LLC, due 2026	5,314	—
Notes payable to Romeo Juliet, LLC, due 2039	2,036	—
Note payable to United Bank, due 2026	4,889	—
Revolving credit facility maturing in 2026	—	—
Total long-term debt	<u>\$ 24,669</u>	<u>\$ 12,430</u>

On July 7, 2021, the Company entered into an Amended and Restated Credit Agreement with a syndicate of banks that provides for a revolving credit facility of up to \$200.0 million, including a \$45.0 million letter of credit sub-facility ("Amended Credit Agreement"). The Amended Credit Agreement replaced the Company's previously existing \$100.0 million revolving credit facility. The Amended Credit Agreement allows the Company to draw down, repay and re-draw loans on the available funds during the term, subject to certain terms and conditions, matures in July 2026 and has no scheduled amortization.

On May 18, 2023, the Company further amended the Amended Credit Agreement, which removed references to the London Interbank Offer Rate ("LIBOR") and clarified language pertaining to the Secured Overnight Financing Rate ("SOFR") in regards to the interest rate on borrowings. The interest rate on borrowings under the Amended Credit Agreement is based on SOFR plus a SOFR adjustment, plus an interest rate spread. The interest rate spread adjusts based on the consolidated total net leverage of the Company from a high of 1.875% when the consolidated total net leverage ratio is equal to or greater than 2.25:1.00, to a low of 1.125% when the consolidated total net leverage ratio is below 0.50:1.00. Alternatively for same day borrowings, the interest rate is based on an Alternative Base Rate ("ABR") plus an interest rate spread that ranges from a high of 0.875% to a low of 0.125% based on the consolidated total net leverage ratio. In addition, the Company is obligated to pay an unused line fee ranging between 0.15% and 0.3% depending on the consolidated total net leverage ratio, in respect of unused commitments under the Amended Credit Agreement. At March 30, 2024 the interest rate under the Credit Agreement was 6.55% and letters of credit issued under the Credit Agreement totaled \$34.0 million. Total available borrowings under the Credit Agreement were \$166.0 million.



The Amended Credit Agreement contains covenants that restrict the amount of additional debt, liens and certain payments, including equity buybacks, investments, dispositions, mergers and consolidations, among other restrictions as defined. The Company was in compliance with all covenants of the Amended Credit Agreement as of March 30, 2024.

Obligations under industrial revenue bonds are supported by letters of credit and bear interest based on a municipal bond index rate. The weighted-average interest rate at March 30, 2024 and April 1, 2023, including related costs and fees, was 5.25% and 5.76%, respectively. The industrial revenue bonds require lump-sum payments of principal upon maturity in 2029 and are secured by the assets of certain manufacturing facilities.

As part of the acquisition of Regional Homes, the Company assumed notes payable to Romeo Juliet, LLC, a subsidiary of Wells Fargo Community Investment Holdings, Inc. ("WFC"). The weighted-average interest rate on those notes at March 30, 2024 was 5.42%. The notes are secured by certain assets of Regional Homes. In addition, the Company assumed a note payable to United Bank with a fixed interest rate of 3.85% that is secured by a Note Receivable from HHB Investment Fund, LLC, a subsidiary of WFC.

#### ***Floor Plan Payable***

The Company's retail operations utilize floor plan financing to fund the purchase of manufactured homes for display or resale. At March 30, 2024, the Company had outstanding borrowings on floor plan financing agreements of \$91.3 million. Total credit line capacity provided under the agreements was \$248.0 million as of March 30, 2024. The weighted average interest rate on the floor plan payable was 7.16% at March 30, 2024. Borrowings are secured by the homes and are required to be repaid when the Company sells the related home to a customer. Included in floor plan payable at March 30, 2024 was \$26.6 million due to Triad, a related party. There were no floor plan borrowings at April 1, 2023.

### **10. Revenue Recognition**

The Company's revenue is recognized when performance obligations under the terms of a contract are satisfied which generally occurs with the transfer of control of products. The Company enters into contracts with its customers to provide manufactured homes, modular homes, park model RVs, ADUs, commercial structures and transportation services. Generally, the Company's contracts may be terminated by the Company's customers at any time prior to initiation of construction of the respective home. Historically, terminations of these contracts have been minimal. The Company receives signed sales quotes from its customers, which provide the terms for a specific home, including price. The Company also has agreements with certain customers that provide for certain variable consideration, such as volume discounts, that are deducted from the contract price and accrued at the time of sale. In certain situations, the Company may receive payment in advance of completion of its contractual obligations. In these situations, the arising contract liability is classified within customer deposits and receipts in excess of revenues. Following the receipt of the customer deposit, the Company typically completes its performance obligation within a twelve-month period.

