

NOBILITY HOMES INC
Form 10-K
January 31, 2019
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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 November 3, 2018

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

For the transition period from _____ to _____.

Commission file number 000-06506

NOBILITY HOMES, INC.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

59-1166102
(I.R.S. Employer
Identification No.)

3741 S.W. 7th Street

Ocala, Florida
(Address of principal executive offices)

34474
(Zip Code)

(352) 732-5157

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

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

Common Stock, \$.10 par value

(Title of Class)

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 Section 15(d) of the 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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

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 period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of the common stock held by non-affiliates of the registrant (1,243,227 shares), based on the closing price on the over-the-counter market on May 4, 2018 (the last business day of the second quarter of fiscal 2018), was approximately \$28.3 million.

The number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

Title of Class	Shares Outstanding on January 28, 2019
Common Stock	3,873,731

DOCUMENTS INCORPORATED BY REFERENCE

Title	Form 10-K
Definitive proxy statement for Annual Meeting of Shareholders to be held March 1, 2019	Part III, Items 10-14

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PART I

Item 1. Business

Nobility Homes, Inc., a Florida corporation incorporated in 1967, designs, manufactures and sells a broad line of manufactured and modular homes through its own retail sales centers throughout Florida. Nobility also sells its manufactured homes on a wholesale basis to independent manufactured home retail dealers and manufactured home communities. All references in this annual report on Form 10-K to Nobility, Company, we, us, or our refer to Nobility Homes, Inc. and its consolidated subsidiaries unless the context otherwise suggests.

Manufactured Homes

Nobility's homes are available in approximately 100 active models sold under the trade names Kingswood, Richwood, Tropic Isle, Regency Manor, and Special Edition. The homes, ranging in size from 431 to 2,650 square feet and containing from one to five bedrooms, are available in:

Single-wide widths of 12, 14 and 16 feet ranging from 35 to 72 feet in length;

Double-wide widths of 20, 24, 26, 28 and 32 feet ranging from 32 to 72 feet in length;

Triple-wide widths of 42 feet ranging from 60 to 72 feet in length; and

Quad-unit with 2 sections 28 feet wide by 48 feet long and 2 sections 28 feet wide by 52 feet long. Our floor plans can be built as an on-frame modular home. We have been approved to build A.N.S.I. (American National Standards Institute) Park models less than 400 square feet and exposure D homes.

Nobility's homes are sold primarily as unfurnished dwellings ready for permanent occupancy. Interiors are designed and color coordinated in a range of decors. Depending on the size of the unit and quality of appliances and other appointments, retail prices for Nobility's homes typically range from approximately \$30,000 to \$130,000. Most of the prices of Nobility's homes are considered by it to be within the low to medium price range of the industry.

Nobility's manufacturing plant utilizes assembly line techniques in manufactured home production. The plant manufactures and assembles the floors, sidewalls, end walls, roofs and interior cabinets for their homes. Nobility purchases, from outside suppliers, various other components that are built into its homes including the axles, frames, tires, doors, windows, pre-finished sidings, plywood, ceiling panels, lumber, rafters, insulation, gypsum board, appliances, lighting and plumbing fixtures, carpeting and draperies. Nobility is not dependent upon any one particular supplier for its raw materials or component parts, and is not required to carry significant amounts of inventory to assure itself of a continuous allotment of goods from suppliers.

Nobility generally does not manufacture its homes to be held by it as inventory (except for model home inventory of its wholly-owned retail network subsidiary, Prestige Home Centers, Inc.), but, rather, manufactures its homes after receipt of orders. Although Nobility attempts to maintain a consistent level of production of homes throughout the

fiscal year, seasonal fluctuations do occur, with sales of homes generally lower during the first fiscal quarter due to the holiday season.

The sales area for a manufactured home manufacturer is limited by substantial delivery costs of the finished product. Nobility's homes are delivered by outside trucking companies. Nobility estimates that it can compete effectively within a range of approximately 350 miles from its manufacturing plant in Ocala, Florida. Substantially all of Nobility's sales are made in Florida.

Retail Sales

Prestige Home Centers, Inc., our wholly-owned subsidiary, operates ten retail sales centers in north and central Florida. Its principal executive offices are located at Nobility's headquarters in Ocala, Florida. Sales by Prestige accounted for 76% and 72% of Nobility's sales during fiscal years 2018 and 2017, respectively.

Each of Prestige's retail sales centers are located within 350 miles of Nobility's Ocala manufacturing facility. Prestige owns the land at six of its retail sales centers and leases the remaining four retail sales centers from unaffiliated parties under leases with terms between one and three years with renewal options.

Prestige has executed a lease and is in the process of opening an eleventh retail sales center in north Florida.

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The primary customers of Prestige are homebuyers who generally purchase manufactured homes to place on their own home sites. Prestige operates its retail sales centers with a model home concept. Each of the homes displayed at its retail sales centers is furnished and decorated as a model home. Although the model homes may be purchased from Prestige's model home inventory, generally, customers order homes which are shipped directly from the factory to their home site. Prestige sales generally are to purchasers living within a radius of approximately 100 miles from the selling retail lot. The Company's internet-based marketing program generates numerous leads which are directed to the Prestige retail sales centers to assist a potential buyer in purchasing a home.

The retail sale of manufactured homes is a highly competitive business. Because of the number of retail sales centers located throughout Nobility's market area, potential customers typically can find several sales centers within a 100 mile radius of their present home. Prestige competes with over 100 other retailers in its primary market area, some of which may have greater financial resources than Prestige. In addition, manufactured homes offered by Prestige compete with site-built housing.

Prestige does not itself finance customers' new home purchases. Financing for home purchases has historically been available from other independent sources that specialize in manufactured housing lending and banks that finance manufactured home purchases. Prestige and Nobility are not required to sign any recourse agreements with any of these retail financing sources.

Investments in Limited Partnerships

The Company has a 31.3% investment interest in Walden Woods South LLC (Walden Woods South), which owns and operates a 236 residential lot manufactured home community named Walden Woods South located in Homosassa, Florida. The majority owner of Walden Woods South is the Company's President (see Note 4 to the Company's financial statement included herein).

On March 31, 2016, the Company sold its 48.5% limited partnership interest in CRF III, Ltd. (Cypress Creek) for \$3,990,000. Cypress Creek is a retirement manufactured home community located in Winter Haven, Florida. The Company received \$960,000 cash, net of \$40,000 cost paid and a note receivable for \$3,030,000 that accrued interest at 3.0%. The Company received a \$500,000 payment in June 2016, a \$1,000,000 payment in January 2017 and a \$1,651,924 payment in April 2018 which included all of the remaining principal and interest on the note.

Insurance and Financial Services

Mountain Financial, Inc., a wholly-owned subsidiary of Prestige Home Centers, Inc., is an independent insurance agent and licensed mortgage loan originator. Its principal activity is providing retail insurance services, which involves placing various types of insurance, including property and casualty, automobile and extended home warranty coverage, with insurance underwriters on behalf of its Prestige customers in connection with their purchase and financing of manufactured homes. As agent, we solely assist our customers in obtaining various types of insurance and extended warranty coverage with insurance underwriters. As such, we have no agreements with homeowners and/or third party insurance companies other than agency agreements with various insurance carriers. The Company provides appropriate reserves for policy cancellations based on numerous factors, including past transaction history with customers, historical experience and other information, which is periodically evaluated and adjusted as deemed necessary. In the opinion of management, no reserve was deemed necessary for policy cancellations for fiscal years 2018 and 2017.

Wholesale Sales to Manufactured Home Communities

Nobility also sells its homes on a wholesale basis through two full-time salespersons to approximately 35 manufactured home communities and independent dealers. Nobility continues to seek new opportunities in the areas in which it operates, as there is ongoing turnover in the manufactured home communities as they achieve full occupancy levels. As is common in the industry, most of Nobility's independent dealers sell homes produced by several manufacturers. Sales to one publicly traded REIT (Real Estate Investment Trust) which owns multiple retirement communities in our market area accounted for \$2,097,200 or 5% of our total sales in fiscal year 2018 and \$1,602,185 or 4% of our total sales in fiscal year 2017. Other companies which own multiple retirement communities in our market area accounted for \$1,195,155 or 3% of our total sales in fiscal year 2018 and \$2,155,575 or 6% of our total sales in fiscal year 2017.

Nobility does not generally offer consigned inventory programs or other credit terms to its dealers and ordinarily receives payment for its homes within 15 to 30 days of delivery. However, Nobility may offer extended terms to park dealers who do a high volume of business with Nobility. In order to stimulate sales, Nobility sells homes for display to related manufactured home communities on extended terms and recognizes revenue when the homes are sold to the end users. The high visibility of Nobility's homes in such communities generates additional sales of its homes through such dealers.

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Regulation

The manufacture, distribution and sale of homes are subject to governmental regulation at the federal, state and local levels. The Department of Housing and Urban Development (HUD) has adopted national construction and safety standards that preempt state standards. In addition, HUD regulations require that manufactured homes be constructed to more stringent wind load and thermal standards. Compliance with these standards involves approval by a HUD approved engineering firm of engineering plans and specifications on all models. HUD has also promulgated rules requiring producers of manufactured homes to utilize wood products certified by their suppliers to meet HUD's established limits on formaldehyde emissions and to place in each home written notice to prospective purchasers of possible adverse reaction from airborne formaldehyde in homes. HUD's standards also require periodic inspection by state or other third party inspectors of plant facilities and construction procedures, as well as inspection of manufactured home units during construction. In addition, some components of manufactured homes may also be subject to Consumer Product Safety Commission standards and recall requirements. Modular homes manufactured by Nobility are required to comply with the Florida Building Code established by the Florida Department of Business and Professional Regulations.

Nobility estimates that compliance with federal, state and local environmental protection laws will have no material effect upon capital expenditures for plant or equipment modifications or earnings for the next fiscal year.

The transportation of manufactured homes is subject to state regulation. Generally, special permits must be obtained to transport the home over public highways and restrictions are imposed to promote travel safety including restrictions relating to routes, travel periods, speed limits, safety equipment and size.

Nobility's homes are subject to the requirements of the Magnuson-Moss Warranty Act and Federal Trade Commission rulings which regulate warranties on consumer products. Nobility provides a limited warranty of one year on the structural components of its homes.

Competition

The manufactured home industry is highly competitive. The initial investment required for entry into the business of manufacturing homes is not unduly large. State bonding requirements for entry in the business vary from state to state. The bond requirement for Florida is \$50,000. Nobility competes directly with other manufacturers, some of whom are both considerably larger and possess greater financial resources than Nobility. Nobility estimates that of the 18 manufacturers selling in the state, approximately 10 manufacture homes of the same type as Nobility and compete in the same market area. Nobility believes that it is generally competitive with most of those manufacturers in terms of price, service, warranties and product performance.

