SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between the United States Department of Housing and Urban Development ("HUD") and Legacy Housing, Ltd. (the "COMPANY") (hereafter HUD and the COMPANY are collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. The COMPANY is a Texas limited partnership registered in Fort Worth, Texas, with its primary operations located in the State of Texas.

B. The COMPANY is a manufacturer of manufactured homes and is subject to the National Manufactured Housing Construction and Safety Standards Act of 1974 (as amended) (42 U.S.C. 5401-5426) (the "Act") and its implementing regulations at 24 CFR parts 3280 and 3282.

C. HUD received an audit alleging that the COMPANY engaged in certain conduct that violated the Act and regulations. Such conduct related to the COMPANY manufacturing at least 18 units, as enumerated in Appendix A to this agreement, which were built and/or marketed, and/or delivered to their purchasers as purported 'non-HUD Units'. These units, upon inspection by HUD and its monitoring contractor, meet the statutory definition of Manufactured Home pursuant to 42 U.S.C. 5402(6). ("Conduct")

D. Shipping manufactured home sections or units that are not properly labeled in accordance with 24 CFR 3282.362(c)(2)(i)(B) or have been red-tagged as defined by 24 CR 3282.7(cc) and pursuant to 24 CFR 3282.362(c)(2)(i)(G) is a violation of the Act.

E. This Agreement is limited to and relates only to the Conduct described above and does not encompass any other actions of the COMPANY.

F. This Agreement is neither an admission of fault of the above described Conduct nor a concession by HUD that its claims are not well-founded.

G. Both parties, wishing to resolve this matter expeditiously, do hereby agree and covenant as follows:

TERMS AND CONDITIONS

1. The above recitals are hereby incorporated by reference as if stated fully.

2. By February 1, 2018, the COMPANY and/or its affiliated entities shall offer to every owner of every unit listed in Appendix A of this agreement, other than the COMPANY, replacement of that unit with a unit, comparable in size and amenities with the unit being replaced, that has been properly labeled and certified to comply with the National Manufactured Home Construction and Safety Standards ("HUD Code"). If said owner other than the COMPANY refuses the COMPANY's offer to replace the unit in question, then the COMPANY shall, by February 15,
2018, offer to take possession of said unit and refund said person or entity the purchase price of the unit in full. In every case the COMPANY shall make every attempt to repossess the unit(s) in question, and shall transport said units to its Commerce, Texas facility, at its own expense, for de-commissioning.

3. In the event an owner of a unit listed in Appendix A of this agreement accepts the COMPANY’s offer of replacement, the COMPANY shall pay the owner’s reasonable lodging and other expenses while the owner’s unit is being replaced.

4. In the event an owner of a unit listed in Appendix A of this agreement accepts a refund of the full purchase price of the owner’s unit, the COMPANY agrees to provide HUD with proof of said refund, either by means of a copy of any check(s) issued by the COMPANY to affected owners, or an equivalent means of verifying an alternative method of payment.

5. In the event a unit owner refuses either replacement of his or her unit, or return of the unit to the COMPANY and refund of the purchase price of his or her unit, that unit shall not be covered under the terms of this agreement and shall still be subject to HUD’s full jurisdiction and enforcement powers.

6. By March 15, 2018, or upon completion of the repossess, replacement, and/or refund of the purchase price of said units, whichever is earlier, the COMPANY shall furnish HUD with a full accounting of every ‘non-HUD unit’ listed in Appendix A, both within the COMPANY’s possession and those that may still be in the possession of a person or entity other than the COMPANY. The COMPANY agrees that this accounting for all units shall be subject to HUD’s independent verification that all units have been repossessed or otherwise accounted for.

7. Upon repossess of all units listed in Appendix A, and authorization from HUD, the COMPANY shall proceed to decommission said units. The decommissioning process shall include completely removing the kitchen including all cabinets, counter tops, appliances, and 220 volt circuits in the kitchen, including all wiring for those 220 volt circuits. The COMPANY shall complete all decommissioning by April 30, 2018.

8. Upon ‘decommissioning,’ the COMPANY agrees that it shall not resell or market any of said units as a dwelling or other residential structure. Furthermore, the COMPANY agrees that each purchase agreement between the COMPANY and any seller shall include a contractual obligation that the purchaser shall not use the building for residential occupancy in any way.

9. The COMPANY shall provide HUD with signed copies of every purchase agreement of said units between the COMPANY and purchaser(s) including the contractual obligation stated in item 8 of this agreement.

10. The COMPANY further agrees to provide HUD with a complete, full, and comprehensive accounting of the COMPANY’s performance of its obligations under this agreement at any time that HUD so requests.
11. In exchange for performance of its obligations under this Agreement, HUD shall suspend assessment of civil penalties against the COMPANY related to this matter. Should HUD determine that the COMPANY fails to fully perform its obligations under this agreement, HUD reserves the right to assess said penalties consistent with the COMPANY's violations of the Act and Regulations.

12. Upon the COMPANY's full performance of its obligations under this agreement, HUD shall deem this matter fully and finally resolved.

13. This Agreement is intended to be and shall be for the benefit only of the Parties and entities and individuals identified in this Agreement, and no other party or entity shall have any rights or benefits hereunder. Nothing in this agreement limits the rights or any other Federal Agency or the Office of Inspector General from investigating or pursuing actions within the scope of their authority.

14. Each party shall bear its own legal and other costs incurred in connection with this matter including the preparation and performance of this Agreement.

15. Each party and signatory to this Agreement represents that it freely and voluntarily enters into the Agreement without any degree of duress or compulsion.

16. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute arising out of matters covered by this Agreement is the United States District Court for the District of Columbia. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all the Parties and shall not, therefore, be construed against any party for that reason in any subsequent dispute.

17. Further, the Company agrees to abide by all other Departmental Standards and regulations, including but not limited to the National Manufactured Housing Construction and Safety Standards Act.

18. The Agreement constitutes the complete agreement between the Parties as to the matters addressed herein. The Agreement may not be amended except by written consent of the Parties.

19. The undersigned represent and warrant that they are fully authorized to execute the Agreement on behalf of the Parties indicated below.

20. The Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

21. This Agreement is binding on, and inures to the benefit of, the COMPANY's and its affiliated entities' successors, heirs, and assigns.

22. Facsimiles or email scans of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.
23. Whenever the words "include," "includes," or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in their names as of the date of the HUD official's signature below.

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: [Signature]
Print: Dana T. Wade
Date: 1/18/18

HUD Office of Manufactured Housing Programs

LEGACY HOUSING, Ltd.

By: GPLH, L C
Its: General partner

By: [Signature]
Print: Curtis Hodgson, Manager
Date: Dec. 19, 2017

Legacy Housing, Ltd.