For sales to independent wholesale customers, revenue is recognized at the point in time when wholesale floor plan financing or retailer credit approval has been received, the home has shipped and title has transferred, which occurs when the Company has satisfied its contractual obligations and the control of its products has been transferred. The Company does not have an enforceable right to payment prior to shipment. The amount of revenue recognized reflects the consideration that the Company expects to be entitled to in exchange for those products. The Company's customers pay for products received in accordance with payment terms that are customary within the industry. As is customary in the factory-built housing industry, a significant portion of the Company's sales to independent retailers are financed under floor plan financing programs with certain third-party lenders. Floor plan financing arrangements are generally identified prior to shipment of products and payment for sales financed under floor plan programs is generally received 5 to 10 business days from the date of invoice.

For retail sales to consumers from Company-owned retail sales centers, revenue is recognized when the home has been delivered, set up and accepted by the consumer, and title has transferred.

The Company recognizes revenue and related cost of sales for long-term construction contracts ("Commercial") over time as performance obligations are satisfied using the percentage-of-completion method (input method). Management estimates the stage of completion on each construction project based on progress and costs incurred. Unbilled revenue on long-term construction contracts are classified as a contract asset in accounts receivable. Receipts in excess of billings are classified as contract liabilities and included in other current liabilities. There were no uncollected billings related to long-term construction contracts, unbilled revenue or receipts in excess of billings for long-term contracts at either March 30, 2024 or April 1, 2023.

Revenue for the Company's transportation operations is recognized when a shipment has been delivered to its final destination. Amounts billed to customers related to shipping and handling costs are included in net sales. Shipping and handling costs are accounted for as fulfillment costs and are included in cost of sales.



The following tables disaggregate the Company's revenue by sales category:

(Dollars in thousands)	Year ended March 30, 2024			
	U.S. Factory-Built Housing	Canadian Factory-built Housing	Corporate/ Other	Total
Manufacturing	\$ 1,378,396	\$ 109,089	\$ —	\$ 1,487,485
Retail	507,111	—	—	507,111
Transportation	-	—	30,227	30,227
Total	<u>\$ 1,885,507</u>	<u>\$ 109,089</u>	<u>\$ 30,227</u>	<u>\$ 2,024,823</u>

(Dollars in thousands)	Year ended April 1, 2023			
	U.S. Factory-Built Housing	Canadian Factory-built Housing	Corporate/ Other	Total
Manufacturing	\$ 2,116,264	\$ 144,289	\$ —	\$ 2,260,553
Retail	293,730	—	—	293,730
Commercial	1,348	—	—	1,348
Transportation	—	—	50,929	50,929
Total	<u>\$ 2,411,342</u>	<u>\$ 144,289</u>	<u>\$ 50,929</u>	<u>\$ 2,606,560</u>

(Dollars in thousands)	Year ended April 2, 2022			
	U.S. Factory-Built Housing	Canadian Factory-built Housing	Corporate/ Other	Total
Manufacturing	\$ 1,777,411	\$ 159,124	\$ —	\$ 1,936,535
Retail	203,383	—	—	203,383
Commercial	10,272	—	—	10,272
Transportation	—	—	57,039	57,039
Total	<u>\$ 1,991,066</u>	<u>\$ 159,124</u>	<u>\$ 57,039</u>	<u>\$ 2,207,229</u>

## 11. Leases

The Company has operating leases for land, manufacturing and office facilities, and equipment. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such option. The Company's leases do not contain material residual value guarantees or material restrictive covenants. Operating lease expense is recognized on a straight-line basis over the lease terms. Lease expense included in selling, general, and administrative expenses in the accompanying consolidated income statements is shown below:

(Dollars in thousands)	Year ended	
	March 30, 2024	April 1, 2023
Operating lease expense	\$ 10,230	\$ 7,237
Short-term lease expense	2,170	2,543
Total lease expense	<u>\$ 12,400</u>	<u>\$ 9,780</u>

Operating lease assets and obligations included in the accompanying consolidated balance sheet are shown below:

(Dollars in thousands)	March 30, 2024	April 1, 2023
Right-of-use assets under operating leases:		
Other long-term assets	<u>\$ 38,661</u>	<u>\$ 30,290</u>
Lease obligations under operating leases:		
Other current liabilities	7,476	6,917
Other long-term liabilities	31,266	23,373
Total lease obligation	<u>\$ 38,742</u>	<u>\$ 30,290</u>



Maturities of operating lease obligations as of March 30, 2024 are shown below:

(Dollars in thousands)	March 30, 2024
Fiscal 2025	\$ 11,106
Fiscal 2026	10,052
Fiscal 2027	9,181
Fiscal 2028	6,050
Fiscal 2029	1,991
Thereafter	15,054
Total undiscounted cash flows	53,434
Less: imputed interest	(14,692)
Lease obligations under operating leases	<u>\$ 38,742</u>

The weighted average lease term and discount rate for operating leases are shown below:

	March 30, 2024
Weighted average remaining lease term (in years)	7.9
Weighted average discount rate (as percent)	7.1

Other information related to leases is as follows:

(Dollars in thousands)	Year ended	
	March 30, 2024	April 1, 2023
Non-cash activity:		
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 10,306</u>	<u>\$ 19,908</u>
Operating cash flows:		
Cash paid related to operating lease obligations	<u>\$ 9,878</u>	<u>\$ 7,305</u>