Employees

As of January 11, 2019, the Company had 149 full-time employees, including 36 employed by Prestige. Approximately 86 employees are factory personnel compared to approximately 85 in such positions a year ago and 63 are in management, administrative, supervisory, sales and clerical positions (including 33 management and sales personnel employed by Prestige) compared to approximately 62 a year ago. In addition, Nobility employs part-time employees when necessary.

Nobility makes contributions toward employees' group health and life insurance. Nobility, which is not subject to any collective bargaining agreements, has not experienced any work stoppage or labor disputes and considers its relationship with employees to be generally satisfactory.

Item 1A. Risk Factors

As a smaller reporting company, we are not required to provide the information required by this item.

Item 1B. Unresolved Staff Comments

None.

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As of January 28, 2019, Nobility owned one manufacturing plant:

Location	Approximate Size
3741 SW 7 th Street Ocala, Florida	72,000 sq. ft.

Nobility's Ocala facility is located on approximately 35.5 acres of land on which an additional two-story structure adjoining the plant serves as Nobility's corporate offices. The plant, which is of metal construction, is in good condition and requires little maintenance.

In April 2018, Nobility sold its Belleview facility that had been vacant since June 2015 for \$635,000 through an independent real estate agent. This facility was on the balance sheet in property held for sale (non-current asset) for \$386,018 in fiscal year 2017.

Prestige owns the properties on which its Ocala North, Auburndale, Inverness, Panama City, Yulee and Punta Gorda, Florida retail sales centers are located. In November 2017, the Company purchased the land and building for its exiting Inverness retail sales center for \$330,000. Prestige leases the property for its other 4 retail sales centers. Prestige has executed a lease and is in the process of opening an eleventh retail sales center in north Florida. Our Pace property (closed) is under contract with a buyer and is included on the balance sheet in property held for sale (non-current asset) for \$213,437.

Item 3. Legal Proceedings

We are a party to various legal proceedings that arise in the ordinary course of our business. We are not currently involved in any litigation nor to our knowledge, is any litigation threatened against us, the outcome of which would, in our judgment based on information currently available to us, have a material adverse effect on our financial position or results of operations.

The Company does not maintain casualty insurance on some of its property, including the inventory at its retail centers, its plant machinery and plant equipment and is at risk for those types of losses.

Item 4. Mine Safety Disclosures

None.

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Market Information

The Company's common stock currently trades under the symbol NOBH on the OTCQX market. Any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Holders

At January 28, 2019, the approximate number of holders on record of common stock was 99 (not including individual participants in security position listings).

Dividends

The Board of Directors declared a one-time cash dividend of \$0.20 per common share in fiscal 2018 paid to stockholders of record as of March 26, 2018 and a one-time cash dividend of \$0.15 per common share in fiscal 2017 paid to stockholders of record as of March 27, 2017. Any future determination to pay dividends will be at the discretion of our Board of Directors.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table displays equity compensation plan information as of the end of the fiscal year ended November 3, 2018 (see Note 13 to the Company's financial statement included herein).

	Equity Compensation Plan Information		
	Number of securities to be issued upon exercise	Weighted-average price of exercise	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a))
	of outstanding options, warrants and rights (a)	of outstanding options, warrants and rights (b)	(c)
Equity compensation plans approved by security holders	5,000	\$ 12.10	295,000
Equity compensation plans not approved by security holders	N/A	N/A	N/A

Total	5,000	\$	12.10	295,000
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Recent Sales of Unregistered Securities

None.

Issuer Repurchases of Equity Securities

The Company did not repurchase any of its common stock during the fourth quarter ended November 3, 2018.

The Company's Board of Directors has authorized management to repurchase shares of the Company's common stock in transactions up to 200,000 shares or less per year in the open market. During fiscal 2018, the Company repurchased an aggregate of 123,838 shares.

Item 6. Selected Financial Data

As a smaller reporting company, we are not required to provide the information required by this item.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
General**

Nobility focuses on home buyers who generally purchase their manufactured homes from retail sales centers to locate on property they own. Nobility has aggressively pursued this market through its Prestige retail sales centers. While Nobility actively seeks to make wholesale sales to independent retail dealers, its presence as a competitor limits potential sales to dealers located in the same geographic areas serviced by its Prestige retail sales centers.

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Nobility has aggressively targeted the retirement community market, which is made up of retirees moving to Florida and typically purchasing or renting homes to be located on sites leased from park communities offering a variety of amenities. Sales are not limited by the presence of the Company's Prestige retail sales centers in this type of arrangement, as the retirement community sells homes only within their community.

Nobility has a product line of approximately 100 active models. Although market demand can fluctuate on a fairly short-term basis, the manufacturing process is such that Nobility can alter its product mix relatively quickly in response to changes in the market. During fiscal years 2018 and 2017, Nobility continued to experience increased consumer demand for affordable manufactured homes in Florida. Our three, four and five bedroom manufactured homes are favored by families, compared with the one, two and three-bedroom homes that typically appeal to the retirement buyers who reside in the manufactured housing communities.

In an effort to make manufactured homes more competitive with site-built housing, financing packages are available to provide (1) 30-year financing, (2) an interest rate reduction program, (3) combination land/manufactured home loans, and (4) a 5% down payment program for qualified buyers.

In the third quarter of fiscal year 2009, Majestic 21, a joint venture that the Company owns 50% of, secured \$5,000,000 in financing from a commercial bank to support loan originations. The Company guarantees 50% of this financing. As of November 3, 2018, the outstanding principal balance of the note was \$157,823 and the amount of collateral held by our joint venture partner for the Majestic 21 note payable was \$1,150,477.

Prestige maintains several other outside financing sources that provide financing to retail homebuyers for its manufactured homes. The Company continually tries to develop relationships with new lenders, since established lenders will occasionally leave manufactured home lending.

Prestige's wholly-owned subsidiary, Mountain Financial, Inc., is an independent insurance agent and licensed loan originator. Mountain Financial provides automobile insurance, extended warranty coverage and property and casualty insurance to Prestige customers in connection with their purchase and financing of manufactured homes.

The Company's fiscal year ends on the first Saturday on or after October 31. The year ended November 3, 2018 (fiscal year 2018) and the year ended November 4, 2017 (fiscal year 2017) each consisted of a fifty-two week period.

Results of Operations

Total net sales in fiscal year 2018 were \$42,812,265 compared to \$37,543,071 in fiscal year 2017. The Company reported net income of \$4,963,632 in fiscal year 2018, compared to a net income of \$3,309,983 during fiscal year 2017.

The following table summarizes certain key sales statistics and percent of gross profit as of and for fiscal years ended November 3, 2018 and November 4, 2017.

	2018	2017
New homes sold through Company owned sales centers	379	327
Pre-owned homes sold through Company owned sales centers:		
Buy Back	8	12

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Repossessions	14	11
Trade-Ins	4	4
Homes sold to independent dealers	212	249
Total new factory built homes produced	610	600
Average new manufactured home price - retail	\$ 79,334	\$ 74,384
Average new manufactured home price - wholesale	\$ 42,304	\$ 38,208
As a percent of net sales:		
Gross profit from the Company owned retail sales centers	18%	17%
Gross profit from the manufacturing facilities - including intercompany sales	17%	16%

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The demand for affordable manufactured housing in Florida continues to improve. According to the Florida Manufactured Housing Association, shipments in Florida for the period from November 2017 through October 2018 were up approximately 19% from the same period last year. Constrained consumer credit and the lack of lenders in our industry, partly as a result of an increase in government regulations, still affects our results by limiting many affordable manufactured housing buyers from purchasing homes. However, recent legislation may help improve this situation in the future.

We understand that maintaining our strong financial position is vital for future growth and success. Because of very challenging business conditions during economic recessions in our market area, management will continue to evaluate all expenses and react in a manner consistent with maintaining our strong financial position, while exploring opportunities to expand our distribution and manufacturing operations.

Our many years of experience in the Florida market, combined with home buyers' increased need for more affordable housing, should serve the Company well in the coming years. Management remains convinced that our specific geographic market is one of the best long-term growth areas in the country.

On June 5, 2019 the Company will celebrate its 52nd anniversary in business specializing in the design and production of quality, affordable manufactured homes. With multiple retail sales centers, an insurance agency subsidiary, and an investment in a retirement manufactured home community, we are the only vertically integrated manufactured home company headquartered in Florida.

Insurance agent commissions in fiscal year 2018 were \$273,747 compared to \$267,933 in fiscal year 2017. We have established appropriate reserves for policy cancellations based on numerous factors, including past transaction history with customers, historical experience and other information, which is periodically evaluated and adjusted as deemed necessary. In the opinion of management, no reserve was deemed necessary for policy cancellations at November 3, 2018 and November 4, 2017.

Cost of goods sold at our manufacturing facilities include: materials, direct and indirect labor and manufacturing expenses (which consists of factory occupancy, salary and salary related, delivery costs, manufactured home service costs and other manufacturing expenses). Cost of goods sold at our retail sales centers include: appliances, air conditioners, electrical and plumbing hook-ups, furniture, insurance, impact and permit fees, land and home fees, manufactured home, service warranty, setup contractor, interior drywall finish, setup display, skirting, steps, well, septic tank and other expenses.

Gross profit as a percentage of net sales was 25% in fiscal year 2018 compared to 23% in fiscal year 2017. Our gross profit of \$10,680,027 for 2018 increased 23% compared to \$8,661,079 for 2017. The increase in gross profit percentage is primarily due to the increase in the average retail and wholesale selling price on each home sold.

Selling, general and administrative expenses at our manufacturing facility include salaries, professional services, advertising and promotions, corporate expense, employee benefits, office equipment and supplies and utilities. Selling, general and administrative expenses at our retail sales center include: advertising, retail sales centers expenses, salary and salary related, professional fees, corporate expense, employee benefit, office equipment and supplies, utilities and travel. Selling, general and administrative expenses at the insurance company include: advertising, professional fees and office supplies.

As a percent of net sales, selling, general and administrative expenses was 12% in fiscal year 2018 compared to 11% in fiscal 2017, which increased \$651,996 from fiscal year 2017 to 2018. The increase in selling, general and administrative expenses in 2018 resulted from the increase in compensation expenses directly related to our increased

sales.

The Company earned interest in the amount of \$362,121 in fiscal year 2018 compared to \$149,613 in fiscal year 2017. Interest income is dependent on our cash balance and available rates of return. The increase is primarily due to the increase in the balances and the interest rate in the money market accounts, certificates of deposit and interest from the note receivable acquired in the sale of the investment in the Cypress Creek retirement community.

The Company earned \$100,137 from its joint venture, Majestic 21, in fiscal year 2018 compared to \$103,533 in fiscal year 2017. The earnings from Majestic 21 represent the allocation of profit and losses which are owned 50% by 21st Mortgage Corporation and 50% by the Company.

We received \$172,911 in fiscal year 2018 and \$504,548 in fiscal year 2017 under an escrow arrangement related to a Finance Revenue Sharing Agreement between 21st Mortgage Corporation and the Company. The distributions from the escrow account, related to certain loans financed by 21st Mortgage Corporation, are recorded in income by the Company as received, which has been the Company's past practice.

The Company realized pre-tax income of \$6,605,462 in fiscal year 2018 compared to a pre-tax income of \$5,168,250 in fiscal year 2017.

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The Company recorded an income tax expense of \$1,641,830 in fiscal year 2018 compared to \$1,858,267 in fiscal year 2017.

Net income in fiscal year 2018 was \$4,963,632 or \$1.27 per basic and diluted share and net income in fiscal year 2017 was \$3,309,983 or \$0.83 per basic and diluted share.

Liquidity and Capital Resources

Cash and cash equivalents were \$28,364,861 at November 3, 2018 compared to \$27,910,504 at November 4, 2017. Certificates of deposit were \$6,034,093 at November 3, 2018. We had no certificates of deposit at November 4, 2017. Short-term investments were \$537,767 at November 3, 2018 compared to \$627,087 at November 4, 2017. The increase in cash was due primarily to our net income. Working capital was \$38,128,057 at November 3, 2018 as compared to \$36,403,372 at November 4, 2017. In November 2017, the Company purchased the land and building for its exiting Inverness retail sales center for \$330,000. During fiscal 2018, the Company repurchased an aggregate of 123,838 shares of its common stock for an aggregate of \$2,512,605. In April 2018, the Company sold its Belleview facility resulting in net proceeds of \$589,530. A cash dividend was paid from our cash reserves in April 2018 in the amount of \$778,614. The Company received a payment in April 2018 for \$1,651,924 which included all of the remaining principal and interest on the note from the sale of the limited partnership interest in Cypress Creek. We own the entire inventory for our Prestige retail sales centers which includes new, pre-owned and repossessed or foreclosed homes and do not incur any third party floor plan financing expenses. The Company has no material commitments for capital expenditures.

The Company currently has no line of credit facility and does not believe that such a facility is currently necessary to its operations. The Company has no debt. The Company also has approximately \$3.4 million of cash surrender value of life insurance which it may be able to access as an additional source of liquidity though the Company has not currently viewed this to be necessary. As of November 3, 2018, the Company continued to report a strong balance sheet which included total assets of approximately \$57 million which was funded primarily by stockholders' equity of approximately \$49 million.

Looking ahead, the Company's strong balance sheet and significant cash reserves accumulated in profitable years has allowed the Company to remain sufficiently liquid so as to allow continuation of operations and should enable the Company to take advantage of market opportunities when presented by an expected improvement in the overall and the industry specific economy in fiscal 2019 and beyond. Management believes it has sufficient levels of liquidity as of the date of the filing of this Form 10-K to allow the Company to operate into the foreseeable future.

Critical Accounting Policies and Estimates

The Company applies judgment and estimates, which may have a material effect in the eventual outcome of assets, liabilities, revenues and expenses, accounts receivable, inventory and goodwill. The following explains the basis and the procedure where judgment and estimates are applied.

Revenue Recognition

The Company recognizes revenue from its retail sales of new manufactured homes upon the occurrence of the following:

Its receipt of a down payment,

Construction of the home is complete,

Home has been delivered and set up at the retail home buyer's site and title has been transferred to the retail home buyer,

Remaining funds have been released by the finance company (financed sales transaction), remaining funds have been committed by the finance company by an agreement with respect to financing obtained by the customer, usually in the form of a written approval for permanent home financing received from a lending institution, (financed construction sales transaction) or cash has been received from the home buyer (cash sales transaction), and

Completion of any other significant obligations.

The Company recognizes revenue from the sale of the repurchased homes upon transfer of title to the new purchaser.

The Company recognizes revenue from its independent dealers upon receiving wholesale floor plan financing or establishing retail credit approval for terms, shipping of the home and transferring title and risk of loss to the independent dealer. For wholesale shipments to independent dealers, the Company has no obligation to setup the home or to complete any other significant obligations.

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The Company recognizes revenue from its wholly-owned subsidiary, Mountain Financial, Inc., as follows: commission income (and fees in lieu of commissions) is recorded as of the effective date of insurance coverage or the billing date, whichever is later. Commissions on premiums billed and collected directly by insurance companies are recorded as revenue when received which, in many cases, is the Company's first notification of amounts earned due to the lack of policy and renewal information. Contingent commissions are recorded as revenue when received. Contingent commissions are commissions paid by insurance underwriters and are based on the estimated profit and/or overall volume of business placed with the underwriter. The data necessary for the calculation of contingent commissions cannot be reasonably obtained prior to the receipt of the commission which, in many cases, is the Company's first notification of amounts earned. The Company provides appropriate reserves for policy cancellations based on numerous factors, including past transaction history with customers, historical experience and other information, which is periodically evaluated and adjusted as deemed necessary. In the opinion of management, no reserve was deemed necessary for policy cancellations at November 3, 2018 or November 4, 2017.

Inventory Impairment Reserve

The Company has raw materials, work-in-process, finished home and pre-owned home inventory. The Company continually reviews its inventory to determine if there is a decline in the fair value below the cost basis. Historically, the Company has only recorded valuation allowances for its pre-owned home inventory. The Company acquires pre-owned homes from 21st Mortgage Corporation, trade-ins on new home sales, and other sources. Management primarily uses current sales values of new and pre-owned homes to determine market value. When the cost of a housing unit exceeds market value, a valuation reserve is recorded and the loss is recorded in the accompanying consolidated statements of comprehensive income.

Investments in Retirement Communities

The Company has a 31.3% investment interest in Walden Woods South LLC (Walden Woods South), which owns and operates a 236 residential lot manufactured home community named Walden Woods South located in Homosassa, Florida. The majority owner of Walden Woods South is the Company's President (see note 4 to the financial statements included herein). The investment in Walden Woods South is accounted for under the equity method of accounting and all allocations of profit and loss are on pro-rata basis. Since the Company's maximum exposure is limited to its investment in Walden Woods South, management has concluded that the Company would not absorb a majority of Walden Woods South's expected losses nor receive a majority of Walden Woods South's expected residual returns; therefore, the Company is not required to consolidate Walden Woods South with the accounts of Nobility Homes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 810, Consolidations (ASC 810).

On March 31, 2016, the Company sold its 48.5% limited partnership interest in CRF III, Ltd. (Cypress Creek) for \$3,990,000. Cypress Creek is a retirement manufactured home community located in Winter Haven, Florida. The Company received \$960,000 cash, net of \$40,000 cost paid and a note receivable for \$3,030,000 that accrued interest at 3.0%. The Company received a \$500,000 payment in June 2016, a \$1,000,000 payment in January 2017 and a \$1,651,924 payment in April 2018 which included all of the remaining principal and interest on the note.

Investment in Majestic 21

On May 20, 2009, the Company became a 50% guarantor on a \$5 million note payable entered into by Majestic 21, a joint venture in which the Company owns a 50% interest. This guarantee was a requirement of the bank that provided a \$5 million loan to Majestic 21. The \$5 million guarantee of Majestic 21's debt is for the life of the note. The amount of the guarantee declines with the amortization and repayment of the loan. As collateral for the loan, 21st Mortgage

Corporation (our joint venture partner) has granted the lender a security interest in a pool of loans encumbering homes sold by Prestige Homes Centers, Inc. If the pool of loans securing this note should decrease in value so that the notes outstanding principal balance is in excess of 80% of the principal balance of the pool of loans, then Majestic 21 would have to pay down the note's principal balance to an amount that is no more than 80% of the principal balance of the pool of loans. The Company and 21st Mortgage Corporation are obligated jointly to contribute the amount necessary to bring the loan balance back down to 80% of the collateral provided. We do not anticipate any required contributions as the pool of loans securing the note have historically been in excess of 100% of the collateral value. As of November 3, 2018, the outstanding principal balance of the note was \$157,823 and the amount of collateral held by our joint venture partner for the Majestic 21 note payable was \$1,150,477. Based upon management's analysis, the fair value of the guarantee is not material and as a result, no liability for the guarantee has been recorded in the accompanying balance sheets of the Company.

On November 3, 2018, there was approximately \$322,818, or 4.09% of the portfolio, in loan loss reserves in Majestic 21. The Majestic 21 joint venture partnership is monitoring loan loss reserves on a monthly basis and is adjusting the loan loss reserves as necessary. The Majestic 21 joint venture is reflected on 21st Mortgage Corporation's financial statements which are included in the financial statements of its ultimate parent which is a public company. Management believes the loan loss reserves are adequate based upon its review of the Majestic 21 joint venture partnership's financial statements.

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Income Taxes

The Company accounts for income taxes utilizing the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Rebate Program

The Company has a rebate program for some dealers, based upon the number and type of homes purchased, which pays rebates based upon sales volume to the dealers. Volume rebates are recorded as a reduction of sales in the accompanying consolidated financial statements. The rebate liability is calculated and recognized as eligible homes are sold based upon factors surrounding the activity and prior experience of specific dealers and is included in accrued expenses in the accompanying consolidated balance sheets.

Off-Balance Sheet Arrangements

As part of our ongoing business, we generally do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or variable interest entities (VIE s), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of November 3, 2018, we are not involved in any material unconsolidated entities (other than the Company s investments in Majestic 21 and retirement community limited partnerships).

Forward Looking Statements

Certain statements in this report are forward-looking statements within the meaning of the federal securities laws. Although Nobility believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, there are risks and uncertainties that may cause actual results to differ materially from expectations. These risks and uncertainties include, but are not limited to, competitive pricing pressures at both the wholesale and retail levels, increasing material costs, uncertain economic conditions, changes in market demand, changes in interest rates, availability of financing for retail and wholesale purchasers, consumer confidence, adverse weather conditions that reduce sales at retail centers, the risk of manufacturing plant shutdowns due to storms or other factors, the impact of marketing and cost-management programs, reliance on the Florida economy, possible labor shortages, possible materials shortages, increasing labor cost, cyclical nature of the manufactured housing industry, impact of fuel costs, catastrophic events impacting insurance costs, availability of insurance coverage for various risks to Nobility, market demographics, management s ability to attract and retain executive officers and key personnel, increased global tensions, impact of mandated tariffs on material prices, market disruptions resulting from terrorist or other attack and any armed conflict involving the United States and the impact of inflation.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are not required to provide the information required by this item.

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Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of

Nobility Homes, Inc.

Ocala, Florida

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Nobility Homes, Inc. (the Company) at November 3, 2018, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes (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 November 3, 2018, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2018.

/s/ Daszkal Bolton LLP

Jupiter, Florida

January 31, 2019

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

of Nobility Homes, Inc.