## 12. Income Taxes

Pretax income for the fiscal years ended March 30, 2024, April 1, 2023, and April 2, 2022 was attributable to the following tax jurisdictions:

(Dollars in thousands)	Year Ended		
	March 30, 2024	April 1, 2023	April 2, 2022
Domestic	\$ 175,465	\$ 499,715	\$ 300,675
Foreign	25,390	34,181	29,754
Income before income taxes	<u>\$ 200,855</u>	<u>\$ 533,896</u>	<u>\$ 330,429</u>

The income tax provision by jurisdiction for the fiscal years ended March 30, 2024, April 1, 2023, and April 2, 2022 was as follows:

(Dollars in thousands)	Year Ended		
	March 30, 2024	April 1, 2023	April 2, 2022
Current:			
U.S. federal	\$ 37,105	\$ 98,242	\$ 55,983
Foreign	5,058	8,560	7,907
State	11,200	24,000	15,476
Total current	<u>\$ 53,363</u>	<u>\$ 130,802</u>	<u>\$ 79,366</u>
Deferred			
U.S. federal	\$ (6,873)	\$ 78	\$ 2,367
Foreign	2,249	1,440	1,118
State	(1,603)	(226)	(466)
Total deferred	<u>\$ (6,227)</u>	<u>\$ 1,292</u>	<u>\$ 3,019</u>
Total income tax expense	<u>\$ 47,136</u>	<u>\$ 132,094</u>	<u>\$ 82,385</u>



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Income tax expense differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to income before income taxes as a result of the following differences:

(Dollars in thousands)	Year Ended		
	March 30, 2024	April 1, 2023	April 2, 2022
Tax expense at U.S. federal statutory rate	\$ 42,180	\$ 112,118	\$ 69,390
Increase (decrease) in rate resulting from:			
State taxes, net of U.S. federal benefit	\$ 7,575	\$ 18,956	\$ 11,908
Non-deductible compensation due to Section 162(m)	2,435	1,924	1,119
Foreign tax rate differences	1,134	1,566	1,417
Recognition of foreign investment basis difference	955	1,249	1,076
Change in deferred tax valuation allowance	(333)	(703)	189
U.S. tax credits	(6,129)	(2,694)	(2,296)
Other	(681)	(322)	(418)
Total income tax expense	<u>\$ 47,136</u>	<u>\$ 132,094</u>	<u>\$ 82,385</u>

The U.S. income tax rate for fiscal 2024, 2023, and 2022 was 21%.

Deferred tax assets and liabilities at March 30, 2024 and April 1, 2023 consisted of the following:

(Dollars in thousands)	March 30, 2024	April 1, 2023
<b>ASSETS</b>		
Warranty reserves	11,328	8,889
Lease assets	9,573	7,487
Intangible assets	8,448	8,763
Accrued product liability - water intrusion	8,353	-
Foreign net operating loss carryforwards	6,343	6,343
Capitalized research expenditures	6,312	-
Self-insurance reserves	4,840	5,851
Equity-based compensation	4,720	3,258
Employee compensation	4,245	7,320
Inventory reserves and impairments	3,427	2,599
Dealer volume discounts	1,821	2,749
Other	3,323	3,987
Gross deferred tax assets	<u>\$ 72,733</u>	<u>\$ 57,246</u>
<b>LIABILITIES</b>		
Property, plant, and equipment	\$ 20,329	\$ 13,367
Lease liabilities	9,553	7,487
Foreign tax basis difference in investments	6,905	5,964
Intangible assets	3,418	5,974
Other	850	958
Gross deferred tax liabilities	41,055	33,750
Valuation allowance	(11,705)	(12,038)
Net deferred tax assets	<u>\$ 19,973</u>	<u>\$ 11,458</u>

The Company anticipates periodically repatriating the earnings of its Netherlands and Canadian subsidiaries. A deferred tax liability is recognized for income tax withholding which may be incurred upon the reversal of basis differences in investments in its foreign subsidiaries.

The Company periodically evaluates the realizability of its deferred tax assets based on whether it is “more likely than not” that some portion of the deferred tax assets will not be realized. Our evaluation considers available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The Company’s valuation allowance principally consists of valuation allowances for certain state NOL carryforwards, certain Canadian deferred tax assets, and the Company’s deferred tax assets in the Netherlands.



As of March 30, 2024, the Company has state NOL carryforwards in various jurisdictions which expire primarily in 2024 through 2042.

Unrecognized tax benefits represent the differences between tax positions taken or expected to be taken on a tax return and the benefits recognized for financial statement purposes. There were no unrecognized tax benefits at March 30, 2024 and April 1, 2023.

The Company is no longer subject to foreign tax examinations by tax authorities for years prior to fiscal 2020. The Company's U.S. subsidiaries are subject to U.S. federal tax examinations for fiscal 2021 through fiscal 2024, and U.S. state tax examinations by tax authorities for fiscal 2020 through fiscal 2024.

### 13. Equity-Based Compensation

The Company has equity incentive plans under which the Company has been authorized to grant share-based awards to key employees and non-employee directors. Equity-based compensation expense of \$19.6 million, \$14.2 million, and \$9.8 million, was recognized in fiscal 2024, 2023, and 2022, respectively. Equity-based compensation expense is included in SG&A expenses in the accompanying consolidated income statements. The total associated income tax benefit recognized was \$3.9 million, \$3.3 million, and \$2.8 million in fiscal 2024, 2023, and 2022, respectively. Total unrecognized equity-based compensation for all share-based awards was \$36.2 million at March 30, 2024, of which \$19.1 million is expected to be recognized in fiscal 2025, \$11.9 million in fiscal 2026, and \$5.2 million thereafter, or a weighted-average period of 1.6 years.

#### Stock Options

Stock options generally have terms of 10 years, with one-third of each grant vesting each year for three years, and are assigned an exercise price that is equal to or greater than the closing market price of a share of the Company's common stock on the date of grant. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. When determining expected volatility, the Company considered volatility of guideline public companies. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant, based on the options' expected term. The expected term of the options is based on the time period to exercise for each vesting tranche, which is calculated based on the average of: (i) the full option contractual term; and (ii) the starting vest date. There were no stock options granted in fiscal 2024 or 2023. A summary of the activity associated with these awards is as follows:

	Shares (in thousands)	Weighted Average Exercise Price Per Share	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at April 3, 2021	536	\$ 27.50		
Granted	13	\$ 53.06		
Exercised	(61)	\$ 25.04		
Forfeitures	(1)	\$ 31.68		
Outstanding at April 2, 2022	487	\$ 28.50		
Exercised	(89)	\$ 27.64		
Outstanding at April 1, 2023	398	\$ 28.68		
Exercised	(66)	\$ 21.72		
Forfeitures	(1)	\$ 15.00		
Outstanding at March 30, 2024	331	\$ 30.10	5.8	\$ 18,186
Vested and expected to vest at March 30, 2024	331	\$ 30.10	5.8	\$ 18,186
Exercisable at March 30, 2024	327	\$ 30.05	5.8	\$ 17,958

The assumptions used in the Black-Scholes option-pricing model along with the weighted average grant date fair value for awards granted in the periods presented are as follows:

Option Award Assumptions	Fiscal 2022
Weighted-average assumptions used:	
Expected volatility	50.0 %
Dividend yield	—
Risk-free interest rate	1.0 %
Expected term, in years	6.00
Weighted average grant date fair value per share	\$ 25.29

### Performance Share Units

In fiscal 2024, 2023 and 2022, the Company issued performance share units that contain market vesting conditions, performance vesting conditions, and service conditions. The performance condition is based on the Company's market share of single family home completions ("SFC Market Share"). The SFC Market Share component of the awards are valued at the market price of a share of the Company's common stock on the date of grant. The market condition is based on the Company's total shareholder return ("TSR") compared to the median TSR of certain companies over a three year performance period. The Company used a Monte-Carlo simulation to determine the grant date fair value for the awards, which takes into consideration the possible outcomes pertaining to the TSR market condition. Per the terms of the awards, 0% to 200% of the Company's performance share units vest on the third anniversary of the vesting commencement date based upon achievement of the performance and market conditions as specified in the performance share unit agreement. A summary of the activity associated with these awards based on the maximum potential achievement is as follows:

	Shares (in thousands, at maximum achievement)	Weighted Average Grant Date Fair Value Per Unit (at maximum achievement)
Outstanding at April 3, 2021	437	\$ 11.27
Granted	188	\$ 42.23
Vested	(84)	\$ 6.38
Forfeitures	(134)	\$ 3.01
Outstanding at April 2, 2022	407	\$ 29.26
Granted	254	\$ 42.17
Vested	(128)	\$ 33.22
Forfeitures	(3)	\$ 35.88
Outstanding at April 1, 2023	530	\$ 36.79
Granted	166	\$ 52.10
Vested	(91)	\$ 75.11
Forfeitures	(4)	\$ 42.22
Outstanding at March 30, 2024	601	\$ 36.61

The assumptions used in the Monte-Carlo simulation for the performance condition of performance share units along with the weighted-average grant date fair value for awards granted in the periods presented are as follows:

Performance Unit Assumptions	Fiscal 2024	Fiscal 2023	Fiscal 2022
Weighted-average assumptions used:			
Expected volatility	49.0 %	57.6 %	54.8 %
Dividend yield	—	—	—
Risk-free interest rate	4.4 %	3.7 %	1.1 %
Expected term, in years	3.00	3.00	2.98
Weighted average grant date fair value per share	\$ 104.20	\$ 84.34	\$ 83.04

### Restricted Stock Units

Restricted stock units are valued at the market price of a share of the Company's common stock on the date of grant. In general, these awards have graded vesting conditions in which a portion of awards vest ratably in three equal installments on the anniversary of



the vesting commencement date. The total fair value of restricted stock which vested was approximately \$15.8 million, \$4.9 million, and \$8.0 million during fiscal 2024, 2023, and 2022, respectively.