We have audited the accompanying consolidated balance sheet of Nobility Homes, Inc. and subsidiaries (the Company) as of November 4, 2017 and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the year ended November 4, 2017. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nobility Homes, Inc. and subsidiaries as of November 4, 2017, and the results of their operations and their cash flows for the year ended November 4, 2017, in conformity with accounting principles generally accepted in the United States of America.

/s/ WithumSmith+Brown, PC
Orlando, Florida
January 26, 2018

Table of Contents**Nobility Homes, Inc.****Consolidated Balance Sheets****November 3, 2018 and November 4, 2017**

	November 3, 2018	November 4, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 28,364,861	\$ 27,910,504
Certificates of deposit	6,034,093	
Short-term investments	537,767	627,087
Accounts receivable - trade	1,783,073	2,934,300
Note receivable	46,444	500,000
Mortgage notes receivable	15,664	13,495
Inventories	7,270,550	7,505,681
Pre-owned homes, net	933,640	1,141,863
Prepaid expenses and other current assets	1,090,152	820,224
Deferred income taxes		609,629
Total current assets	46,076,244	42,062,783
Property, plant and equipment, net	4,763,566	4,304,771
Pre-owned homes, net	473,191	815,358
Interest receivable		101,301
Note receivable, less current portion	46,265	1,134,086
Mortgage notes receivable, less current portion	236,402	240,297
Other investments	1,571,166	1,471,029
Property held for sale	213,437	599,455
Deferred income taxes	40,156	
Cash surrender value of life insurance	3,437,974	3,262,848
Other assets	156,287	156,287
Total assets	\$ 57,014,688	\$ 54,148,215
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 1,085,095	\$ 849,782
Accrued compensation	869,657	624,989
Accrued expenses and other current liabilities	1,349,381	1,127,397
Income taxes payable	579,786	260,416
Customer deposits	4,064,268	2,796,827
Total current liabilities	7,948,187	5,659,411
Deferred income taxes		1,074,507

Total liabilities	7,948,187	6,733,918
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred stock, \$.10 par value, 500,000 shares authorized; none issued and outstanding		
Common stock, \$.10 par value, 10,000,000 shares authorized; 5,364,907 shares issued 3,873,731 and 3,997,569 outstanding, respectively	536,491	536,491
Additional paid in capital	10,670,848	10,669,231
Retained earnings	50,352,546	46,167,528
Accumulated other comprehensive income	390,407	412,233
Less treasury stock at cost, 1,491,176 shares in 2018 and 1,367,338 shares in 2017	(12,883,791)	(10,371,186)
Total stockholders' equity	49,066,501	47,414,297
Total liabilities and stockholders' equity	\$ 57,014,688	\$ 54,148,215

The accompanying notes are an integral part of these financial statements.

Table of Contents**Nobility Homes, Inc.****Consolidated Statements of Comprehensive Income****For the years ended November 3, 2018 and November 4, 2017**

	Year Ended	
	November 3, 2018	November 4, 2017
Net sales	\$ 42,812,265	\$ 37,543,071
Cost of goods sold	(32,132,238)	(28,881,992)
Gross profit	10,680,027	8,661,079
Selling, general and administrative expenses	(4,957,201)	(4,305,205)
Operating income	5,722,826	4,355,874
Other income:		
Interest income	362,121	149,613
Undistributed earnings in joint venture - Majestic 21	100,137	103,533
Proceeds received under escrow arrangement	172,911	504,548
Gain on property held for resale	203,512	
Miscellaneous	43,955	54,682
Total other income	882,636	812,376
Income before provision for income taxes	6,605,462	5,168,250
Income tax expense	(1,641,830)	(1,858,267)
Net income	4,963,632	3,309,983
Other comprehensive (loss) income		
Unrealized investment (loss) gain, net of tax effect	(21,826)	146,062
Comprehensive income	\$ 4,941,806	\$ 3,456,045
Weighted average number of shares outstanding:		
Basic	3,912,188	4,002,436
Diluted	3,914,312	4,003,768
Net income per share:		
Basic	\$ 1.27	\$ 0.83
Diluted	\$ 1.27	\$ 0.83

The accompanying notes are an integral part of these financial statements.

Table of Contents**Nobility Homes, Inc.****Consolidated Statements of Changes in Stockholders Equity****For the years ended November 3, 2018 and November 4, 2017**

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance at November 5, 2016	4,003,607	\$ 536,491	\$ 10,663,348	\$ 43,458,271	\$ 266,171	\$ (10,257,774)	\$ 44,666,507
Cash dividend				(600,726)			(600,726)
Purchase of treasury stock	(7,341)					(123,237)	(123,237)
Stock-based compensation	303		4,933			2,285	7,218
Unrealized investment gain					146,062		146,062
Exercise of employee stock options	1,000		950			7,540	8,490
Net income				3,309,983			3,309,983
Balance at November 4, 2017	3,997,569	\$ 536,491	\$ 10,669,231	\$ 46,167,528	\$ 412,233	\$ (10,371,186)	\$ 47,414,297
Cash dividend				(778,614)			(778,614)
Purchase of treasury stock	(123,838)					(2,512,605)	(2,512,605)
Stock-based compensation			1,617				1,617
Unrealized investment loss, net of tax effect					(21,826)		(21,826)
Net income				4,963,632			4,963,632
Balance at November 3, 2018	3,873,731	\$ 536,491	\$ 10,670,848	\$ 50,352,546	\$ 390,407	\$ (12,883,791)	\$ 49,066,501

The accompanying notes are an integral part of these financial statements.

Table of Contents**Nobility Homes, Inc.****Consolidated Statements of Cash Flows****For the years ended November 3, 2018 and November 4, 2017**

	Year Ended	
	November 3, 2018	November 4, 2017
Cash flows from operating activities:		
Net income	\$ 4,963,632	\$ 3,309,983
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	148,204	113,757
Deferred income taxes	(437,540)	(118,878)
Undistributed earnings in joint venture - Majestic 21	(100,137)	(103,533)
Gain on sale of investment in retirement community	(203,512)	
Gain on disposal of property, plant and equipment		(3,869)
Inventory impairment	105,000	233,000
Stock-based compensation	1,617	7,218
Decrease (increase) in:		
Accounts receivable - trade	1,151,227	(292,537)
Inventories	235,131	(536,600)
Pre-owned homes	445,390	839,083
Prepaid expenses and other current assets	(269,928)	(181,285)
Interest receivable	(34,093)	(52,925)
(Decrease) increase in:		
Accounts payable	235,313	14,503
Accrued compensation	244,668	(57,826)
Accrued expenses and other current liabilities	221,984	3,699
Income taxes payable	319,370	(498,712)
Customer deposits	1,267,441	1,090,032
Net cash provided by operating activities	8,293,767	3,765,110
Cash flows from investing activities:		
Purchase of property, plant and equipment	(606,999)	(364,698)
Proceeds from sale of property, plant and equipment		13,750
Purchase of certificates of deposit	(6,000,000)	
Proceeds from property held for resale	589,530	
Collections on note receivable	1,530,000	1,000,000
Collections on interest receivable	101,301	
Collections on mortgage notes receivable	1,726	1,045
Collections on equipment notes receivable	36,828	4,414
Issuance of mortgage note receivable		(70,850)
Issuance of equipment note receivable	(25,451)	(108,500)
Increase in cash surrender value of life insurance	(175,126)	(176,932)

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Net cash (used in) provided by investing activities	(4,548,191)	298,229
Cash flows from financing activities:		
Payment of cash dividend	(778,614)	(600,726)
Proceeds from exercise of employee stock options		8,490
Purchase of treasury stock	(2,512,605)	(123,237)
Net cash used in financing activities	(3,291,219)	(715,473)
Increase in cash and cash equivalents	454,357	3,347,866
Cash and cash equivalents at beginning of year	27,910,504	24,562,638
Cash and cash equivalents at end of year	\$ 28,364,861	\$ 27,910,504
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 1,760,000	\$ 2,476,500

The accompanying notes are an integral part of these financial statements.

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Notes to Consolidated Financial Statements

NOTE 1 Reporting Entity and Significant Accounting Policies

Description of Business and Principles of Consolidation The consolidated financial statements include the accounts of Nobility Homes, Inc. (Nobility), its wholly-owned subsidiaries, Prestige Home Centers, Inc. (Prestige), Nobility Parks I, LLC, Nobility Parks II, LLC and Prestige s wholly-owned subsidiaries, Mountain Financial, Inc., an independent insurance agency and licensed mortgage loan originator and Majestic Homes, Inc., (collectively the Company). The Company is engaged in the manufacture and sale of manufactured and modular homes to various dealerships, including its own retail sales centers, and manufactured housing communities throughout Florida. The Company has one manufacturing plant in operation that is located in Ocala, Florida. At November 3, 2018 Prestige operated ten Florida retail sales centers: Ocala (2), Chiefland, Auburndale, Inverness, Hudson, Tavares, Yulee, Panama City and Punta Gorda. Prestige has executed a lease and is in the process of opening an eleventh retail sales center in north Florida.

All intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. These estimates and assumptions are based upon management s best knowledge of current events and actions that the Company may take in the future. The Company is subject to uncertainties such as the impact of future events, economic, environmental and political factors and changes in the Company s business environment; therefore, actual results could differ from these estimates. Accordingly, the accounting estimates used in the preparation of the Company s consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Company s operating environment changes. Changes in estimates are made when circumstances warrant. Such changes in estimates and refinements in estimation methodologies are reflected in the reported financial condition and results of operations; if material, the effects of changes in estimates are disclosed in the notes to the consolidated financial statements. Significant estimates and assumptions by management affect: valuation of pre-owned homes, the allowance for doubtful accounts, the carrying value of long-lived assets, the provision for income taxes and related deferred tax accounts, certain accrued expenses and contingencies, warranty reserve and stock-based compensation.

Fiscal Year The Company s fiscal year ends on the first Saturday on or after October 31. The year ended November 3, 2018 (fiscal year 2018) and the year ended November 4, 2017 (fiscal year 2017) each consisted of a fifty-two week period.

Revenue Recognition The Company recognizes revenue from its retail sales of new manufactured homes upon the occurrence of the following:

Its receipt of a down payment,

Construction of the home is complete,

Home has been delivered and set up at the retail home buyer's site, and title has been transferred to the retail home buyer,

Remaining funds have been released by the finance company (financed sales transaction), remaining funds have been committed by the finance company by an agreement with respect to financing obtained by the customer, usually in the form of a written approval for permanent home financing received from a lending institution, (financed construction sales transaction) or cash has been received from the home buyer (cash sales transaction), and

Completion of any other significant obligations.

The Company recognizes revenue from the sale of the repurchased homes upon transfer of title to the new purchaser.

The Company recognizes revenues from its independent dealers upon receiving wholesale floor plan financing or establishing retail credit approval for terms, shipping of the home, and transferring title and risk of loss to the independent dealer. For wholesale shipments to independent dealers, the Company has no obligation to setup the home or to complete any other significant obligations.