The weighted average grant date fair value for restricted stock units granted in fiscal 2024, 2023, and 2022 was \$71.43, \$61.92, and \$67.90, respectively.

(units and shares in thousands)	Restricted Stock Units
Outstanding at April 3, 2021	183
Granted	109
Vested	(126)
Forfeitures	(1)
Outstanding at April 2, 2022	165
Granted	267
Vested	(91)
Forfeitures	(11)
Outstanding at April 1, 2023	330
Granted	273
Vested	(222)
Forfeitures	(11)
Outstanding at March 30, 2024	370

#### 14. Earnings Per Share

Basic net income per share ("EPS") attributable to the Company was computed by dividing net income attributable to the Company by the average number of common shares outstanding during the period. Diluted earnings per share is calculated using our weighted-average outstanding common shares, including the dilutive effect of stock awards as determined under the treasury stock method.

The following table sets forth the computation of basic and diluted earnings per common share:

(Dollars and shares in thousands, except per share data)	Year Ended		
	March 30, 2024	April 1, 2023	April 2, 2022
Numerator:			
Net income attributable to the Company's common shareholders	\$ 146,696	\$ 401,802	\$ 248,044
Denominator:			
Basic weighted average shares outstanding	57,492	56,987	56,816
Dilutive securities	486	408	490
Diluted weighted average shares outstanding	57,978	57,395	57,306
Basic net income per share:	\$ 2.55	\$ 7.05	\$ 4.37
Diluted net income per share:	\$ 2.53	\$ 7.00	\$ 4.33

Securities that could potentially dilute basic EPS in the future that were considered antidilutive in the periods presented are shown below:

Type of security (in thousands)	March 30, 2024	April 1, 2023	April 2, 2022
Stock options	-	13	11
Restricted share units	-	-	20
Performance share units	1	93	20
Total dilutive securities	1	106	51

#### 15. Retirement Plans

The Company's U.S. subsidiary sponsors a defined contribution savings plan covering most U.S. employees. Full-time employees covered by the plan are eligible to participate. Participating employees may contribute from 1% to 25% of their compensation to the plan, with the Company matching 50% of the first 6% of pay contributed. The Company match vests after three years of employment or immediately for employees age 50 and over. The Company recognized expense of \$5.0 million, \$5.9 million, and \$4.2 million related to this plan during fiscal 2024, 2023, and 2022, respectively.

Full-time employees of the Company's subsidiaries in Canada are generally covered by employer-sponsored defined contribution plans that require employee contributions and employer matching contributions. The Company recognized expense of \$0.6 million in fiscal 2024 and \$0.7 million in both fiscal 2023 and fiscal 2022.



## 16. Segment Information

Financial results for the Company's reportable segments have been prepared using a management approach, which is consistent with the basis and manner in which financial information is evaluated by the Company's chief operating decision maker in allocating resources and in assessing performance. The Company's chief operating decision maker, the Chief Executive Officer, evaluates the performance of the Company's segment primarily based on net sales, before elimination of inter-company shipments, earnings before interest, taxes, depreciation and amortization ("EBITDA") and operating assets.

The Company operates in two reportable segments: (i) U.S. Factory-built Housing, which includes manufacturing and retail housing operations and (ii) Canadian Factory-built Housing. Corporate/Other includes the Company's transportation operations, corporate costs directly incurred for all segments and intersegment eliminations. Segments are generally determined by geography. Segment data includes intersegment revenues and corporate office costs that are directly and exclusively incurred for each segment. Total assets for Corporate/Other primarily include cash and certain deferred tax items not specifically allocated to another segment.

Selected financial information by reportable segment was as follows:

(Dollars in thousands)	Year Ended		
	March 30, 2024	April 1, 2023	April 2, 2022
Net sales:			
U.S. Factory-built Housing	\$ 1,885,507	\$ 2,411,342	\$ 1,991,066
Canadian Factory-built Housing	109,089	144,289	159,124
Corporate/Other	30,227	50,929	57,039
Consolidated net sales	<u>\$ 2,024,823</u>	<u>\$ 2,606,560</u>	<u>\$ 2,207,229</u>
Operating income:			
U.S. Factory-built Housing EBITDA	\$ 240,622	\$ 558,988	\$ 360,978
Canadian Factory-built Housing EBITDA	21,368	32,937	31,692
Corporate/Other EBITDA	(61,502)	(46,280)	(38,793)
Depreciation	(24,136)	(16,085)	(13,384)
Amortization	(10,774)	(10,641)	(7,552)
Other expense (income)	2,604	(634)	(36)
Equity in net loss of affiliate	7,023	—	—
Consolidated operating income	<u>\$ 175,205</u>	<u>\$ 518,285</u>	<u>\$ 332,905</u>
Depreciation:			
U.S. Factory-built Housing	\$ 22,041	\$ 13,624	\$ 10,823
Canadian Factory-built Housing	1,482	1,228	1,111
Corporate/Other	613	1,233	1,450
Consolidated depreciation	<u>\$ 24,136</u>	<u>\$ 16,085</u>	<u>\$ 13,384</u>
Amortization of U.S. Factory-built Housing intangible assets:	<u>\$ 10,774</u>	<u>\$ 10,641</u>	<u>\$ 7,552</u>
Capital expenditures:			
U.S. Factory-built Housing	\$ 47,856	\$ 47,328	\$ 29,133
Canadian Factory-built Housing	3,553	4,189	1,419
Corporate/Other	1,506	727	1,427
Consolidated capital expenditures	<u>\$ 52,915</u>	<u>\$ 52,244</u>	<u>\$ 31,979</u>