The Company recognizes revenues from its wholly-owned subsidiary, Mountain Financial, Inc., as follows: commission income (and fees in lieu of commissions) is recorded as of the effective date of insurance coverage or the billing date, whichever is later. Commissions on premiums billed and collected directly by insurance companies are recorded as revenue when received which, in many cases, is the Company's first notification of amounts earned due to the lack of policy and renewal information. Contingent commissions are recorded as revenue when received. Contingent commissions are commissions paid by insurance underwriters and are based on the estimated profit and/or overall volume of business placed with the underwriter. The data necessary for the calculation of contingent commissions cannot be reasonably obtained prior to the receipt of the commission which, in many cases, is the Company's first notification of amounts earned. The Company provides appropriate reserves for policy cancellations based on numerous factors, including past transaction history with customers, historical experience, and other information, which is periodically evaluated and adjusted as deemed necessary. In the opinion of management, no reserve was deemed necessary for policy cancellations at November 3, 2018 or November 4, 2017.

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Notes to Consolidated Financial Statements

Revenues by Products and Services Revenues by net sales from manufactured housing, pre-owned homes, and insurance agent commissions for the years ended November 3, 2018 and November 4, 2017 are as follows:

	2018	2017
Manufactured housing	\$ 41,643,029	\$ 35,689,014
Pre-owned homes	895,489	1,586,124
Insurance agent commissions	273,747	267,933
Total net sales	\$ 42,812,265	\$ 37,543,071

Cash and Cash Equivalents The Company considers all money market accounts and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Certificates of Deposit Certificates of deposits are recorded at cost plus accrued interest and have maturities of twelve months or less.

Accounts Receivable Accounts receivable are stated at net realizable value. An allowance for doubtful accounts is provided based on prior collection experiences and management's analysis of specific accounts. At November 3, 2018 or November 4, 2017, in the opinion of management, all accounts were considered fully collectible and, accordingly, no allowance was deemed necessary.

Accounts receivable fluctuate due to the number of homes sold to independent dealers. The Company recognizes revenues from its independent dealers upon receiving wholesale floor plan financing or establishing retail credit approval for terms, shipping of the home, and transferring title and risk of loss to the independent dealer.

Investments The Company's investments consist of equity securities of a public company. Investments with maturities of less than one year are classified as short-term investments. The Company's equity investment in a public company is classified as available-for-sale and carried at fair value. Unrealized gains on the available-for-sale securities, net of taxes, are recorded in accumulated other comprehensive income.

The Company continually reviews its investments to determine whether a decline in fair value below the cost basis is other than temporary. If the decline in fair value is judged to be other than temporary, the cost basis of the security is written down to fair value and the amount of the write-down is included in the accompanying consolidated statements of income and other comprehensive income.

Inventories New home inventory is carried at the lower of cost or market value. The cost of finished home inventories determined on the specific identification method is removed from inventories and recorded as a component of cost of sales at the time revenue is recognized. In addition, an allocation of depreciation and amortization is included in cost of goods sold. Under the specific identification method, if finished home inventory can be sold for a profit there is no basis to write down the inventory below the lower of cost or fair market value.

The Company acquired certain repossessed pre-owned inventory (Buy Back Inventory) in 2011 as part of an Amendment of the Finance Revenue Sharing Agreement with 21st Mortgage Corporation. This inventory is valued at the Company's cost to acquire determined on the specific identification method, plus refurbishment costs (any item on the home that needs to be repaired or replaced) incurred to date to bring the inventory to a more saleable state. The Buy Back inventory amount is reduced where necessary on a unit specific basis by a valuation reserve which management believes results in inventory being valued at market.

Other pre-owned homes are acquired (Repossessions Inventory) as a convenience to the Company's joint venture partner, 21st Mortgage Corporation. This inventory has been repossessed by 21st Mortgage Corporation or through mortgage foreclosure. The Company acquired this inventory at the amount of the uncollected balance of the financing at the time of the foreclosure/repossessions by 21st Mortgage Corporation. The Company records this inventory at cost determined on the specific identification method. All of the refurbishment costs are paid by 21st Mortgage Corporation. This arrangement assists 21st Mortgage Corporation with liquidation their repossessed inventory. The timing of these repurchases by the Company is unpredictable as it is based on the repossessions 21st Mortgage Corporation incurs in the portfolio. When the home is sold, the Company retains the cost of the home, an interest factor on the cost of the home and a sales commission for the sale of the home, from the sales proceeds. Any additional proceeds are paid to 21st Mortgage. Any shortfall from the proceeds to cover these amounts is paid by 21st Mortgage to the Company. As the Company has no risk of loss on the sale, there is no valuation allowance necessary for this inventory.

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Notes to Consolidated Financial Statements

Pre-owned homes are also taken as trade-ins on new home sales (Trade-in Inventory). This inventory is recorded at estimated actual wholesale value which is generally lower than market value, determined on the specific identification method, plus refurbishment costs incurred to date to bring the inventory to a more saleable state. The Trade-in inventory amount is reduced where necessary on a unit specific basis by a valuation reserve which management believes results in inventory being valued at market.

Other inventory costs are determined on a first-in, first-out basis.

See Note 6 Inventories .

Property, Plant and Equipment Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Routine maintenance and repairs are charged to expense when incurred. Major replacements and improvements are capitalized. Gains or losses are credited or charged to earnings upon disposition.

Investment in Majestic 21 Majestic 21 was formed in 1997 as a joint venture with our joint venture partner, an unrelated entity, 21st Mortgage Corporation (21 Mortgage). We have been allocated our share of net income and distributions on a 50/50 basis since Majestic 21's formation. While Majestic 21 has been deemed to be a variable interest entity, the Company only holds a 50% interest in this entity and all allocations of profit and loss are on a 50/50 basis. Since all allocations are to be made on a 50/50 basis and joint decisions with the joint venture partner are made which most significantly impact Majestic 21 economic performance therefore, the Company is not required to consolidate Majestic 21 with the accounts of Nobility Homes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 810, Consolidations (ASC 810). Management believes that the Company's maximum exposure to loss as a result of its involvement with Majestic 21 is its investment in the joint venture. Based on management's evaluation, there was no impairment of this investment at November 3, 2018 or November 4, 2017.

The Company entered into an arrangement in 2002 with 21st Mortgage to repurchase certain pre-owned homes. Under this arrangement or any other arrangement, the Company is not obligated to repurchase any foreclosed/repossessed units of Majestic 21 as it does not have a repurchase agreement or any other guarantees with Majestic 21. However, the Company buys from 21st Mortgage foreclosed/repossessed units from the Majestic 21 portfolio and acts as a remarketing agent. It resells those units through the Company's network of retail centers which management believes benefits the historical loss experience of the joint venture. The only impact on the Company's operations from this arrangement are commissions earned on the resale of these units and interest earned for the Company's carrying costs of the units while in inventory.

See Note 15 Commitments and Contingent Liabilities .

Other Investments - The Company has a 31.3% investment interest in Walden Woods South LLC (Walden Woods South), which owns and operates a retirement manufactured home community located in Homosassa, Florida. The Company has the right to assign some of its ownership to partners other than Nobility Homes. The Company's investment in Walden Woods South is fully impaired. The majority owner of Walden Woods South is the Company's President.

See Note 4 Related Party Transactions .

On March 31, 2016, the Company sold its 48.5% limited partnership interest in CRF III, Ltd. (Cypress Creek) for \$3,990,000. Cypress Creek is a retirement manufactured home community located in Winter Haven, Florida. The Company received \$960,000 cash, net of \$40,000 cost paid and a note receivable for \$3,030,000 that accrued interest at 3.0%. The Company received a \$500,000 payment in June 2016, a \$1,000,000 payment in January 2017 and a \$1,651,924 payment in April 2018 which included all of the remaining principal and interest on the note.

See Note 5 Other Investments .

Impairment of Long-Lived Assets In the event that facts and circumstances indicate that the carrying value of a long-lived asset may be impaired, an evaluation of recoverability is performed by comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down is required. If such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Customer Deposits A retail customer is required to make a down payment ranging from \$500 to 35% of the retail contract price based upon the credit worthiness of the customer. The retail customer receives the full down payment back when the Company is not able to obtain retail financing. If the retail customer receives retail financing and decides not to go through with the retail sale, the Company can withhold 20% of the retail contract price. The Company does not typically receive any deposits from independent dealers.

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Company Owned Life Insurance The Company has purchased life insurance policies on certain key executives. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Warranty Costs The Company provides for a warranty as the manufactured homes are sold. Amounts related to these warranties for fiscal years 2018 and 2017 are as follows:

	2018	2017
Beginning accrued warranty expense	\$ 125,000	\$ 125,000
Less: reduction for payments	(392,479)	(408,925)
Plus: additions to accrual	392,479	408,925
Ending accrued warranty expense	\$ 125,000	\$ 125,000

The Company's limited warranty covers substantial defects in material or workmanship in specified components of the home including structural elements, plumbing systems, electrical systems, and heating and cooling systems which are supplied by the Company that may occur under normal use and service during a period of twelve (12) months from the date of delivery to the original homeowner, and applies to the original homeowner or any subsequent homeowner to whom this product is transferred during the duration of this twelve (12) month period.

The Company tracks the warranty claims per home. Based on the history of the warranty claims, the Company has determined that a majority of warranty claims usually occur within the first three months after the home is sold. The Company determines its warranty accrual using the last three months of home sales. Accrued warranty costs are included in accrued expenses in the accompanying consolidated balance sheets.

Accrued Home Setup Costs Accrued home setup costs represent amounts due to vendors and/or independent contractors for various items related to the actual setup of the home on the retail home buyers' site. These costs include appliances, air conditioners, electrical/plumbing hook-ups, furniture, insurance, impact/permit fees, land/home fees, extended service plan, freight, skirting, steps, well, septic tanks and other setup costs and are included in accrued expenses in the accompanying consolidated balance sheets.

Stock-Based Compensation The Company has a stock incentive plan (the Plan) which authorizes the issuance of options to purchase common stock. Stock-based compensation is measured at the grant date based on the fair value of the award and is recognized as expense over the period during which an employee is required to provide service in exchange for the award (usually the vesting period).

Rebate Program The Company has a rebate program for some dealers based upon the number and type of home purchased, which pays rebates based upon sales volume to the dealers. Volume rebates are recorded as a reduction of sales in the accompanying consolidated financial statements. The rebate liability is calculated and recognized as eligible homes are sold based upon factors surrounding the activity and prior experience of specific dealers and is included in accrued expenses in the accompanying consolidated balance sheets. There were no rebates earned by

dealers during fiscal years 2018 and 2017.

Advertising Advertising for Prestige retail sales centers consists primarily of newspaper, radio and television advertising. All costs are expensed as incurred. Advertising expense amounted to approximately \$169,000 and \$190,000 for fiscal years 2018 and 2017, respectively.