(Dollars in thousands)	March 30, 2024	April 1, 2023
Total Assets:		
U.S. Factory-built Housing (1)	\$ 1,239,338	\$ 708,573
Canadian Factory-built Housing (1)	132,420	124,673
Corporate/Other (1)	551,583	729,478
Consolidated total assets	<u>\$ 1,923,341</u>	<u>\$ 1,562,724</u>

(1) Deferred tax assets for the Canadian operations are reflected in the Canadian Factory-built Housing segment. U.S. deferred tax assets are presented in Corporate/Other because an allocation between segments is not practicable.



## **17. Commitments, Contingencies, and Concentrations**

### ***Repurchase Contingencies and Guarantees***

The Company is contingently liable under terms of repurchase agreements with lending institutions that provide wholesale floor plan financing to retailers. These arrangements, which are customary in the manufactured housing industry, provide for the repurchase of products sold to retailers in the event of default by the retailer on their agreement to pay the financial institution. The risk of loss from these agreements is significantly reduced by the potential resale value of any products that are subject to repurchase and is spread over numerous retailers. The repurchase price is generally determined by the original sales price of the product less contractually defined curtailment payments. Based on these repurchase agreements and our historical loss experience, we establish an associated loss reserve which was \$1.8 million and \$2.5 million at March 30, 2024 and April 1, 2023, respectively. Excluding the resale value of the homes, the contingent repurchase obligation as of March 30, 2024 was estimated to be approximately \$296.3 million. Losses incurred on homes repurchased were immaterial during each of the fiscal years ended March 30, 2024, April 1, 2023, and April 2, 2022.

At March 30, 2024, the Company was contingently obligated for approximately \$34.0 million under letters of credit, primarily consisting of \$12.6 million to support long-term debt, \$21.1 million to support the casualty insurance program, and \$0.3 million to support bonding agreements. The letters of credit are issued under a sub-facility of the Credit Agreement. The Company was also contingently obligated for \$15.1 million under surety bonds, which generally support performance on long-term construction contracts and license and service bonding requirements.

In the normal course of business, the Company's former subsidiaries that operated in the United Kingdom historically provided certain guarantees to two customers. Those guarantees provide contractual liability for proven construction defects up to 12 years from the date of delivery of certain products. The guarantees remain a contingent liability of the Company which declines over time through October 2027. As of the date of this report, the Company expects few, if any, claims to be reported under the terms of the guarantees.

### ***Product Liability - Water Intrusion***

The Company has received consumer complaints for damages related to water intrusion in homes built in one of its manufacturing facilities prior to fiscal 2022. The Company has investigated, and believes, the cause of the damage is the result of materials that did not perform in accordance with the manufacturer's contractual obligations. The Company has identified that certain homes constructed over that period that may be affected. Based on the results of ongoing investigation and repair efforts, the Company has developed a remediation plan under Subpart I of the HUD code and has submitted that plan to HUD for approval. The plan calls for inspection and repair of affected homes if there is evidence of damage, or procedures to mitigate the opportunity for future damage. As a result of the proposal, the Company recorded charges to execute the remediation plan of \$34.5 million during the fourth quarter of fiscal 2024. The Company estimated the charges by establishing a range of total expected costs determined by an actuary using a Monte Carlo simulation. The analysis resulted in a range of losses between \$34.5 million and \$85.0 million. The Company was not able to determine a value in the range that was more likely than any other value, and as prescribed by U.S. GAAP, recorded the charge for remediation based on the low end of the range of potential losses. The Company will monitor the results of the inspection and repair activities, including actual repair costs, and may revise the amount of the estimated liability, which could result in an increase or decrease in the estimated liability in future periods. The liability is included in Other current liabilities in the accompanying consolidated balance sheets.

Based on the Company's investigation into the cause of the water intrusion, including third-party testing of the material at issue, the Company believes it is possible that it will recover some or all of the estimated remediation costs. The Company will attempt to recover those costs from the manufacturer of the material, the distributor of the material, their related insurance providers or from the Company's insurance providers. However, the Company is unable to record an offset for any estimated costs at this time in accordance with U.S. GAAP.