Income Taxes The Company accounts for income taxes utilizing the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net Income per Share These financial statements include basic and diluted net income per share information for all periods presented. The basic net income per share is calculated by dividing net income by the weighted-average number of shares outstanding. The diluted net income per share is calculated by dividing net income by the weighted-average number of shares outstanding, adjusted for dilutive common shares.

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Shipping and Handling Costs Net sales include the revenue related to shipping and handling charges billed to customers. The related costs associated with shipping and handling is included as a component of cost of goods sold.

Comprehensive Income Comprehensive income includes net income as well as other comprehensive income or loss. The Company's other comprehensive income or loss consists of unrealized gains or losses on available-for-sale securities, net of related taxes.

Segments The Company's chief operating decision maker is its Chief Executive Officer, who reviews financial information on a company-wide or consolidated basis. Accordingly, the Company accounts for its operations in accordance with FASB ASC No. 280, Segment Reporting. No segment disclosures have been made as the Company considers its business activities as a single segment.

Major Customers Sales to one publicly traded REIT (Real Estate Investment Trust) which owns multiple retirement communities in our market area accounted for \$2,097,200 or 5% of our total sales in fiscal year 2018 and \$1,602,185 or 4% of our total sales in fiscal year 2017. Other companies which own multiple retirement communities in our market area accounted for \$1,195,155 or 3% of our total sales in fiscal year 2018 and \$2,155,575 or 6% of our total sales in fiscal year 2017. Accounts receivable due from these customers were \$222,990 and \$1,533,014 at November 3, 2018 and November 4, 2017 respectively.

Concentration of Credit Risk The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, short-term and long-term investments and accounts receivable. At times, the Company's deposits may exceed federally insured limits. However, the Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk on these accounts. The majority of the Company's sales are credit sales which are made primarily to customers whose ability to pay is dependent upon the industry economics prevailing in the areas where they operate; however, concentrations of credit risk with respect to accounts receivables is limited due to generally short payment terms. The Company also performs ongoing credit evaluations of its customers to help further reduce credit risk. The Company maintains reserves for potential credit losses when deemed necessary and such losses have historically been within management's expectations.

Concentration of Retail Financing Sources There are two national lenders that service the manufactured housing industry with several others who specialize in government insured loans (Fannie, Freddie, FHA, VA, etc.). With only a few lenders dedicated to our industry, the loss of any of them could adversely affect our retail sales.

Recently Issued or Adopted Accounting Pronouncements In November 2015, the FASB issued ASU No. 2015-17 Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes (ASU 2015-17). ASU 2015-17 simplifies the presentation of deferred income taxes by eliminating the separate classification of deferred income tax liabilities and assets into current and noncurrent amounts in the consolidated balance sheet statement of financial position. The amendments in the update require that all deferred tax liabilities and assets be classified as noncurrent in the consolidated balance sheet. The amendments in this update are effective for annual periods beginning after December 15, 2016, and interim periods there in and may be applied either prospectively or retrospectively to all periods presented. The Company prospectively adopted ASU 2015-17 beginning with its February 3, 2018 consolidated financial statements. As such, deferred tax assets and liabilities for fiscal year 2018 have been presented as noncurrent.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (ASU 2016-02). The core principle of ASU 2016-02 is that lessees should recognize on its balance sheet assets and liabilities arising from a lease. In accordance with that principle, ASU 2016-02 requires that a lessee recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying leased asset for the lease term. Lessees shall classify all leases as finance or operating leases. This new accounting guidance is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company expects the adoption of ASU 2016-02 will result in the recognition of the right-of-use assets and related obligations on its consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. The amendments require all equity investments to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under the equity method of accounting or those that result in consolidation of the investee). The amendments also require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. In addition, the amendments eliminate the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet. The amendments in this update are effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company expects the adoption of this amendment to recognize changes in the fair value of equity investment in earnings.

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In July 2015, the FASB issued ASU No. 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. The amendments require an entity to measure in scope inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The amendments do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. The amendments in this update are effective for public companies for fiscal years beginning after December 15, 2016. The Company adopted this ASU in the quarter ended February 3, 2018 and it did not have a material impact on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), which requires an entity to recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services together with subsequent updates, the guidance addresses, in particular, contracts with more than one performance obligation, as well as the accounting for some costs to obtain or fulfill a contract with a customer; and provides for additional disclosures with respect to revenues and cash flows arising from contracts with customers. With respect to public entities, this update, together with subsequent amendments, is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017 and early adoption is not permitted.

The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Using this principle, a comprehensive framework was established for determining how much revenue to recognize and when it should be recognized. To be consistent with this core principle, an entity is required to apply the following five-step approach:

1. Identify the contract(s) with a customer;
2. Identify each performance obligation in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to each performance obligation; and
5. Recognize revenue when or as each performance obligation is satisfied.

The Company's revenue comes substantially from the sale of manufactured housing, modular housing and park models, along with freight billed to customers, parts sold and aftermarket services.

The Company has evaluated how the adoption of ASU 2014-09 will impact its financial position and result of operations by applying the five-step approach to each revenue stream. No material changes resulting from this pending adoption were identified. The Company intends to adopt ASU 2014-09 using the modified retrospective method being utilized.

The Company, upon adoption of ASU 2014-09, will increase the amount of required disclosures, including but not limited to:

Disaggregation of revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors;

The opening and closing balances of receivables, contract assets, and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed;

Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period;

Information about performance obligations in contracts with customers; and

Judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers, including the timing of satisfaction of performance obligation, and the transaction price and the amounts allocation to performance obligations.

NOTE 2 Investments

The following is a summary of short-term investments (available for sale):

		November 3, 2018		
		Gross	Gross	Estimated Fair Value
	Amortized Cost	Unrealized Gains	Unrealized Losses	
Equity securities in a public company	\$ 167,930	\$ 369,837	\$	\$ 537,767

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Notes to Consolidated Financial Statements

	Amortized Cost	November 4, 2017		Estimated Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
Equity securities in a public company	\$ 167,930	\$ 459,157	\$	\$ 627,087

The fair values were estimated based on unadjusted quoted prices at each respective period end.

NOTE 3 Fair Values of Financial Investments

The carrying amount of cash and cash equivalents, accounts and notes receivable, accounts payable and accrued expenses approximates fair value because of the short maturity of those instruments.

The Company accounts for the fair value of financial investments in accordance with FASB ASC No. 820, Fair Value Measurements (ASC 820).

ASC 820 defines fair value as the price that would be received upon the sale of an asset or paid to transfer a liability (i.e. exit price) in an orderly transaction between market participants at the measurement date. ASC 820 requires disclosures that categorize assets and liabilities measured at fair value into one of three different levels depending on the assumptions (i.e. inputs) used in the valuation. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The ASC 820 fair value hierarchy is defined as follows:

Level 1 Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3 Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate of what market participants would use in valuing the asset or liability at the measurement date. The following table represents the Company's financial assets and liabilities which are carried at fair value at November 3, 2018 and November 4, 2017.

	November 3, 2018		
	Level 1	Level 2	Level 3
Equity securities in a public company	\$ 537,767	\$	\$

	November 4, 2017		
	Level 1	Level 2	Level 3
Equity securities in a public company	\$ 627,087	\$	\$

NOTE 4 Related Party Transactions

Affiliated Entities

TLT, Inc. Our President and Chairman of the Board of Directors (President) and the Executive Vice President each own 50% of the stock of TLT, Inc. TLT, Inc. is the general partner of limited partnerships which are developing manufactured housing communities in Central Florida (the TLT Communities). Our President owns between a 24.75% and a 49.5% direct and indirect interest in each of these limited partnerships. Our Executive Vice President owns between a 49.5% and a 57.75% direct and indirect interest in each of these limited partnerships. The TLT Communities have purchased manufactured homes exclusively from the Company since 1990. Sales to TLT Communities were not significant during fiscal years 2018 and 2017.

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Notes to Consolidated Financial Statements

Walden Woods South The Company's President owns 51% of Walden Woods South LLC, which owns the Walden Woods South retirement community.

Repurchase of Common Stock In February 2018, the Company repurchased 100,000 shares of common stock from our President at \$21.00 per share.

NOTE 5 Other Investments

Investment in Joint Venture Majestic 21 During fiscal 1997, the Company contributed \$250,000 for a 50% interest in a joint venture engaged in providing mortgage financing on manufactured homes. This investment is accounted for under the equity method of accounting.

While Majestic 21 has been deemed to be a variable interest entity, the Company only holds a 50% interest in this entity and all allocations of profit and loss are on a 50/50 basis. Since all allocations are to be made on a 50/50 basis and the Company's maximum exposure is limited to its investment in Majestic 21, management has concluded that the Company would not absorb a majority of Majestic 21's expected losses nor receive a majority of Majestic 21's expected residual returns; therefore, the Company is not required to consolidate Majestic 21 with the accounts of Nobility Homes in accordance with ASC 810.

See Note 15 Commitments and Contingent Liabilities .

We received no distributions from the joint venture in fiscal year 2018 or 2017.

With regard to our investment in Majestic 21, there are no differences between our investment balance and the amount of underlying equity in net assets owned by Majestic 21.

Investment in Retirement Community Limited Partnerships The Company has a 31.3% investment interest in Walden Woods South LLC (Walden Woods South), which owns and operates a retirement manufactured home community named Walden Woods South located in Homosassa, Florida. The Company's investment in Walden Woods South is fully impaired. The majority owner of Walden Woods South is the Company's President. The Company's President guaranteed the financing used to purchase Walden Woods South a retirement community, which created an implicit guarantee from the Company. The implicit guarantee caused Walden Woods South to be a variable interest entity as defined in ASC 810. The Company is considered to currently have an implicit guarantee with Walden Woods South because it is a related party to the primary guarantor. In determining the primary beneficiary of the variable interest entity, the Company has determined the President has the power to direct the activities that most significantly impact the economic performance of Walden Woods South. As a result, in accordance with ASC 810, Walden Woods South has not been consolidated in the financial statements of the Company.

The investment in Walden Woods South is accounted for under the equity method of accounting and all allocations of profit and loss are on pro-rata basis. Since the Company's maximum exposure is limited to its investment in Walden Woods South, management has concluded that the Company would not absorb a majority of Walden Woods South's expected losses nor receive a majority of Walden Woods South's expected residual returns; therefore, the Company is not required to consolidate Walden Woods South with the accounts of Nobility Homes in accordance with ASC 810.

The Company has no obligation to fund future operating losses of Walden Woods South and accordingly, has not reduced the investment carrying value to less than zero.

On March 31, 2016, the Company sold its 48.5% limited partnership interest in CRF III, Ltd. (Cypress Creek) for \$3,990,000. Cypress Creek is a retirement manufactured home community located in Winter Haven, Florida. The Company received \$960,000 cash, net of \$40,000 cost paid and a note receivable for \$3,030,000 that accrued interest at 3.0%. The Company received a \$500,000 payment in June 2016, a \$1,000,000 payment in January 2017 and a \$1,651,924 payment in April 2018 which included all of the remaining principal and interest on the note.

NOTE 6 Inventories

The Company acquired a significant amount of repossessed pre-owned (Buy Back) inventory in 2011. Other pre-owned homes are periodically acquired (Repossessions) as a convenience to the Company s joint venture partner. Pre-owned homes are also taken as trade-ins on new home sales (Trade-Ins). This inventory consists of individual homes and homes on a real estate parcel. The Company continually monitors this inventory and records a valuation allowance where necessary on a unit specific basis which management believes results in inventory being valued at market. The Company could experience additional losses on the disposition of these homes beyond the level of the reserve recorded by the Company.

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Notes to Consolidated Financial Statements

A breakdown of the elements of inventory at November 3, 2018 and November 4, 2017 is as follows:

	November 3, 2018	November 4, 2017
Raw materials	\$ 904,399	\$ 896,954
Work-in-process	113,220	110,847
Finished homes	6,138,985	6,369,495
Model home furniture	113,946	128,385
Inventories	\$ 7,270,550	\$ 7,505,681
Pre-owned homes *	\$ 1,956,265	\$ 2,736,946
Inventory impairment reserve **	(549,434)	(779,725)
	1,406,831	1,957,221
Less homes expected to sell in 12 months	(933,640)	(1,141,863)
Pre-owned homes, long-term	\$ 473,191	\$ 815,358

* The following table summarizes a breakdown of pre-owned homes inventory for fiscal years 2018 and 2017:

	Buy Back	Repossessions	Trade-Ins	Total
Balance at November 5, 2016	2,569,283	1,402,391	42,445	4,014,119
Additions		235,417	57,101	292,518
Sales	(1,156,381)	(373,881)	(39,429)	(1,569,691)
Balance at November 4, 2017	1,412,902	1,263,927	60,117	2,736,946
Additions		498,831	95,428	594,259
Sales	(697,154)	(607,115)	(70,671)	(1,374,940)
Balance at November 3, 2018	\$ 715,748	\$ 1,155,643	\$ 84,874	\$ 1,956,265

** An analysis of the pre-owned home inventory impairment reserve at November 3, 2018 and November 4, 2017 is as follows:

	November 3, 2018	November 4, 2017
Balance at beginning of year	\$ 779,725	\$ 984,815

Less: Reductions for homes sold	(253,314)	(354,168)
Inventory holding costs	(81,977)	(83,922)
Additions to impairment reserve	105,000	233,000
Balance at end of year	\$ 549,434	\$ 779,725

NOTE 7 Property Held for Sale

The Company's former sales center in Pace, Florida is currently under contract for sale. Accordingly, the net book value of the Pace property in the amount of \$213,437 has been presented in the accompanying balance sheet as property held for sale (non-current asset) at November 3, 2018 and November 4, 2017. The Company has determined the fair value of such property held for sale exceeds its carrying value and no valuation allowance is necessary.

In April 2018, Nobility sold its Belleview facility that had been vacant since June 2015 for \$635,000. This facility was on the balance sheet in property held for sale (non-current asset) for \$386,018 in fiscal year 2017.

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Notes to Consolidated Financial Statements

NOTE 8 Property, Plant and Equipment

Property, plant and equipment, along with their estimated useful lives and related accumulated depreciation are summarized as follows:

	Range of Lives in Years	November 3, 2018	November 4, 2017
Land		\$ 3,092,463	\$ 2,870,463
Land improvements	10-20	743,956	743,956
Buildings and improvements	15-40	2,449,095	2,194,435
Machinery and equipment	3-10	904,312	786,708
Furniture and fixtures	3-10	290,121	277,386
		7,479,947	6,872,948
Less accumulated depreciation		(2,716,381)	(2,568,177)
		\$ 4,763,566	\$ 4,304,771

Depreciation expense during the years ended November 3, 2018 and November 4, 2017 totaled \$148,204 and \$113,757, respectively.

NOTE 9 Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities are comprised of the following:

	November 3, 2018	November 4, 2017
Accrued warranty expense	\$ 125,000	\$ 125,000
Accrued property and sales taxes	450,742	359,957
Other accrued expenses	773,639	642,440
Total accrued expenses and other current liabilities	\$ 1,349,381	\$ 1,127,397

NOTE 10 Proceeds Received Under Escrow Arrangement

The Company received \$172,911 in fiscal year 2018 and \$504,548 in fiscal year 2017 under an escrow arrangement related to a Finance Revenue Sharing Agreement between 21st Mortgage Corporation and the Company. The distributions from the escrow account, related to certain loans financed by 21st Mortgage Corporation, are recorded in income by the Company when received, which has been the Company's past practice.

NOTE 11 Income Taxes

The Company computes income tax expense using the liability method. Under this method, deferred income taxes are provided, to the extent considered realizable by management, for basis differences of assets and liabilities for financial reporting and income tax purposes.

The Company follows guidance issued by the FASB with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is more-likely-than-not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded.

The Company and its subsidiaries are subject to U.S. federal income tax, as well as income tax of the state of Florida. The Company's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense. The Company did not reflect any amounts for interest and penalties in its 2018 or 2017 statements of operations, nor are any amounts accrued for interest and penalties at November 3, 2018 and November 4, 2017.

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Notes to Consolidated Financial Statements

The provision for income taxes for the years ended consists of the following:

	November 3, 2018	November 4, 2017
Current tax expense:		
Federal	\$ 1,681,641	\$ 1,689,446
State	403,874	287,699
	2,085,515	1,977,145
Deferred tax (benefit)	(443,685)	(118,878)
Provision for income taxes	\$ 1,641,830	\$ 1,858,267

The following table shows the reconciliation between the statutory federal income tax rate and the actual provision for income taxes for the years ended:

	November 3, 2018	November 4, 2017
Provision federal statutory tax rate	\$ 1,541,697	\$ 1,757,205
Increase (decrease) resulting from:		
State taxes, net of federal tax benefit	278,507	187,606
Permanent differences:		
Stock option expirations	(178)	3,910
Decrease in federal tax rate	(171,248)	
Other comprehensive income	86,882	
Other	(93,830)	(90,454)
Income tax expense	\$ 1,641,830	\$ 1,858,267

The types of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts and the related deferred tax assets and deferred tax liabilities are as follows:

	November 3, 2018	November 4, 2017
Deferred tax assets:		
Allowance for doubtful accounts	\$ 58,773	\$ 87,261
Inventories	158,598	339,954
Accrued expenses	144,814	192,427
Stock-based compensation	1,312	1,052
Total deferred tax assets	363,497	620,694

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Deferred tax liabilities:		
Depreciation	(39,490)	(80,858)
Installment sale of Cypress Creek		(547,348)
Carrying value of investments	(221,600)	(388,543)
Amortization	(39,611)	(58,810)
Prepaid expenses	(22,640)	(10,013)
Net deferred tax assets (liabilities)	\$ 40,156	\$ (464,878)

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Notes to Consolidated Financial Statements

These amounts are included in the accompanying consolidated balance sheets under the following captions:

	November 3, 2018	November 4, 2017
Current assets (liabilities):		
Deferred tax assets	\$	\$ 619,642
Deferred tax liabilities		(10,013)
Net current deferred tax assets		609,629
Non-current assets (liabilities):		
Deferred tax assets	363,498	9,012
Deferred tax liabilities	(323,342)	(1,083,519)
Net non-current deferred tax (liabilities)	40,156	(1,074,507)
Net deferred tax assets (liabilities)	\$ 40,156	\$ (464,878)

In assessing the ability to realize a portion of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. For fiscal years 2018 and 2017, the Company determined that a valuation reserve for the Company's deferred tax assets was not considered necessary as the deferred tax assets were fully realizable.

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (H.R. 1) (the Act). The Act includes a number of changes in existing tax law impacting businesses including, among other things, a permanent reduction in the corporate income tax rate from 34% to 21%. The rate reduction took effect on January 1, 2018.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company's net deferred tax liability as of November 4, 2017 was determined based on the current enacted federal tax rate of 34% prior to the passage of the Act. As a result of the reduction in the corporate income tax rate to 21% from 34% under the Act, the Company revalued its net deferred tax assets and liabilities as of January 1, 2018. The impact of the reduction of the deferred tax liabilities was a reduction of deferred tax liability of approximately \$171,000.

NOTE 12 Stockholders' Equity

Authorized preferred stock may be issued in series with rights and preferences designated by the Board of Directors at the time it authorizes the issuance of such stock. The Company has never issued any preferred stock. Treasury stock is recorded at cost and is presented as a reduction of stockholders' equity in the accompanying consolidated financial statements. The Company repurchased 123,838 and 7,341 shares of its common stock during fiscal years 2018 and

2017, respectively.

NOTE 13 Stock Option Plan

In June 2011, the Company's Board of Directors adopted and the Company's shareholders later approved, the Nobility Homes, Inc. 2011 Stock Incentive Plan (the Plan), providing for the issuance of options to purchase shares of common stock, stock appreciation rights and other stock-based awards to employees and non-employee directors. A total of 300,000 shares were reserved for issuance under the Plan, all of which may be issued pursuant to the exercise of incentive stock options. At November 3, 2018, 295,000 options were available for future grant under the plan and 5,000 options were outstanding.

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is to be recognized over the period during which an employee is required to provide service in exchange for the award (usually the vesting period). The grant date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of those instruments (unless observable market prices for the same or similar instruments are available). If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. During fiscal years 2018 and 2017, the Company recognized compensation cost related to the vesting of stock options of approximately \$1,600 and \$1,800 respectively.

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Notes to Consolidated Financial Statements

A summary of information with respect to options granted is as follows:

	Number of Shares	Stock Option Price Range	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at November 5, 2016	6,000	\$ 8.49 - 12.10	\$ 11.50	
Granted				
Exercised	(1,000)	8.49	8.49	
Canceled				
Outstanding at November 4, 2017	5,000	\$ 12.10	\$ 12.10	
Granted				
Exercised				
Canceled				
Outstanding at November 3, 2018	5,000	\$ 12.10	\$ 12.10	\$ 54,500

The aggregate intrinsic value in the table above represents total intrinsic value (of options in the money), which is the difference between the Company's closing stock price on the last trading day of fiscal year 2018 and the exercise price times the number of shares, that would have been received by the option holder had the option holder exercised their options on November 3, 2018.