### ***Legal Proceedings***

The Company has agreed to indemnify counterparties in the ordinary course of its business in agreements to acquire and sell business assets and in financing arrangements. The Company is subject to various legal proceedings and claims that arise in the ordinary course of its business. As of the date of this filing, the Company believes the ultimate liability with respect to these contingent obligations will not have, either individually or in the aggregate, a material adverse effect on the Company's financial condition, results of operations, or cash flows.

### ***Concentrations***

The components and products used in the factory-built housing operations are presently available from a variety of vendors, and the Company is not dependent upon any single supplier. Prices of certain materials, such as lumber, insulation, steel and drywall, can fluctuate significantly due to changes in demand and supply. Additionally, availability of certain materials, such as drywall and insulation, has sometimes been limited, resulting in higher prices and/or the need to find alternative suppliers. The Company generally has been able to pass higher material costs on to its customers in the form of surcharges and price increases.

Sales from the Company's Canadian operations were approximately 5% of consolidated sales for fiscal 2024, 6% in fiscal 2023, and 7% in fiscal 2022. The Company's net assets in Canada totaled approximately \$132.4 million and \$124.7 million at March 30, 2024 and April 1, 2023, respectively. The Company has approximately 8,600 employees. The Company's manufacturing facilities in Canada employ approximately 700 workers, and most of the workers belong to trade associations that operate under collective bargaining agreements. There are five collective bargaining agreements (one for each Canadian manufacturing facility) and each have separate expiration dates. The agreements are set to expire at various dates between May 2024 and November 2026.



**Skyline Champion Corporation**

**Schedule II—Valuation and Qualifying Accounts**  
*(Dollars in millions)*

	<u>Balance at Beginning of Period</u>	<u>Additions</u>	<u>Deductions</u>	<u>Other</u>	<u>Balance at End of Period</u>
<b><u>Fiscal Year Ended March 30,</u></b> <b><u>2024</u></b>					
Allowance for doubtful accounts	\$ 1.7	\$ 0.6	\$ (0.4)	\$ -	\$ 1.9
Valuation allowance for deferred taxes	12.0	-	(0.3)	-	11.7
<b><u>Fiscal Year Ended April 1,</u></b> <b><u>2023</u></b>					
Allowance for doubtful accounts	\$ 1.7	\$ 0.3	\$ (0.3)	\$ -	\$ 1.7
Valuation allowance for deferred taxes	12.7	(0.3)	(0.2)	(0.2)	12.0
<b><u>Fiscal Year Ended April 2,</u></b> <b><u>2022</u></b>					
Allowance for doubtful accounts	\$ 0.4	\$ 1.4	\$ (0.1)	\$ -	\$ 1.7
Valuation allowance for deferred taxes	12.6	0.2	(0.1)	-	12.7

## SUBSIDIARIES OF THE REGISTRANT

Name	Jurisdiction of Incorporation
Champion Home Builders, Inc.	Delaware
CHB Holdings B.V.	Netherlands
Champion Retail Housing, Inc.	Delaware
Star Fleet Trucking, Inc.	Delaware
Titan Factory Direct Homes, Inc.	Delaware
Champion Canada International ULC	Alberta, Canada
Champion Canada Holdings Inc.	Ontario, Canada
Champion Modular, Inc.	Delaware
TFDH Insurance Agency, Inc.	Delaware
Champion Belle Meadow LLC	Delaware
Brasstown Mountain Homes, LLC	Delaware
Regional Enterprises, LLC	Mississippi
Regional Enterprises of AL, LLC	Mississippi
Helicon Insurance, LLC	Mississippi
Helicon Capital, LLC	Mississippi
Helicon Transport, LLC	Mississippi
Regional Realty, LLC	Mississippi
Regional Land Company, LLC	Mississippi
Regional Land Company BM, LLC	Mississippi
Regional Land Company LH, LLC	Mississippi
Roger Jenkins Properties, LLC	Mississippi
Liberty NMTC, LLC	Alabama
Winston Housing Group, LLC	Alabama
Marion Property Group, LLC	Alabama
Hamilton Property Group, LLC	Alabama
Hamilton Home Builders, LLC	Alabama
Platinum Homes, LLC	Alabama
Impact Software, LLC	Delaware
Champion Financing LLC	Delaware

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-226176) of Skyline Champion Corporation, and
  - (2) Registration Statement (Form S-8 No. 333-227539) pertaining to the 2018 Equity Incentive Plan of Skyline Champion Corporation;
- of our reports dated May 29, 2024, with respect to the consolidated financial statements and schedule of Skyline Champion Corporation and the effectiveness of internal control over financial reporting of Skyline Champion Corporation included in this Annual Report (Form 10-K) of Skyline Champion Corporation for the year ended March 30, 2024.

/s/ Ernst & Young  
Detroit, Michigan  
May 29, 2024

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**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark Yost, certify that:

1. I have reviewed this Annual Report on Form 10-K of Skyline Champion Corporation;
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(s) 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(s) 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: May 29, 2024

By: /s/ Mark Yost  
Mark Yost  
President and Chief Executive Officer (Principal Executive Officer)

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Laurie Hough, certify that:

1. I have reviewed this Annual Report on Form 10-K of Skyline Champion Corporation;
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(s) 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(s) 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: May 29, 2024

By: /s/ Laurie Hough  
Laurie Hough  
Executive Vice President, Chief Financial Officer, and  
Treasurer (Principal Financial Officer)

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. §1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Annual Report on Form 10-K of Skyline Champion Corporation (the “Registrant”) for the period ending March 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Registrant hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to his or her knowledge:

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

May 29, 2024

/s/ Mark Yost

Mark Yost

President and Chief Executive Officer (Principal Executive Officer)

/s/ Laurie Hough

Laurie Hough

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

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**SKYLINE CHAMPION  
CORPORATION COMPENSATION RECOUPMENT POLICY**  
March 15, 2023 (the "Effective Date")

This Skyline Champion Corporation Compensation Recoupment Policy (the "Policy") applies to all Executives (as defined below) of Skyline Champion Corporation, an Indiana corporation (the "Corporation"), relative to Performance-Based Compensation (as defined below) granted on or after the Effective Date.

In the event of an accounting restatement due to material noncompliance of the Corporation with any financial reporting requirement under the securities laws, including any restatement (1) required to correct an error in previously issued financial statements that is material to the previously issued financial statements or (2) that would result in a material misstatement if the error were recorded in the current period or left uncorrected in the current period (any restatement described in clause (1) or clause (2) being a "Restatement"), the result of which is that any Performance-Based Compensation paid to one or more Executives during the three years preceding the date on which the Corporation has determined a Restatement would be necessary would have been lower had it been calculated based on such restated financial statements, the Compensation Committee of the Corporation's Board of Directors (the "Committee") shall review such Performance-Based Compensation and the circumstances involved as it deems appropriate. Any determination made by the Committee pursuant to this Policy and at the direction of the Corporation's Board of Directors (the "Board") shall be binding on all Executives.

If the Committee determines that the amount of any such Performance-Based Compensation actually paid or awarded to an Executive (the "Awarded Compensation") would have been a lower amount than the Performance-Based Compensation payable to the Executive if calculated based on such restated financial statements (the "Adjusted Compensation"), the Committee will, except as provided below, use reasonable efforts to recover for the benefit of the Corporation the excess of the Awarded Compensation over the Adjusted Compensation, computed without regard to any taxes paid (the "Excess Compensation"). For PerformanceBased Compensation based on stock price or total shareholder return, where the amount of Excess Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the amount must be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Performance-Based Compensation was Received (as defined below). The Corporation must maintain documentation of the determination of that reasonable estimate and provide such documentation to the New York Stock Exchange or any other national securities exchange on which the Corporation's securities are listed from time to time (the "Exchange"). The Corporation shall not indemnify any Executive against the loss of Excess Compensation pursuant to this Policy.

The Committee may make a determination not to seek recovery of Excess Compensation if the Committee determines that to do so would be impracticable and one of the following conditions has been satisfied: (i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; provided that, before concluding that it would be impracticable to recover any amount of Excess Compensation based on expense of enforcement, the Committee, on behalf of the Corporation, must make a reasonable attempt to

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recover such Excess Compensation, document such reasonable attempt to recover, and provide that documentation to the Exchange; (ii) recovery would violate law; or (iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to

employees of the Corporation, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

For the purposes of this Policy:

- (i) The term "Executive" shall refer to any current or former "officer" of the Corporation for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, as determined from time to time by the Board.
- (ii) The term "Performance-Based Compensation" means any compensation that is (a) granted, earned or vested based wholly or in part upon the attainment of a financial reporting measure and (b) Received by a person (1) after beginning service as an Executive of the Corporation, (2) who served as an Executive of the Corporation at any time during the performance period for such Performance-Based Compensation, (3) while the Corporation has a class of securities listed on the Exchange and (4) during the three completed fiscal years immediately preceding the date that the Corporation is required to prepare a Restatement.

For purposes of this clause (ii), the date on which the Corporation is required to prepare a Restatement is the earlier to occur of (a) the date the Board concludes, or reasonably should have concluded, that the Corporation is required to prepare a Restatement or (b) the date a court, regulator or other legally authorized body directs the Corporation to prepare a Restatement.

- (iii) The term "Received" shall mean, with respect to an award of Performance-Based Compensation, received by an Executive in the Corporation's fiscal period during which the financial reporting measure specified in the Performance-Based Compensation award is attained, even if the payment or grant of the PerformanceBased Compensation occurs after the end of that period.

This Policy shall be interpreted in a manner consistent with the rules and regulations of the Securities and Exchange Commission and the Exchange and any other law or regulation applicable at any given time (collectively, the "Applicable Rules") and shall otherwise be interpreted in the business judgment of the Board. To the extent that Applicable Rules require recovery of Excess Compensation in circumstances in addition to those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Corporation to recover Excess Compensation to the fullest extent required by such Applicable Rules. This Policy shall be deemed to be automatically amended, as of the date any Applicable Rule becomes effective with respect to the Corporation, to the extent required for this Policy to comply with such Applicable Rule.

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