The following table summarizes information about the outstanding stock options at November 3, 2018:

Exercise Price	Options Outstanding			Options Exercisable		
	Shares Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
\$ 12.10	5,000	3	\$ 12.10	5,000	\$ 12.10	
	5,000	3	\$ 12.10	5,000	\$ 12.10	

The fair value of each option is determined using the Black-Scholes option-pricing model which values options based on the stock price at the grant date, the expected life of the option, the estimated volatility of the stock, expected dividend payments, and the risk-free interest rate over the expected life of the option. The dividend yield was

calculated by dividing the current annualized dividend by the option exercise price for each grant. The expected volatility was determined considering the Company's historical stock prices for the fiscal year the grant occurred and prior fiscal years for a period equal to the expected life of the option. The risk-free interest rate was the rate available on zero coupon U.S. government obligations with a term equal to the expected life of the option. The expected life of the option was estimated based on the exercise history from previous grants.

NOTE 14 Employee Benefit Plan

The Company has a defined contribution retirement plan (the Plan) qualifying under Section 401(k) of the Internal Revenue Code. The Plan covers employees who have met certain service requirements. The Company makes a discretionary matching contribution of up to 20% of an employee's contribution, up to a maximum of 6% of an employee's compensation. The contribution expense charged to operations amounted to approximately \$20,000 and \$19,000 in fiscal years 2018 and 2017, respectively.

NOTE 15 Commitments and Contingent Liabilities

Operating Leases The Company leases the property for several Prestige retail sales centers from various unrelated entities under operating lease agreements expiring through December 2020. The Company also leases certain equipment under unrelated operating leases. These leases have varying renewal options. Total rent expense for operating leases, including those with terms of less than one year, amounted to \$161,105 and \$182,721 in fiscal year 2018 and 2017, respectively.

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Notes to Consolidated Financial Statements

Future minimum payments by year and in the aggregate, under the aforementioned leases and other non-cancelable operating leases with initial or remaining terms in excess of one year, as of November 3, 2018 are as follows for the fiscal years ending:

2019	\$ 49,056
2020	50,609
2021	3,000
Total minimum payments required	\$ 102,665

Majestic 21 On May 20, 2009, the Company became a 50% guarantor on a \$5 million note payable entered into by Majestic 21, a joint venture in which the Company owns a 50% interest. This guarantee was a requirement of the bank that provided the \$5 million loan to Majestic 21. The \$5 million guarantee of Majestic 21's debt is for the life of the note. The amount of the guarantee declines with the amortization and repayment of the loan. As collateral for the loan, 21st Mortgage Corporation (our joint venture partner) has granted the lender a security interest in a pool of loans encumbering homes sold by Prestige Homes Centers, Inc. If the pool of loans securing this note should decrease in value so that the notes outstanding principal balance is in excess of 80% of the principal balance of the pool of loans, then Majestic 21 would have to pay down the note's principal balance to an amount that is no more than 80% of the principal balance of the pool of loans. The Company and 21st Mortgage Corporation are obligated jointly to contribute the amount necessary to bring the loan balance back down to 80% of the collateral provided. We do not anticipate any required contributions as the pool of loans securing the note have historically been in excess of 100% of the collateral value. As of November 3, 2018, the outstanding principal balance of the note was \$157,823 and the amount of collateral held by our joint venture partner for the Majestic 21 note payable was \$1,150,477. Should the collateral not be sufficient, the Company's maximum exposure at November 3, 2018, would be 50% or \$78,911 of the outstanding principal balance. Based upon management's analysis, the fair value of the guarantee is not material and as a result, no liability for the guarantee has been recorded in the accompanying balance sheets of the Company.

On November 3, 2018, there was approximately \$322,818, or 4.09% of the portfolio, in loan loss reserves in Majestic 21. The Majestic 21 joint venture partnership is monitoring loan loss reserves on a monthly basis and is adjusting the loan loss reserves as necessary. The Majestic 21 joint venture is reflected on 21st Mortgage Corporation's financial statements which are included in the financial statements of its ultimate parent which is a public company. Management believes the loan loss reserves are adequate based upon its review of the Majestic 21 joint venture partnership's financial statements.

Other Contingent Liabilities Certain claims and suits arising in the ordinary course of business have been filed or are pending against the Company. In the opinion of management, the ultimate outcome of these matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows. Accordingly, the Company has not made any accrual provisions for litigation in the accompanying consolidated financial statements.

The Company does not maintain casualty insurance on some of its property, including the inventory at our retail centers, our plant machinery and plant equipment and is at risk for those types of losses.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with accountants on accounting and financial disclosure matters.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report (the Evaluation Date). Based on their evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of the Evaluation Date.

Management's Annual Report on Internal Control over Financial Reporting. The Company's management is responsible for establishing and maintaining adequate and effective internal control over financial reporting in order to provide reasonable assurance of the reliability of the Company's financial reporting and preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting involves policies and procedure that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of assets of the issuer; (ii) 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 issuer are being made in accordance with authorizations of management and directors of the issuer; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer Company 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.

The Company's management assessed the effectiveness of its internal control over financial reporting as of November 3, 2018 based on criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and determined that its internal controls were effective.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting.

Changes in internal control over financial reporting. There were no changes in our internal controls over financial reporting that occurred during the fourth quarter of fiscal 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information is incorporated by reference pursuant to Instruction G of Form 10-K from its definitive proxy statement for the 2019 annual meeting of shareholders.

The following table provides the names, ages and business experience for the past five years for each of Nobility's executive officers. Executive officers are each elected for one year terms.

Executive Officers

Terry E. Trexler (79)	Chairman of the Board and President of Nobility since 1967; Mr. Trexler is also President of TLT, Inc.
Thomas W. Trexler (55)	Executive Vice President and Chief Financial Officer of Nobility since December 1994; President of Prestige Home Centers, Inc. since June 1995; Director of Prestige since 1993 and Vice President from 1991 to June 1995; President of Mountain Financial, Inc. since August 1992; Vice President of TLT, Inc. since September 1991.
Jean Etheredge (73)	Secretary since 1967.
Lynn J. Cramer, Jr. (73)	Treasurer since 1980.

Thomas W. Trexler, Executive Vice President, Chief Financial Officer and a director, is the son of Terry E. Trexler, Nobility's President and Chairman of the Board. There are no other family relationships between any directors or executive officers.

Code of Ethics

We have adopted a code of ethics that applies to the principal executive officer, principal financial officer, executive vice presidents and controller. The code has been designed in accordance with provisions of the Sarbanes-Oxley Act of 2002, to promote honest and ethical conduct.

Our code of ethics is available on our website at www.nobilityhomes.com. You may also obtain a copy of the Nobility Homes, Inc. Code of Ethics, at no cost, by forwarding a written request to the Secretary, Nobility Homes, Inc., 3741 SW 7th Street, Ocala, Florida 34474.

Item 11. Executive Compensation

Information concerning executive compensation is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility's definitive proxy statement for the 2019 annual meeting of shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information concerning security ownership of certain beneficial owners and management is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility's definitive proxy statement for the 2019 annual meeting of shareholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information concerning certain relationships and related transactions is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility's definitive proxy statement for the 2019 annual meeting of shareholders.

Item 14. Principal Accounting Fees and Services

Information concerning principal accountant fees and services is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility's definitive proxy statement for the 2019 annual meeting of shareholders.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Consolidated Financial Statements and Schedules
Report of Daszkal Bolton LLP

Report of WithumSmith+Brown, PC

Consolidated Balance Sheets at November 3, 2018 and November 4, 2017

Consolidated Statements of Comprehensive Income for the Years Ended November 3, 2018 and November 4, 2017

Consolidated Statements of Changes in Stockholders' Equity for the Years Ended November 3, 2018 and November 4, 2017

Consolidated Statements of Cash Flows for the Years Ended November 3, 2018 and November 4, 2017

Notes to Consolidated Financial Statements

(b) Exhibits:

In reviewing the agreements included as exhibits to this report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company, its subsidiaries or other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

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were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this report and the Company's other public files, which are available without charge through the SEC's website at <http://www.sec.gov>.

- 3.(a) Nobility's Articles of Incorporation, as amended (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference).(P)
- (b) Bylaws, as amended March 28, 1994 (filed as an exhibit to Nobility's Form 10-KSB for the fiscal year ended October 29, 1994 and incorporated herein by reference.) (P)
- 10.(a) Joint Venture Agreement with 21st Century Mortgage Corporation (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference).(P)
- (b) 2011 Stock Incentive Plan (filed as part of Nobility's definitive proxy statement filed on June 7, 2011 and incorporated herein by reference).
- (c) Agreement dated September 7, 2001 between Nobility and Terry E. Trexler relating to use of life insurance proceeds (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 3, 2001 and incorporated herein by reference).
- (d) Finance Revenue Sharing Agreement dated April 10, 2004 between 21st Mortgage Corporation, Prestige Home Centers, Inc. and Majestic Homes, Inc. (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended October 31, 2009 and incorporated herein by reference).
- (e) Seventh Amendment to the Finance Revenue Sharing Agreement dated April 10, 2004 with 21st Mortgage Corporation (filed as an exhibit to Nobility's Form 8-K filed November 14, 2011 and incorporated herein by reference).

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- (f) Loan and Security Agreement dated May 20, 2009, by and among Clayton Bank & Trust, Majestic 21 Partnership, 21st Mortgage Corporation, Majestic Homes, Inc. and the Company, as guarantor (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended October 31, 2009 and incorporated herein by reference).
- (g) Term Note dated May 20, 2009 in favor of Clayton Bank & Trust (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended October 31, 2009 and incorporated herein by reference).
- 21.1 Subsidiaries of Nobility (filed as an exhibit to Nobility's Form 10-K for the fiscal year ended November 5, 2016 and incorporated herein by reference).
- 23.1 Consent of Daszkal Bolton LLP
- 23.2 Consent of WithumSmith+Brown, PC
- 31.(a) Written Statement of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
- (b) Written Statement of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
- 32.(a) Written Statement of Chief Executive Officer pursuant to 18 U.S.C. §1350.
- (b) Written Statement of Chief Financial Officer pursuant to 18 U.S.C. §1350.
- 101. Interactive data filing formatted in XBRL.

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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOBILITY HOMES, INC.

DATE: January 31, 2019

By: /s/ Terry E. Trexler
Terry E. Trexler, Chairman,
President and Chief Executive Officer (Principal
Executive Officer)

DATE: January 31, 2019

By: /s/ Thomas W. Trexler
Thomas W. Trexler, Executive Vice President
and Chief Financial Officer (Principal Financial
Officer)

DATE: January 31, 2019

By: /s/ Lynn J. Cramer, Jr.
Lynn J. Cramer, Jr., Treasurer
and Principal Accounting Officer

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:

DATE: January 31, 2019

By: /s/ Terry E. Trexler
Terry E. Trexler, Director

DATE: January 31, 2019

By: /s/ Richard C. Barberie
Richard C. Barberie, Director

DATE: January 31, 2019

By: /s/ Robert P. Saltsman
Robert P. Saltsman, Director

DATE: January 31, 2019

By: /s/ Thomas W. Trexler
Thomas W. Trexler, Director